APTUS VALUE HOUSING FINANCE INDIA LIMITED

CHARTING A NEW GROWTH STORY

HELPING LOW AND MIDDLE INCOME, SELF-EMPLOYED GROW STRONGER

ANNUAL REPORT 2020-21

THE YEAR ...

AUM
₹40.7 BILLION

PAT
₹2.7 BILLION

GROSS NPA
0.7%

ROA
7.4%

ROE
14.5%

ANNUAL REPORT 2020-21
PERFORMANCE REPORT | STATUTORY REPORTS | FINANCIAL STATEMENTS

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OUR JOURNEY

2010 Incorporation of our Company and receipt of certificate of registration from NHB.

2011 Opened our first branch.

2012 Opened our 20th branch and crossed 1,200 home loan disbursements.

2013 Loan book crossed ₹900 million.

2014 Loan book crossed ₹2,500 million.

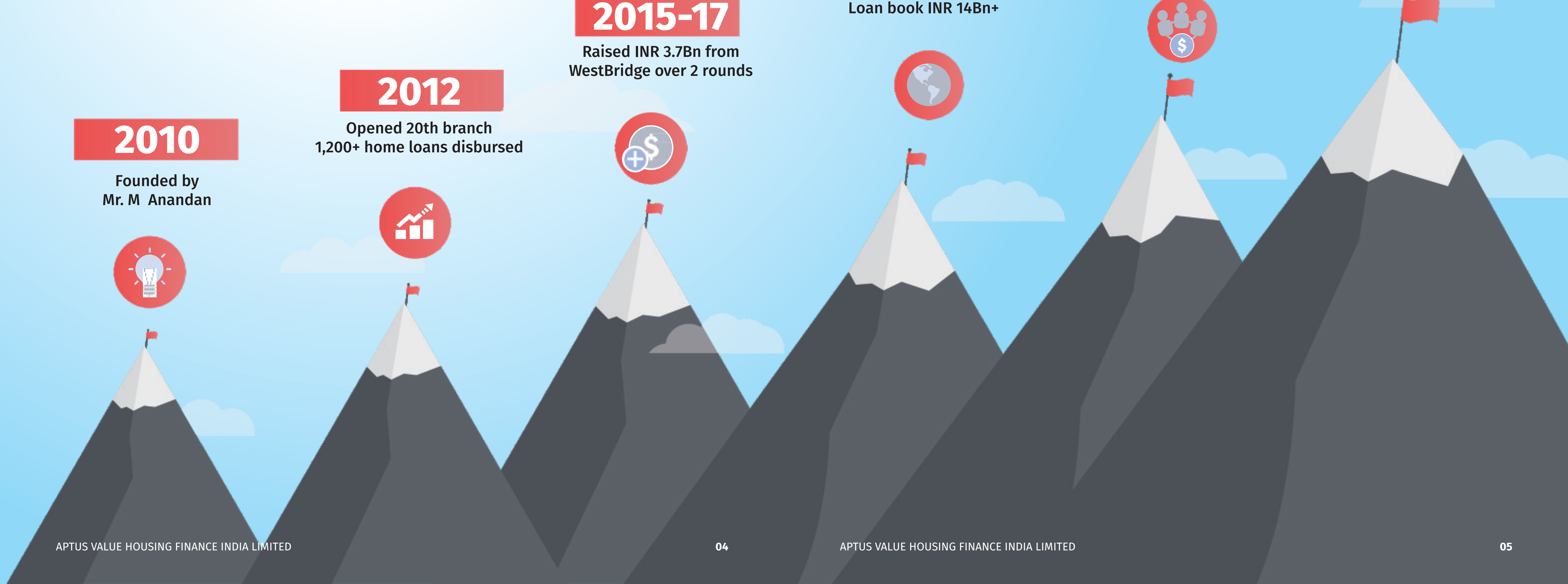
2015 Expanded our geographical presence to four states and loan book crossed ₹7,000 million.

2018 Opened our 100th branch and loan book crossed ₹14,000 million.

2019 Expanded our geographical presence to 143 locations and loan book crossed ₹20,000 million.

2020 Expanded our geographical presence to 175 locations, our customer base reached 50,200 and loan book crossed ₹30,000 million.

2021 Expanded our geographical presence to 190 locations, our customer base reached 65,683 and loan book crossed ₹40,000 million.



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FINANCIAL HIGHLIGHTS 10 YEARS

₹ in crores

Particulars	Indian GAAP							Ind-AS		
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Income	9.71	23.08	39.64	56.99	78.19	126.36	203.67	337.30	523.13	655.24
Profit After Tax	(0.58)	3.62	6.26	9.80	17.55	37.19	66.73	111.70	211.01	266.94
Shareholder's funds	49.52	83.14	91.07	194.32	212.03	521.06	584.93	698.59	1,709.01	1,979.45
Loans from Banks and Financial Institutions	40.53	114.38	167.35	142.47	277.33	305.66	840.14	1,599.69	2,014.98	2,515.07
Assets Under Management	85.69	158.67	252.20	358.22	519.44	846.31	1,416.74	2,247.23	3,178.69	4,067.76
Gross NPA	NA	0.22%	0.45%	0.24%	0.43%	0.45%	0.48%	0.40%	0.70%	0.68%
Return on Assets	NA	2.96%	3.05%	3.21%	4.00%	5.45%	5.91%	6.12%	7.01%	7.4%
Return on Net worth	NA	5.45%	7.19%	6.87%	8.64%	10.15%	12.07%	17.41%	15.80%	14.47%

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PILLARS OF STRENGTH

- Board of Directors with Diversified Experience.
- Stable Management Team.
- Fully in house sourcing model and centralised operations.
- Best in class Underwriting Quality.
- Prudent borrowing practices resulting in positive ALM and strong liquidity.
- Strong Technology framework and data analytics.
- Strong Investor Support.

FACTS

At Aptus, we understand that housing finance needs of every customer is unique and that is why we have customized solutions for helping low and middle income, self-employed grow stronger. We help people in our target segment get access to housing finance and lead the transition to home owners.

BRANCHES
190

EMPLOYEES
+1,910

CUMULATIVE DISBURSEMENT
₹5,600 CRORES

ASSET UNDER MANAGEMENT
₹4,068 CRORES

NO. OF CUSTOMERS
OVER 60,000

CHARTING A NEW GROWTH STORY

Aptus Housing Finance has scaled a new peak and achieved phenomenal results in the financial year 2020-21 through relentless performance and customer-focused business practices. The company has maintained winning strides even this year by recording highest Return on Assets (RoA) and Assets under Management (AuM) figures, proof enough of the robust management of the company. We are one of the largest housing finance companies in south India in terms of Assets Under Management, as of March 31, 2021. Our AUM have increased from ₹22,472.33 million, as of March 31, 2019 to ₹40,677.62 million, as of March 31, 2021, at a CAGR of 34.54%. Our Company had highest ROA of 7.4% one of the best in the industry.

The housing demand continues to surge in India and according to the industry report, the housing shortage is estimated to increase to 100 million units by 2022, out of which 95% shortage will be from the lower income group and economically weaker sections. As we already have a stronghold in this customer segment, we are all set to chart a new growth story and set new benchmarks for others to follow.

We, at Aptus are ideally poised to seize enormous opportunities in the housing finance segment. Presence in large, underpenetrated markets with strong growth potential, Robust risk management architecture from origination to collections leading to superior asset quality, In-house operations leading to desired business outcomes, Domain expertise resulting in a business model difficult to replicate by others in our geographies, Experienced and stable management team with marquee shareholders , Established track record of financial performance with industry leading profitability and Focus on the social impact of our business are some of the factors that gives us the much needed competitive advantage and helps us to maintain the leadership surge in the segment we operate in.

With over a decade of established presence in the market, we understand the need to widen our reach and cater to a growing bunch of first time home buyer to assert our prowess as a comprehensive housing finance provider.

We, at Aptus has shown outstanding growth results even when there was widespread slow down due to the pandemic. This phenomenal growth wouldn't be possible without the honesty of our customers who paid their dues despite lower earnings during covid and steadfast commitment of our employees.

Being at the helm of affordable housing finance market and our time-honored expertise in this domain, we are all set to chart a remarkable growth story in the years to come.

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MAINTAINING GOLD STANDARDS

OUR STRATEGIES

- **Continue to focus on low and middle income, self-employed customers in rural and semi-urban markets**

  We seek to improve the standard of living of our customers and include them into the financial mainstream. The housing shortage in India is estimated to increase to 100 million units by 2022, of which 95% of the household shortage will be from the lower income group and economic weaker section, while the remaining 5% will be from the middle income group or above. We believe that this customer segment offers us significant growth opportunities since they are primarily new to credit customers, without formal income proofs and are unserved or underserved by formal financial institutions.

- **Increase penetration in our existing markets and expand our branch network in large housing markets**

  Our operations are currently focused in the states of Tamil Nadu, Andhra Pradesh, Karnataka and Telangana and we have a network of 190 branches in these states, as of March 31, 2021. We intend to continue to expand our presence in order to achieve more deeper penetration in these regions. We also intend expand our branch network in a contiguous manner in the states of Maharashtra, Odisha and Chattisgarh.

- **Continue to be an asset quality focused financier**

  We intend to grow our business while focussing on maintaining our asset quality. We have maintained our asset quality across economic cycles including events such as demonetization, the liquidity crisis that was triggered by defaults by large financial services companies and the COVID-19 pandemic. We believe that we were able to consistently perform well through such macro-economic challenges due to several factors including our risk management architecture, the strength of our management team and proactive measures undertaken during such periods.

- **Continue to be Cost Efficient**

  While we enjoy one of the lowest opex as compared with peers, our strategy shall be to continue with the low opex model with focus on productivity and also to reduce cost of funds by having diversified source of borrowings and improved credit ratings.

CORPORATE INFORMATION

CHAIRMAN & MANAGING DIRECTOR
Mr. M. Anandan

BOARD OF DIRECTORS
Mr. Kandheri Munuswamy Mohandass
Mr. Sankaran Krishnamurthy
Mr. Krishnamurthy Vijayan
Ms. Mona Kachhwaha
Mr. VG Kannan
Mr. Shailesh Jayantilal Mehta
Mr. Sumir Chadha
Mr. Kanarath Payattiyath Balaraj
Mr. Suman Bollina

MANAGEMENT TEAM
Mr. P. Balaji - ED & CFO
Mr. G. Subramaniam - ED - Chief of Business and Risk
Mr. C.T. Manoharan - Executive VP - Business Development
Mr. Sarath Chandran - Executive VP - Collections & Technical

COMPANY SECRETARY
Mr. Sanin Panicker

STATUTORY AUDITORS OF OUR COMPANY
S.R. Batliboi & Associates LLP
6th Floor – "A" Block Tidel Park
No. 4, Rajiv Gandhi Salai, Taramani
Chennai 600 113
Tamil Nadu, India
Tel: +91 44 6117 9000

SECRETARIAL AUDITORS
S. Sandeep & Associates
F20, F-Block, Ground Floor,
Gemini Parsn Apts,
New No.448, Old No.599,
Cathedral Garden Road,
Anna Salai, Chennai - 600006.

INTERNAL AUDITORS
R.G.N. Price & Co.
Chartered Accountants
Simpsons Buildings,
861, Anna Salai,
Chennai - 600 002.

DEBENTURE TRUSTEES
Axis Trustee Services Limited
Axis House,
Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai – 400 025.

BANKERS & FINANCIAL INSTITUTIONS
National Housing Bank
International Finance Corporation

Axis Bank
Bank of Baroda
Bank of India
CSB Bank
DCB Bank
Equitas Small Finance Bank
Federal Bank
HDFC Bank
ICICI Bank
Indian Bank
IndusInd Bank
Kotak Mahindra Bank
KarurVysya Bank
Punjab National Bank
South Indian Bank
State Bank of India
Yes Bank

REGISTRAR AND SHARE TRANSFER AGENT
KFin Technologies Private Limited
Selenium Tower B, Plot No. 31 & 32
Gachibowli, Financial District
Nanakramguda,
Serilingampally,
Hyderabad - 500 032
Telangana, India.
Tel: +91 40 6716 2222
Website: www.kfintech.com

REGISTERED & CORPORATE OFFICE
No. 8B, Doshi Towers,
8th Floor, No: 205,
Poonamallee High Road,
Kilpauk, Chennai 600 010.
Tamil Nadu
CIN: U65922TN2009PLC073881
Email: corporateaffairs@aptusindia.com
Website: www.aptusindia.com

CHAIRMAN'S OVERVIEW

Dear Shareholders,

The year 2020-21 has been challenging.

We began the year under a lockdown induced by Covid – first wave and ended the year with most of the states enforcing lockdowns due to Covid - second wave. This has taken a toll on economic activities, but more importantly it has had a longer term impact on the lives and livelihoods of a significant number of our fellow citizens. In these times, your company has navigated its way well, and it is reflected in the performance and trust that your company enjoys amongst various stakeholders.

India has a lowest percentage of home ownership than other countries and to go with it as a testimony for market potential we have one of the lowest mortgage to GDP ratio (at approximately 10%). This, together with Government's initiatives for Affordable Housing, increasing urbanization, rising incomes, have all led to an increasing demand for housing. Owning a home is a basic instinct of humans, as it provides families with a sense of financial and emotional stability. This is more so in the low and middle income segment where we operate. The Company, with its focus on Affordable Housing Finance is well positioned to benefit from this growing demand.

Our core values of transparency, speed, innovation and superior customer service helped us in responding with apt funding solutions to the changing needs of our customers during this period. During these testing times, we had counselled our customers which helped them to get back on to their regular repayment cycle very quickly. Being transparent in our communication and staying accountable for our actions, has helped to build Aptus as a trusted brand.

Customer engagement and maintaining a strong balance sheet remained the core of the Company's efforts through the year. As of March 2021, AUM increased by 28% to close the year at ₹4,068 Crores with NPAs at 0.68% . In a difficult year, the Company was also able to broaden and deepen its relationships with lenders including NHB. This has helped the company maintain a healthy liquidity position. The Company's focus on funding customers belonging to the low and middle income (LMI)segment ,superior collection efficiency, tight control on costs and focus on impeccable asset quality helped attaining Profit After Tax of ₹267 crores for the year.

With Covid first wave improving by second quarter of FY 21, the fight against Covid is far from over. The virulent nature of the second wave is presenting us with a fresh set of challenges. The adverse impact of second covid wave is expected to be much more than what we experienced in first covid wave though it is tough to put an empirical quote to it. Nonetheless our Company's robust credit underwriting process, efficient collection machinery, appropriate investments in Information Technology, good liability management and productivity focused approach, fortify the ability to withstand and to a large extent mitigate such stress. We will put our best efforts to embark on trajectory of calibrated and sustainable growth going forward with utmost focus on asset quality. We shall continue to focus on providing housing finance for the customers belonging to LMI segment in tier 2/3 cities. We are confident of building a valuable franchise, supported by a calibrated expansion strategy, focused approach towards maintaining good quality of the book and a diversified financing base.

To strengthen our capital further and to support future growth, we are planning to raise fresh capital from public markets by way of Initial Public Offering (IPO). We have filed our Draft Red Herring Prospectus (DRHP) with Securities and Exchange Board of India (SEBI) and the regulator has since approved our IPO.

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

M Anandan
Chairman

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BOARD OF DIRECTORS

Mr. M. Anandan
Chairman & Managing Director

M Anandan is the Chairman and Managing Director of our Company. He holds a bachelor's degree in commerce from the University of Madras. He is also a member of Institute of Chartered Accountants of India. He has over 40 years of experience in the financial services sector and has previously served as the Managing Director of Cholamandalam Investment and Finance Company Limited, part of the Murugappa Group and was also Managing Director of Cholamandalam MS General Insurance Company Limited.

Mr. Kandheri Munuswamy Mohandass
Non-Executive Independent Director

Kandheri Munuswamy Mohandass is a Non-Executive Independent Director of our Company. He holds a bachelor's degree in science from the University of Madras. He is an associate and fellow of the Institute of Chartered Accountants of India. He is a partner in KM Mohandass & Co., Chartered Accountants. He has over three decades of experience in the financial services sector. He is also on the board of our Subsidiary, Aptus Finance India Private Limited.

Mr. Sankaran Krishnamurthy
Non-Executive Independent Director

Sankaran Krishnamurthy is a Non-Executive Independent Director of our Company. He holds a bachelor's degree in science from the University of Madras. He is a certified associate of the Indian Institute of Bankers. He was the former deputy Managing Director of State Bank of India, where he served for more than 38 years. He was also the Managing Director and Chief Executive Officer of SBI Life Insurance Company Limited. He is also on the board of our Subsidiary, Aptus Finance India Private Limited.

BOARD OF DIRECTORS

Mr. Krishnamurthy Vijayan
Non-Executive Independent Director

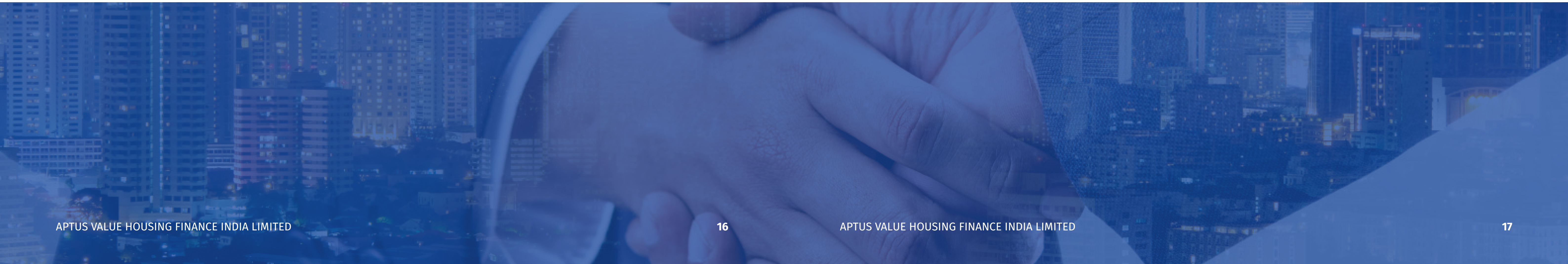
Krishnamurthy Vijayan is a Non-Executive Independent Director of our Company. He holds a bachelor's degree in commerce from C.M. Dubey Post-Graduate College, Bilaspur and he has cleared the master of arts examination conducted by the Guru Ghasidas University, Bilaspur. He has previously served as the Managing Director and Chief Executive Officer of IDBI Asset Management Limited, Managing Director of JP Morgan Asset Management India Private Limited and chief executive officer of JM Financial Asset Management Private Limited and has various years of experience in the financial services industry. He is currently the Chief Executive Officer of Tamil Nadu Infrastructure Fund Management Corporation Limited.

Ms. Mona Kachhwaha
Non-Executive Independent Director

Mona Kachhwaha is a Non – Executive Independent Director on the Board of our Company. She holds a post graduate diploma in business management from XLRI, Jamshedpur. She has completed the certification program in IT and cyber security for board members of Ujjivan Small Finance Bank Limited offered by the Institute for Development and Research in Banking Technology and also completed the FICCI CCG Women on Corporate Boards Mentorship Program offered by FICCI Centre for Corporate Governance. She has previously worked with Citibank N.A. and Caspian Advisors Private Limited. She has various years of experience in the financial services sector.

Mr. VG Kannan
Non-Executive Independent Director

Mr. V G Kannan completed his Bachelor's degree in Business Administration from Madurai Kamaraj University and has a Master's degree in Business Administration from University of Madras. He is a career banker with over 38 years of experience in the Banking & Financial Services Space and has held several leadership positions in the Sector. Mr. Kannan has significant experience in Banking & Financial Sector, especially in Credit & Risk Management, Insurance, Capital Markets and Treasury & Fund Management. Mr. Kannan is acknowledged as an authority in Credit, Treasury, Risk and Investment Management in the Banking sector. He handled several leadership positions with State Bank of India (SBI), its subsidiaries & group companies as Managing Director of SBI. He is also on the boards of AU Small Finance Bank Limited, Ageas Federal Life Insurance Company Limited and OCM India Opportunities Arc Management Private Limited.



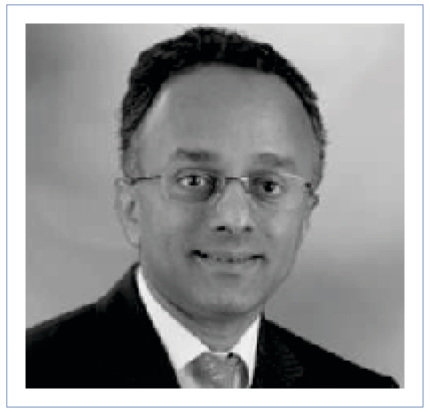
BOARD OF DIRECTORS

Mr. Shailesh Jayantilal Mehta
Non-Executive Director

Shailesh Jayantilal Mehta is a Non – Executive Director on the Board of our Company. He holds a bachelor's degree in technology (mechanical engineering) from Indian Institute of Technology, Bombay, master of science degree in operations research from Case Western Reserve University and a doctorate in philosophy from Case Western Reserve University. He is also trustee emeritus at the California State University and has also been conferred with an honorary degree of Doctor of Humane Letters by the California State University. He currently serves as a partner at Granite Hill Capital Partners and is currently an operating advisor at WestBridge Capital US Advisors, LLC. He has several years of experience in the financial services industry. He currently serves on the boards of inter alia, Safari Industries (India) Limited, Manappuram Finance Limited, India Shelter Finance Corporation Limited and Vistaar Financial Services Private Limited.

Mr. Sumir Chadha
Non-Executive Nominee Director

Sumir Chadha is a Non – Executive Nominee Director on the Board of our Company. He holds a bachelor's degree in computer science from Princeton University and a master's degree in business administration from Harvard Business School. He is the co-founder of WestBridge Capital. He has several years of experience in the investment industry. He was previously also a director of Sequoia Capital India Advisors Private Limited. He currently serves on the Board of Star Health and Allied Insurance, Mountain Managers Private Limited, Kuhoo Technology Services Private Limited, Vistaar Financial Services Private Limited, India Shelter Financial Corporate Limited.

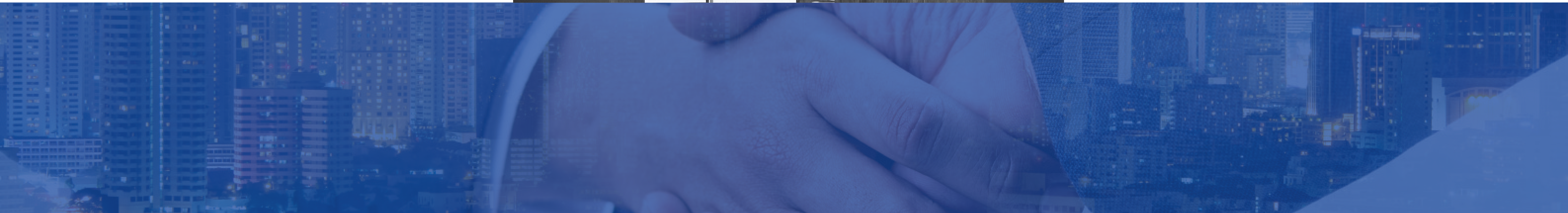


Mr. Kanarath Payattiyath Balaraj
Non–Executive Nominee Director

Kanarath Payattiyath Balaraj is a Non–Executive Nominee Director on the Board of our Company. He holds a bachelor's degree in business management from Brigham Young University, Hawaii where he was a valedictorian and a master's degree in business administration from Harvard Business School. Previously, he was co-founder and Managing Director at WestBridge Capital India Advisors Private Limited and has several years of experience in the investment industry. He is currently a partner at Waimea Bay Advisors LLP.

Mr. Suman Bollina
Non-Executive Director

Suman Bollina is a Non – Executive Director on the Board of our Company. He holds a bachelor's degree in engineering from the Birla Institute of Technology and Science and a global MBA degree from S.P. Jain Center of Management. He is the executive managing partner of Sri Santhi Corporation. He has over 10 years of experience in development of residential lay outs and design, construction and sale of apartments. He is also on the board of our Subsidiary, Aptus Finance India Private Limited.



DIRECTORS' REPORT

Your directors have pleasure in presenting the Twelfth Annual Report together with the audited financial statements of the company for the financial year ended March 31, 2021.

1. Financial Results

₹ in crores

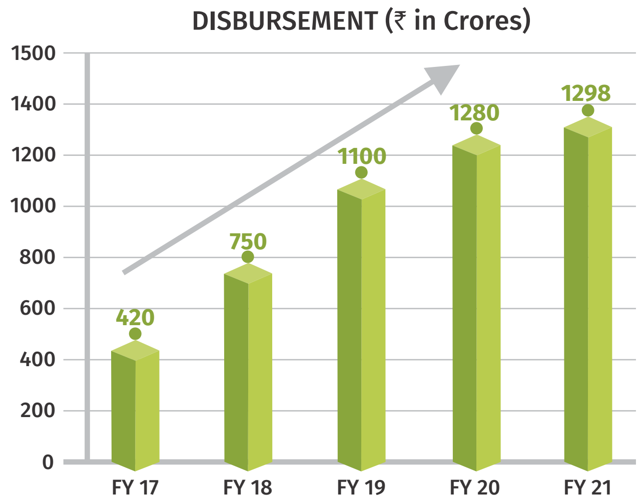
Particulars	Consolidated Financial Results	
	For the financial year ended March 31, 2021	For the financial year ended March 31, 2020
Operating Income	636.61	499.73
Other Income	18.63	23.39
Less: Expenditure including depreciation	310.15	275.84
Profit Before Tax	345.09	247.29
Profit After Tax	266.94	190.22*
Assets Under Management	4,068	3,179

** – Without considering the one time benefit of ₹20.79 crores of reversal of Deferred Tax Liability on reserve.*

2. Operations

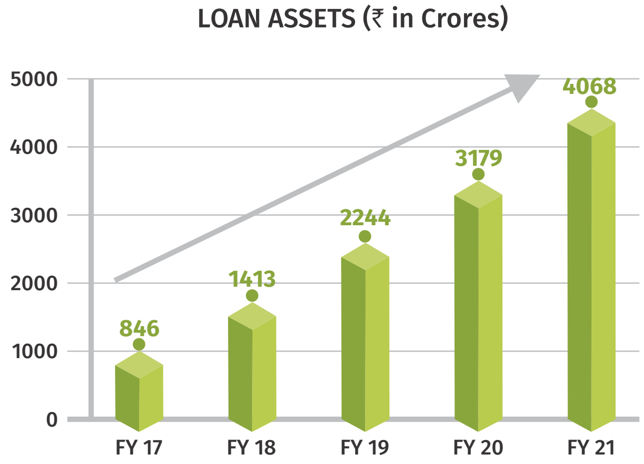
2.1 Sanctions and Disbursements

During the year under review, your Company sanctioned loans worth ₹1404 crores as compared with the sanctions of ₹1492 crores during the previous year. Your Company disbursed loans worth ₹1298 crores during the year under review which was about the same as compared to the disbursements made during the previous year in spite of Covid-19 outbreak. The growth during the year was subdued due to the impact of Covid 19 pandemic. Aptus continued its focus on Low and Middle Income families in Tier II and III cities and the disbursement of ₹1298 crores benefitted more than 20000 families.



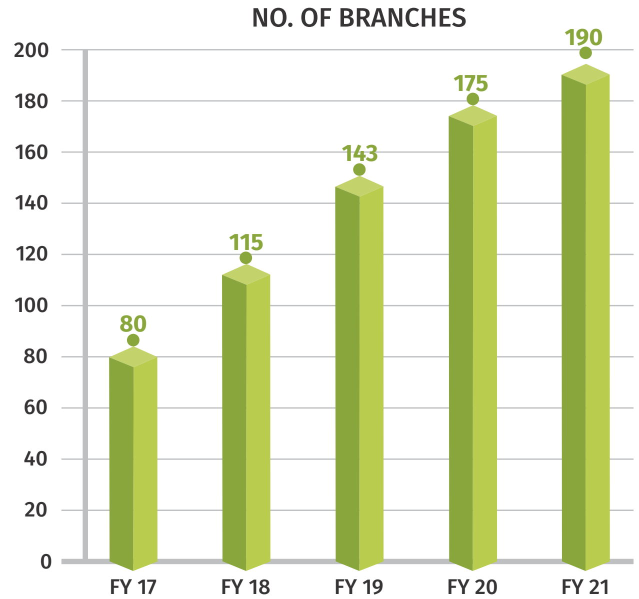
2.2 Loan Assets

The total Assets Under Management of Aptus stood at ₹4068 crores as at March 31, 2021 as against ₹3179 crores as at March 31, 2020, thereby registering a growth of 28%.



2.3 Branch Expansion

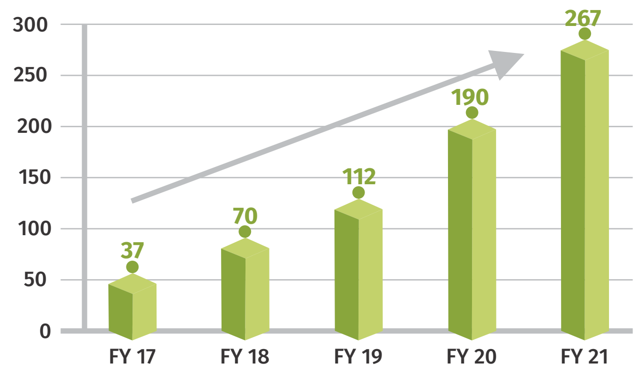
During the year under review, your Company expanded its distribution network in the states of Tamil Nadu, Andhra Pradesh and Telangana. The distribution network stood at 190 branches as at the end of March 31, 2021 as compared to 175 branches in the previous year.



2.4 Income, Profits and Net Worth

During the year under review, your Company's Gross Income grew by 25% to ₹655 crores as at March 31, 2021 as against ₹523 crores as at March 31, 2020. The Profit Before Tax for the year ended March 31, 2021 stood at ₹345 crores with an increase of 40% over ₹247 crores in the corresponding period of the previous year. The Profit After Tax (PAT) stood at ₹267 crores for the year ended March 31, 2021 which was 40% higher over the PAT of ₹190 crores (without considering the one time benefit of reversal of Deferred Tax Liability on special reserve in FY20) in the previous financial year.

PROFIT AFTER TAX (₹ in Crores)



2.5 Asset Quality

Your Company closed the financial year 2020 - 21 with a Gross NPA of 0.68%. This GNPA level was on the same levels as that of the previous year level despite impact of COVID 19 pandemic. These levels, one of the best in the industry, have been maintained by Aptus since inception. This would not have been possible but for the excellent systems and processes in originating loan proposals from customers and strong adherence to laid down policies in terms of credit, legal, technical and collections. The above organization strengths coupled with good quality of portfolio gives us confidence to aspire for consistent profitable growth in the years to come.

2.6 Resource Mobilisation

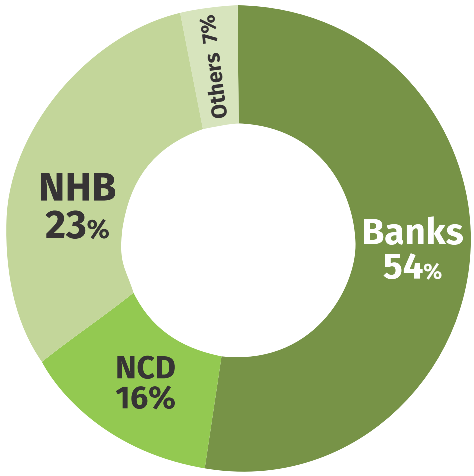
Aptus understands that it is in the business of long term funding which are in the range of 10-15 years. With this in the back ground, Aptus's borrowing strategy has always been prudent to secure long term funding ranging between 5-7 years. There were no short tenor borrowings including commercial papers.

The positive attributes of Aptus in terms of quality loan book, networth, consistent profitability etc., enabled Aptus to raise funds from various banks and financial institutions. During the year 2020 - 21, resources were mobilized in the form of Loans to the extent of ₹952 crores which was raised from various banks and NHB. All these loans were long term loans with tenor of 6 to 7 years. During the year, the funding from NHB was increased by ₹332 crores making the borrowings from NHB 23% of total borrowings as on March 31, 2021 as compared with 13% as on March 31, 2020.

Currently funding mix of Aptus comprises of Loans from Banks, NHB, Multilateral funding agencies like IFC and Mutual Funds. As on March 31, 2020, 54% of borrowings were from banks and 23% were from NHB and the balance 23% were from debt capital market, majority from DFIs like IFC and mutual funds.

Further during the year 2020-21, high cost funding from various banks/mutual funds was prepaid in order to reduce the cost of borrowings. This combined with fresh borrowings (other than from NHB) that were raised at lower interest rate during the year, helped us reduce the cost of borrowings to 8.43% as compared with 9.80% as on March 31, 2020.

BORROWING PROFILE



2.7 Capital Adequacy Ratio

Capital Adequacy Ratio of Aptus stood at 73.63% as on March 31, 2021, as against the minimum requirement of 14% stipulated by regulators.

3. Credit Rating

During the year 2020 - 21, the credit rating of your company by both ICRA and CARE was maintained at A+ (Stable).

4. Transfer to Special Reserves

As per Section 29C (i) of National Housing Bank Act, 1987, your Company is required to transfer atleast 20% of its net profit every year to a reserve before any dividend is declared. Accordingly, your Company has transferred ₹43.55 crores to special reserve in accordance with Section 29C(i) of National Housing Bank Act, 1987 read along with Section 36(1)(viii) of the Income Tax Act, 1961.

5. Dividend

In order to conserve resources for growth, your Directors do not recommend any dividend for the financial year 2020-21.

6. Corona virus disease (COVID 19) pandemic

To contain the spread of Covid-19 virus, Government enforced lock down of all economic activities in the months of April to June 2020. The primary focus of your Company was to ensure safety and well being of all its employees. The business continuity planning program of the Company was used effectively to manage its operations through this crisis. Your Company provided work from home facility to its employees, wherever possible, across locations and took all reasonable steps to ensure continued service delivery to its customers. During these times, the Company's offices worked with minimal staff with necessary safety measures.

During the financial year 2020-21 the business and operations were impacted by the Covid - first wave pandemic. The initial months of the financial year were almost dedicated towards collections. As per RBI Directions, the Company had also given option to its customers to extend the moratorium for payment of installments falling due between March 1, 2020 and August 31, 2020 as a part of the COVID-19 Regulatory package announced by the Reserve Bank of India vide its circular dated May 23, 2020.

The Company informed and counselled the borrowers on the pros and cons of moratorium and urged them to make payments if their cash flows allowed them the ability to do so. Each branch staff focused on calling their respective customers and providing them necessary inputs for the ease of making decision on moratorium.

The second half of the financial year was comparatively better in terms of business and operations. As stated above, your Company disbursed an amount of ₹1,298 crores during the financial year and a major portion of that amount was disbursed during the second half of the year.

While it was thought that the country had seen the back of the pandemic, the second wave has emerged and seems to be more impactful than the first wave. This is likely to cause an impact on the next financial year i.e. FY 2021-22. Your Company believes that it has considered all the possible impact of the 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. Your Company will continue to monitor any material changes to the economic conditions and take necessary actions as appropriate.

7. Statutory and Regulatory Compliances

The Reserve Bank of India issued new master directions on February 17, 2021 in supersession of the erstwhile HFC directions, namely, Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

RBI issued a circular dated October 22, 2020 on Review of regulatory framework for Housing Finance Companies (HFCs). As per this circular, HFCs are required to have minimum 60% of their total assets towards housing finance by March 31, 2024 and minimum percentage of total assets towards housing finance for individuals should be 50% as on this date. As directed in the aforementioned circular, your company has submitted to RBI a Board approved plan including a roadmap to fulfil the above mentioned criteria and timeline for transition.

Your Company has complied with the master directions, guidelines and circulars issued by the Reserve Bank of India, National Housing Bank, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable to the Company, Foreign Exchange Management Act, 1999 and the rules / regulations thereunder including those relating to foreign direct / downstream investments.

Your Company has also complied with the provisions of the Secretarial Standard 1 (SS-1) and Secretarial Standard 2 (SS-2) issued by the Institute of Company Secretaries of India relating to 'Meetings of Board of Directors' and 'General Meetings' respectively.

8. Employee Stock Options Scheme

During the financial year 2020-21, the Board has approved a new ESOP Scheme titled Aptus Employees Stock Option Scheme 2021 (ESOP 2021), and the same has been approved by the shareholders at the Extra-ordinary General Meeting held on May 6, 2021. The details of ESOP Scheme are given in the **Annexure A** to this report.

9. Sub-division of equity shares

With a view to broad base the investor base by encouraging the participation of the retail investors and to make it affordable to the small investors and also with a view to increase the liquidity of the Company's Shares, the Board of directors at its meeting held on May 5, 2021 and the shareholders at the Extra-ordinary General Meeting held on May 6, 2021 have approved the sub-division of the nominal value and paid-up value of its authorized share capital of the company from 1 (One) equity share of ₹10/- (Rupees Ten only) each into 5 (Five) equity shares of ₹ 2/- (Rupees Two only) each.

10. Initial Public Offering (IPO)

Subject to market conditions, receipt of regulatory approvals, your Company is considering an Initial public offering of its equity shares of face value of ₹2 each ("Equity Shares") for cash at a price to be decided by book building process, comprising of a fresh issue of up to ₹5000 million and an offer for sale of up to 6,45,90,695 Equity Shares by the selling shareholders. The Equity Shares so offered are proposed to be listed on BSE and NSE. Proceeds of fresh issue are proposed to be utilized for the purpose of augmenting the Tier I capital requirements of the Company. Your Company has accordingly filed its draft Red Herring Prospectus with Securities Exchanges Board of India on May 14, 2021 and since received approval for the IPO.

11. Annual Return

As per Section 134 (3) (a) and Section 92 (3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the annual return of the Company for the financial year ended March 31, 2021 is available at the web address: www.aptusindia.com

12. Internal Financial Controls

Your Company has an internal control system, commensurate with the size, scale and complexity of its operations. The Internal Auditors review internal control and risk- management measures, accounting procedures, highlight areas requiring attention, and report their main findings and recommendations to the Audit Committee. The Audit Committee regularly reviews the audit findings and action taken thereon, as well as the adequacy and effectiveness of the internal financial systems and controls. Statutory Auditors, S. R Batliboi & Associates LLP have also reviewed the internal controls systems as existing in the Company and have given an unmodified opinion on the same.

13. Auditor's Report

The Report of the Statutory Auditors to the members is annexed to and forms part of the financial statements and the same does not contain any qualification, reservation or adverse remark on the financial statements prepared as per Section 133 of Companies Act, 2013 and notes on accounts annexed thereto. There were no frauds detected or reported by the Auditors under sub-section (12) of section 143 of the Companies Act, 2013 during the year.

14. Maintenance of cost records and cost audit

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of section 148(1) of the Act is not applicable for the business activities carried out by the company.

15. Risk Management Policy

Your Company has constituted a Risk Management Committee which is responsible for putting in place a risk management system, risk management policy and strategy to be followed by the Company.

The Key principles of Risk Management are as follows:

a) The risk management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses.

b) All concerned process owners of the company shall be responsible for identifying & mitigating key risks in their respective domain.

c) The occurrence of risk, progress of mitigation plan and its status will be monitored on periodic basis.

The Risk Management Committee along with the Asset Liability Management Committee reviews and monitors these risks at regular intervals.

Risk management process includes four activities: risk identification, risk assessment, risk mitigation, monitoring and reporting. Once risks are identified, it is necessary to prioritize them based on the impact, dependability on other functions, effectiveness of existing controls etc.

Internal audit shall review the risk register once a year and add any new material risk identified to the existing list. These will be taken up with respective functional head for its mitigation. Existing process of risk assessment of identified risks and its mitigation plan will be appraised to Board.

16. Human Resources

In Aptus, Human Resource Development is considered vital for effective implementation of business plans.

Lots of importance is placed on recruiting quality staff and they are groomed to take on higher responsibilities. Further on the job training and induction is imparted to staff to have better understanding of the company, its culture and business. These initiatives coupled with adequate compensation levels including appropriate incentive schemes matched with the market and good employee welfare schemes like health and life insurance covers have helped us retain the manpower at these levels. The Company has introduced a new ESOP Scheme namely, Aptus Employee Stock Option Scheme, 2021, to attract, retain talent and to enable participation of the employees in the growth of the company, considering the IPO and the competitive environment in which the company operates.

Aptus staff strength as at March 31, 2021 was 1910.

17. Directors

The following changes took place in the composition of Board of Directors during the financial year 2020-21:

(a) Ms. Mona Kachhwaha (DIN: 01856801) was appointed as an Additional Director with effect from May 30, 2020 and her appointment was regularized at the eleventh Annual General Meeting held on August 11, 2020.

(b) Mr. K P Balaraj, Non-Executive Director (DIN: 00163632) retired by rotation at the eleventh Annual General Meeting held on August 11, 2020 and was re-appointed.

(c) Mr. K M Mohandass (DIN: 00707839), Mr. S Krishnamurthy (DIN: 00066044) and Mr. Krishnamurthy Vijayan (DIN: 00589406), were re-appointed as Independent Directors by the shareholders at the eleventh Annual General Meeting held on August 11, 2020.

(d) Mr. V G Kannan (DIN: 03443982) was appointed as an Additional Director (Independent Director) by the Board of Directors with effect from March 9, 2021.

The following changes took place in the composition of the Board of Directors between the financial year end and the date of this report:

(a) Ms. Mona Kachhwaha (DIN: 01856801) was appointed as an Independent Director by the Board for a term of five years effective May 5, 2021, and her appointment was approved by the shareholders at the Extra-ordinary General Meeting held on May 6, 2021.

(b) The appointment of Mr. V G Kannan (DIN: 03443982) as Independent Director was approved by the shareholders for a term of five years effective March 9, 2021, at the extra-ordinary general meeting held on May 6, 2021.

18. Key Managerial Personnel

The following changes were made in the office of Key Managerial Personnel (KMP) during the financial year 2020-21.

(a) Ms. Jyoti Munot (Membership No: A 56971) resigned as the Company Secretary and Compliance Officer of the Company with effect from August 11, 2020.

(b) Mr. Sanin Panicker (Membership No: A 32834) was appointed as the Company Secretary and Compliance Officer of the Company with effect from August 11, 2020.

19. Board Meetings held during the year

During the financial year ended March 31, 2021, four (4) Board Meetings were held on May 30, 2020, August 11, 2020, November 12, 2020 and February 11, 2021 respectively. The gap between two meetings was not more than 120 days.

20. Auditors

Statutory Auditors

Pursuant to the provisions of Section 139 and 141 of the Companies Act, 2013, M/s S.R. Batliboi & Associates LLP were appointed as the Statutory Auditors of the Company at the 10th Annual General Meeting (AGM) of the shareholders held on August 8, 2019, for a period of five financial years, i.e. from FY 2019-20 to FY 2023-24, to hold office from the conclusion of the 10th AGM up to the conclusion of the 15th AGM.

Secretarial Auditor

M/s. S. Sandeep & Associates, Company Secretaries were appointed to conduct the secretarial audit of the Company for the financial year 2020 - 21, as required under Section 204 of the Companies Act, 2013 and rules made thereunder.

The secretarial audit report for the financial year ended March 31, 2021 forms part of Annual report as **Annexure G** to Board's Report and does not contain any qualifications, reservations or adverse remark.

21. Particulars of Contracts or Arrangements with Related parties

During the financial year, the Company has entered into contracts or arrangements with Related Parties. The Company has framed a Related Party Transaction (RPT) policy for the Company as per the Companies Act 2013 and the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

The RPT policy along with the details of the related party transactions in Form AOC-2 for the financial year 2020 - 21 is enclosed as **Annexure B** to this report.

22. Material Changes and Commitments

There are no material changes and commitments between March 31, 2021 and the date of this report having an adverse bearing on the financial position of the Company.

23. Conservation of Energy, Technological Absorption

The Company does not have any activity relating to conservation of energy and technical absorption and does not own any manufacturing facility. Hence the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of Section 134 of the Companies Act, 2013 and the rules framed thereunder is not applicable.

24. Foreign Exchange Earnings / Outgo

Your Company does not have any foreign currency earnings or expenditure during the financial year ended March 31, 2021.

25. Particulars of Employees

In accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the name and other particulars of employees are to be set out in the annexure forming part of the Annual Report. However, as per provisions of Section 136(1) of the Companies Act, 2013, read with relevant proviso of the Companies Act, 2013 the Annual Report is being sent to members excluding the aforesaid information. The said information is available for inspection at the Registered Office of the Company. Any member interested in obtaining such particulars may write to the Company and the same will be furnished without any fee and free of cost.

26. Dematerialisation of Shares & Non-Convertible Debentures

The equity shares of the Company are held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vide ISIN No. INE852O01025.

The Non-Convertible Debentures of the Company are held in dematerialized form with NSDL vide ISIN Nos. INE852O07014, INE852O07022, INE852O07030, INE852O07071, INE852O07097 and INE852O07105.

During the financial year, the Company has made pre-payments towards full redemption of its Non-Convertible Debentures with ISIN Nos. INE852O07048, INE852O07055, INE852O07063 and INE852O07089.

During the financial year, there were no such instances of any Non-Convertible Debentures which have not been claimed by the investors or not paid by your Company after the date on which the Non-Convertible Debentures became due for redemption.

The Non-Convertible Debentures of your Company are listed on BSE Ltd and your Company has paid the requisite listing fee to ensure continuous listing of its debt instruments.

27. Particulars of Loans, Guarantees or Investments to Wholly Owned Subsidiary

Aptus Finance India Private Limited is a wholly owned subsidiary of the Company incorporated on September 18, 2015. In accordance with the provisions of section 129(3) of the Companies Act 2013, the Consolidated Financial Statements drawn up in accordance with the applicable accounting standards form part of the Annual Report.

The Company had granted loans and provided guarantees under Section 186 of the Companies Act, 2013 to Aptus Finance India Private Limited, Wholly Owned Subsidiary, details of which are given below:

Sr. No.	Nature & Purpose	Amount as at March 31, 2021 (₹ crores)
1	Inter – Corporate Loan - Onward lending purpose	18.00
2	Inter Corporate Guarantee - For the borrowings availed by the wholly owned subsidiary	216.75

* For details refer to Note no.32.2 in relation to related party transactions disclosed as per notes to the Standalone Financial Statements.
** Board resolution passed on May 30, 2020 for inter corporate loan and inter corporate guarantee.

Statement containing salient features of the financial statements of the subsidiary, pursuant to first proviso to sub – section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014 in Form AOC – 1 forms part of the financial statements:

28. Disclosure of Significant & Material Orders passed by the Regulators or court or tribunal

During the financial year, there were no significant and material orders passed by the regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

29. Deposits

Your Company is registered as a non-deposit taking Housing Finance Company with National Housing Bank and hence does not accept any deposits. The Company has not accepted any deposits from the public during the financial year ended March 31, 2021.

30. Declaration from Independent Directors

The Company has received declarations from all the Independent Directors to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of your Board of Directors, the Independent Directors appointed during the financial year ended March 31, 2021, satisfy the attributes as to their performance, appropriate mix of qualifications, experience, value additions, integrity, high levels of skill and expertise.

31. Corporate Social Responsibility Policy (CSR)

The Company has duly constituted a Corporate Social Responsibility Committtee as per the provisions of Section 135 of the Companies Act, 2013. The company devised a policy for the implementation of CSR framework defining the areas of spending for the CSR activities. The CSR spend will be atleast 2% of the net profits for the activities mentioned under Schedule VII to the Companies Act, 2013.

The CSR Committee monitors the Policy of the Company from time to time and endeavors to ensure that the requisite amount is spent on CSR activities as per the framework. A report on CSR is attached as **Annexure C** to this Report.

The CSR policy of the Company has been placed in the website of the Company at www.aptusindia.com.

32. Formal Annual Evaluation

As per the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. A structured exercise was carried out based on the criteria for evaluation forming part of the Policy on appointment, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management and the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committee, attendance at meetings, Board culture, duties of directors and governance. The aforesaid policy is enclosed as **Annexure D** to this report.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors have expressed their satisfaction with the evaluation process.

33. Vigil Mechanism, Whistle Blower Policy

Your Company as part of the "Vigil Mechanism" has in place a "Whistle Blower Policy" to deal with instances of fraud and misappropriations, if any. This policy has been placed in the website of the Company at www.aptusindia.com. During the year under review no whistle blower complaint was received.

34. Management Discussion and Analysis

Report on Management Discussion and Analysis is enclosed and is forming part of this report as **Annexure E**.

35. Corporate Governance Report

The Reserve Bank of India has mandated all Housing Finance Companies to follow the guidelines on Corporate Governance as per the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. The Company has accordingly framed the internal guidelines on Corporate Governance and the same is forming part of this report as **Annexure F**.

Your Company is committed to achieving the highest standards of Corporate Governance and it aspires to benchmark itself with the best practices in this regard.

36. Committees

Details on composition of various Committees of the Board and number of meetings of the Board and Committees are given in the Corporate Governance Report in **Annexure F**.

37. Policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy named "Policy Against Sexual Harassment" in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The said policy is uploaded in the website of the Company. An Internal Complaints Committee has been constituted as per the Act to redress complaints received regarding sexual harassment. During the financial year under review, no complaint of sexual harassment was received and there were no unresolved complaints as at March 31, 2021.

38. Directors' Responsibility Statement

The Board of Directors have instituted/put in place a framework of internal financial controls and compliance systems, which is reviewed by the management and the relevant board committees, including the audit committee and independently reviewed by the internal, statutory and secretarial auditors.

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors confirms that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom;

(ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at March 31, 2021 and the profit of the company for the year ended on that date;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis;

(v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively during the year ended March 31,2021; and

(vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended March 31, 2021.

Acknowledgement

Your Directors wish to thank National Housing Bank and all regulatory authorities for their valuable guidance and support received. Your Directors would also like to acknowledge the role of all its stakeholders viz., Customers, Shareholders, Bankers, Rating Agencies, Debenture Trustees and all others for their whole – hearted support, confidence and faith they have reposed in the Company.

Your Directors would like to appreciate the commitment displayed by all the executives, officers, staff and the Senior Management team of the Company in achieving an excellent performance during the Financial Year.

For and on behalf of the **Board of Directors**

M Anandan
Chairman & Managing Director
DIN: 00033633

Place: Chennai
Date : June 24, 2021

ANNEXURE A

APTUS EMPLOYEES STOCK OPTION SCHEME

During the financial year 2020-21, the Board has approved a new ESOP Scheme titled Aptus Employees Stock Option Scheme, 2021 (ESOP 2021), and the same was taken by the Board of Directors at the meeting held on November 12, 2020, and was approved by the shareholders of the Company at the Extraordinary General Meeting held on May 6, 2021.

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, the details of the Aptus Employees Stock Option Scheme, 2021 (ESOP 2021) during the financial year ended March 31, 2021 are :-

Nature of Disclosures	ESOP 2021
a. Options approved to be issued as ESOPs	20,00,000
b. Options Granted as at March 31, 2021	-
c. Options vested as at March 31, 2021	-
d. Options outstanding as on April 1, 2020	-
e. Options Exercised during FY 2020-21	-
f. The total number of shares arising as a result of exercise of option	-
g. Options Lapsed / Surrendered	-
h. The exercise price	-
i. Options outstanding as on March 31, 2021	-
j. Variation of Terms of Option	-
k. Total number of options in force	-
l. Money realised by exercise of options during the year 2020-21	-
m. Details of options granted to	
i. Key Managerial Personnel	Nil
ii. any other employee who received a grant of options in any one year of option amounting to 5 per cent or more of options granted during that year	Nil
iii. Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil

ANNEXURE B

RELATED PARTY TRANSACTION POLICY

A. PREAMBLE

Aptus Value Housing Finance India Limited ("Company") is dedicated to the highest standard of ethics and integrity and has successfully applied these standards to the business.

Accordingly, the Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management, other related parties etc. with the interest of the Company.

The Board of Directors ("Board") of the Company, adopts the following policy and procedures with regard to Related Party Transactions ("RPT") as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 and rules made there under and any subsequent amendments thereto ("Companies Act"), read along with Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") in order to ensure the transparency and procedural fairness of such transactions.

B. OBJECTIVE

Section 188 of the Companies Act read along with the Companies (Meetings of Board and its Powers) Rules, 2014 provides the detailed mechanism for dealing with the RPTs of a company by the Audit Committee of the Board ("**Audit Committee**") including all the approvals required to be passed by the Board and the shareholders' in different circumstances. The objective of this Policy is to ensure proper approvals and reporting of transactions between the Company and its related parties in compliance of provisions of the Companies Act, the Listing Regulations and all other applicable statutory provisions for the time being in force, in this regard.

This policy is designed to govern the transparency of the approval process and disclosure requirements to ensure fairness in the conduct of related party transactions. The Board may amend this policy from time to time as may be required.

Any exceptions to the policy on RPTs must be consistent with the Companies Act, including the rules there under and must be approved in the manner as may be decided by the Board.

C. TRANSACTIONS COVERED UNDER THIS POLICY

Transactions covered under this policy include any contract or arrangement with a related party.

D. DEFINITIONS

1. "**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, as defined in explanation (b) to Section 188 (1) of the Companies Act.
2. "**Associate Company**", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
3. "**Audit Committee**" means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations and Companies Act, from time to time.
4. "**Board**" means the Board of Directors of the Company.
5. "**Control**" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

   Provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position.
6. "**Key Managerial Personnel**" or "**KMP**" includes:
   i. the Chief Executive Officer or the Managing Director or the Manager;
   ii. the Company Secretary;
   iii. the Whole time Director;
   iv. the Chief Financial Officer;
   v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
   vi. such other officer as may be prescribed.
7. "**Material related party transactions**" means those transactions entered into with the Company by a related party, which when individually or together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

   Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements.

8. "**Ordinary course of business**" in order to determine whether a transaction is within the ordinary course of business or not, some of the principles that may be adopted to assess are as follows:
   (i) whether the transaction is in line with the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities;
   (ii) whether it is permitted by the Memorandum and Articles of Association of the Company; and
   (iii) whether the transaction is such that it is required to be undertaken in order to conduct the routine or usual transactions of a company.
9. "**Related Party**" means a person or an entity shall be considered as related to the Company if:
   (i) such person or entity is a related party as defined under Section 2(76) of the Companies Act;
   (ii) such person or entity is a related party under the applicable accounting standard(s); or
   (iii) belonging to the promoter or promoter group of the Company and holding 20% or more of the shareholding in the Company.

   Related Parties under Section 2(76) of the Companies Act:
   (i) A director or his relative;
   (ii) A key managerial personnel or his relative;
   (iii) A firm, in which a director, manager or his relative is a partner;
   (iv) A private Company in which a director or manager or his relative is a member or director;
   (v) A public Company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid up share capital of the Company;
   (vi) Any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
   (vii) Any person on whose advice, directions, or instructions a director or manager is accustomed to act; and

   Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.

   (viii) Any body corporate which is:
   a. a holding, subsidiary or an associate company of the Company;
   b. a subsidiary of a holding Company to which it is also a subsidiary; or
   c. an investing company or the venture of the Company.

   Explanation – For the purpose of this clause, "the investing company or the venture of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

   The Accounting Standard 18 defines related party as "parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and / or operating decisions.
10. "**Related Party Transactions**" means transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:

   Related Party Transaction under Section 188 of the Companies Act:
   (a) Sale, purchase or supply of any goods or materials;
   (b) Selling or otherwise disposing of, or buying, property of any kind;
   (c) Leasing of property of any kind;
   (d) Availing or rendering of any services;
   (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
   (f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
   (g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

   Further, as per Listing Regulations, "Related Party Transaction" means a transfer of resources, services, or obligations between the Company and a related party, regardless of whether a price is charged. Further, a "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.
11. "**Relatives**", means a person or an entity shall be considered as related to the Company if:
   (i) They are members of a Hindu Undivided Family;
   (ii) They are husband and wife; or
   (iii) One person is related to the other in the following manner, namely:
      (a) Father including step father;
      (b) Mother including step mother;
      (c) Son including step son;
      (d) Son's Wife;
      (e) Daughter;
      (f) Daughter's Husband;
      (g) Brother including step brother; and;
      (h) Sister including step sister;

12. "**Office or place of profit**" means any office or place:
    (i) where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise; and;
    (ii) where such office or place is held by an individual other than a director or by any firm, private Company or other body corporate, if the individual, firm, private Company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent free accommodation, or otherwise.
13. "**Total Share Capital**" means the aggregate of the paid-up equity share capital and convertible preference share capital of the Company.

E. DETAILS REQUIRED FOR ASCERTAINING RELATED PARTY

The following details shall be required:

1. Declaration/Disclosure of interest by all the Directors and KMPs in Form MBP 1;
2. Declaration of relatives by all Directors and KMPs;
3. Declaration about a firm in which a Director/ Manager or his relative is a partner;
4. Declaration about a private Company in which a Director or Manager is a member or director;
5. Declaration regarding a public company in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid up share capital;
6. Notices from Directors of any change in particulars of Directorship or in other positions during the year;
7. Details of any body corporate, whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager of the Company;
8. Details of any person on whose advice, directions or instructions a director or manager is accustomed to act; apart from advice given in professional capacity; and:
9. Details of any company which is:
    i. a holding, subsidiary or an associate company of the Company; or
    ii. a subsidiary of a holding company to which the Company is also a subsidiary.

F. PROCEDURE

The Company shall enter into any contract(s) or arrangement(s) or transaction(s) with a Related Party only after seeking prior approvals from the following:

1. **Audit Committee:**

All Related Party Transactions, whether entered on arm's length basis or not, shall require prior approval of the Audit committee either by circulation or at a meeting. The Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

(i) The Audit Committee shall, after obtaining approval of the Board of Directors, lay down the criteria while granting omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature;

(ii) The Audit Committee shall satisfy itself the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;

(iii) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, viz.:-

(a) Repetitiveness of the transactions (in past or in future)

(b) Justification for the need of omnibus approval.

Such omnibus approval shall specify:-

(a) the name(s) of the Related Parties, nature of transaction, period of transaction, maximum amount of transactions that can be entered into in a year and maximum value per transaction which is allowed;

(b) the indicative base price/current contracted price and the formula for variation in the price if any; and

(c) such other conditions as the Audit Committee may deem fit.

However, where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹1 crore per transaction.

Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions 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 approval after the expiry of such financial year.

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

2. **Board of Directors:**

All Related Party Transactions, which are proposed to be entered by the Company-

(a) other than in Ordinary Course of Business; and/or

(b) other than transactions on Arm's Length Basis, shall require prior approval of the Board of Directors of the Company, by means of passing of resolution at a meeting of the Board; and.

(c) where any Director is interested in any Related Party Transaction, such Director will abstain from discussion and voting on the resolution relating to such transaction.

Details to be provided to the Audit Committee –

With respect to Related Party Transactions requiring approval of the Audit Committee, the following information, to the extent relevant, shall be presented to the Audit Committee:

a) A general description of the transaction(s), including the material terms and conditions, nature, duration and particulars of the contract.

b) The name of the Related Party and the basis on which such person or entity is a Related Party.

c) Name of director or KMP who is related.

d) Any advance paid or received for the contract or arrangements.

e) Maximum amount of transaction that can be entered into and the manner of determining the pricing and other commercial terms.

f) The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).

g) The indicative base price / current contracted price and the formula for variation in the price, if any.

h) Any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

Arm's Length transactions - Each Director/KMP who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Audit Committee/Board of Directors concerning such Related Party Transaction and his or her interest in such transaction.

The Audit Committee shall also review and approve any modification, renewal, or extension of any Related Party Transaction.

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy to the Board from time to time as it deems appropriate.

This Policy is intended to augment and work in conjunction with other Company policies having any code of conduct, code of ethics and/or conflict of interest provisions.

G. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTION

The Company Secretary shall at all times maintain a database of Company's Related Parties containing the names of individuals and companies, identified on the basis of the definition set forth above, along with their personal/ company details including any revisions therein.

The Finance & Accounts Team shall be provided with a complete list of related parties in respect of the Company and its subsidiaries. Any proposed transaction with Related Party shall be communicated to the Company Secretary for consideration and approval by the Audit Committee and/or the Board of the Company. If the transactions are regular in nature, the Finance & Accounts Team shall seek an enabling approval from the Board with financial limit for such transaction each year.

The Related Party list shall be updated whenever necessary, by the Company Secretary and shall be reviewed on a quarterly basis.

In determining whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said Related Party Transaction is in the interest of the Company and its stakeholders and whether there is any actual or potential conflict of interest between the related parties or between the related parties and the Company.

H. APPROVAL OF RELATED PARTY TRANSACTIONS

In accordance with Section 188 of the Companies Act and the Listing Regulations, the Board of Directors and shareholders of the Company shall accord prior approval for Related Party Transactions, subject to the following:

Board of Directors and Shareholders' approval in terms of Companies Act:

All Related Party Transactions which are either not on Arm's Length Basis or not in the Ordinary Course of Business shall be recommended by the Audit Committee for the approval of the Board of Directors. The Board of Directors shall further recommend the same for the approval of the Shareholders by way of resolution of the Company, in case the said transactions exceed the value of transactions as provided under Section 188 of the Companies Act.

Board of Directors and Shareholders' approval in terms of Listing Regulations:

In terms of Regulation 23 of the Listing Regulations, all material Related Party Transaction shall be recommended by the Board of Directors to the shareholders for their approval by way of a resolution.

All entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

After the shares of the Company are listed in any stock exchange, the Company would also follow the guidelines under the listing agreement in so far as the process for approval of Related Party Transactions by the Board and the shareholders.

Where an omnibus approval is obtained, the Company Secretary shall obtain details of the Related Party Transactions undertaken by the Company on a quarterly basis, review the value of such transactions and present the same before the Audit Committee for any additional approvals, where the limits laid down under the omnibus approval are likely to be breached.

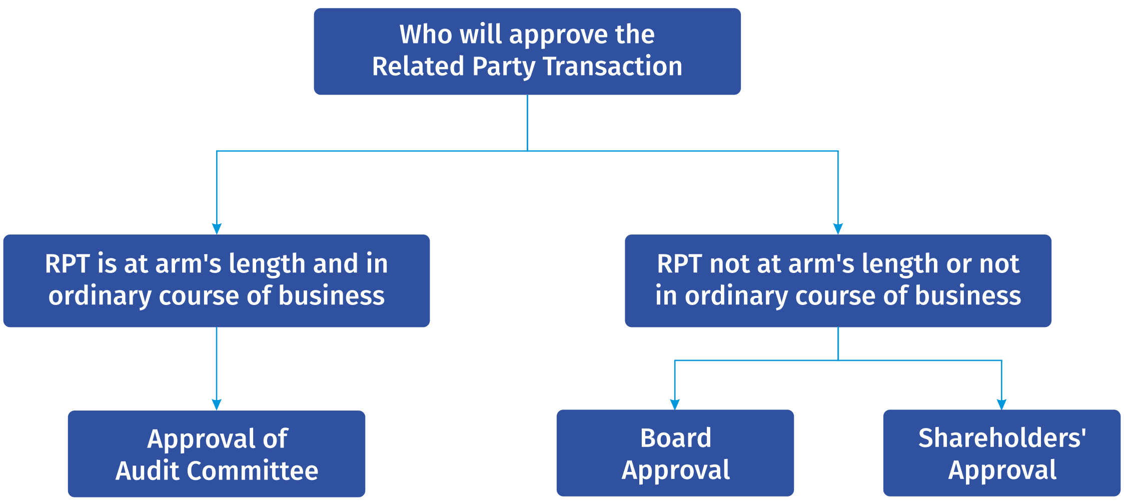
Individual transactions with Related Parties, which are not in Ordinary Course of Business and not on an Arm's Length Basis, shall be accompanied with management's justification for the same. Before approving such transactions, the Audit Committee will look into the interest of the Company and its shareholders in carrying out the Related Party Transactions and alternative options, if any, available. The Audit Committee may accordingly approve or modify such transactions, in accordance with this policy and/ or recommend the same to the Board for approval.

The Chairman of the Audit Committee/Board shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are not in Ordinary Course of Business and not on Arm's Length Basis and assure themselves that the same are in the interest of the Company and its shareholders.

Related Party Transactions that require prior approval of Shareholders:

1. Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the Company or ₹100 crores, whichever is low;
2. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the Company or ₹100 crores, whichever is lower;
3. Leasing of property any kind amounting to 10% or more of the net worth of Company or 10% or more of turnover of the Company or ₹100 crores, whichever is lower;
4. Availing or rendering of any services, directly or through appointment of agent, amounting 10% or more of the turnover of the Company or ₹50 crores, whichever is lower; and
5. Transaction is for appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding ₹2,50,000 (Rupees Two Lakh Fifty Thousand).

AUDIT COMMITTEE/BOARD/SHAREHOLDER APPROVAL MECHANISM FOR ENTERING INTO RELATED PARTY TRANSACTIONS



I. RATIFICATION OF THE RELATED PARTY TRANSACTIONS

Where any contract or arrangement, which is considered as a Related Party Transaction exclusively as per Companies Act, is entered into by a director or any other employee, without obtaining the consent of Audit Committee or the Board or the shareholders of the Company, such transaction shall be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.

J. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

Where any contract or arrangement is entered into by a Director or any other employee of the Company with a Related Party, without obtaining the consent of the Board or approval by a resolution in the general meeting, where required and if it is not ratified by the Board or, as the case may be, by the Shareholders, at a meeting within three months from the date on which such contract or arrangement was entered into, the matter shall be reviewed by the Audit Committee, which may consider all of the relevant facts and circumstances regarding the Related Party Transactions and evaluate all the options available with the Company. Such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the company against any loss incurred by it.

The Company may proceed against a Director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

Audit Committee may also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy and take any such action it deems appropriate.

K. RECORDS

The Company shall maintain adequate records, either physically or electronically, as required under applicable laws, giving separately the particulars of all contracts or arrangements to which this policy applies.:

L. DISCLOSURES

Every Contract or arrangement entered with Related Parties to which sub section (1) of Section 188 of the Companies Act is applicable shall be referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements. The disclosures should also be made in Form AOC-2 as prescribed under the Companies Act.

Details of all material transactions with Related Parties are to be disclosed quarterly along with the compliance report on corporate governance.

The Company shall disclose the contract or arrangements entered into with the Related Party in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.

The Company shall disclose this policy relating to Related Party Transactions on its website and a weblink thereto shall be provided in the Annual Report in terms of the listing agreement with stock exchanges after the shares are listed.

The Company shall disclose such details of Related Party Transaction as may be prescribed by the stock exchanges.

Post listing, the Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

M. EXEMPTION FROM APPLICABILITY OF THE POLICY

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this policy shall not apply to the following Related Party Transactions, which shall not require approval of Audit Committee or shareholders:

(i) Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

(ii) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, other than transactions which are not on an Arm's Length basis.

(iii) Any transaction in which the Related Party's interest arises solely from the ownership of securities issued by the Company and the Related Party receives the same benefits pro rata as all other holders of the same class of securities, other than transactions which are not on an Arm's Length basis.

N. POLICY REVIEW

The Board of Directors of the Company, subject to applicable laws is entitled to amend, suspend, or rescind this Policy at any time. However, the Board of Directors shall review the policy mandatorily every three years and update accordingly. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this policy and of the provisions of the Companies Act and/or the Listing Regulations and any other applicable law dealing with related party transactions, such applicable law in force from time to time shall prevail over this policy.

Form No. AOC - 2

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

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

1. Details of material contracts or arrangement or transactions not at arm's length basis: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis:

Name of the related party and nature of relationship	Mr. M Anandan, Promoter, Chairman and Managing Director	Aptus Finance India Private Limited, Wholly Owned Subsidiary Company
Nature of contracts / arrangements / transactions	Rent payable towards usage of premises owned by Mr. M Anandan	Shared support charges
Duration of the contracts/ arrangements/ transactions	3 years	Ongoing
Salient terms of the contracts or arrangements or transactions including the value, if any	1. Lease rent per month: ₹ 63,670/- 2. Security Deposit: Nil 3. Revision in lease rent: Escalation of 5% every year	The holding company would be providing / sharing its infrastructure and resources to / with the wholly owned subsidiary company, it becomes necessary for the holding company to transfer/ allocate costs / expenses appropriately and proportionately to the wholly owned subsidiary company to ensure that such transactions are done on an arm's length basis.
Justification for entering into such contracts/ arrangements/ transactions	The Company is utilizing the said premises for storage of records and the same is in ordinary course of business.	All the costs / expenses that are incurred by the wholly owned subsidiary company directly would be booked in the books of the subsidiary. However, the costs / expenses incurred by the holding where a portion of the benefits / services are utilized / accrue by / to the wholly owned subsidiary company, such costs/expenses would need to be shared between the 2 entities. The same is in the ordinary course of business.
Date of approval by the Board	August 11, 2020	May 30, 2020
Amount paid as advance, if any	-	-
Date on which the special resolution was passed in general meeting as required under the first proviso to section 188	Not Applicable	Not Applicable

ANNEXURE C

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. Brief outline on CSR Policy of the Company

Aptus is a growing company and is committed towards social welfare of the common people as it caters the housing needs of self-employed, informal segment of customers, belonging to middle income, primarily from semi urban and rural markets. Your Company has adopted a policy for Corporate Social Responsibility which has been placed in the website of the Company https://www.aptusindia.com/policies.php

As per the CSR policy, your Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their wellbeing.

The Company will undertake its CSR activities either directly or through a Registered Trust or through a Registered Society or establish another company under Section 8 of the Companies Act, 2013 or even to collaborate with other entities. The implementation Schedule for CSR activities will be dependent on the availability of eligible projects.

Your company would be undertaking the CSR activities as listed in Schedule VII and Section 135 of the Companies Act, 2013 and the Rules framed thereunder. The CSR Committee will oversee the implementation and monitoring of all CSR projects/ programmes / Activities and periodic reports shall be provided for review to the Board as and when necessary.

2. Composition of the CSR Committee

S. No.	Name of Director	Designation / Nature of Directorship	No. of meetings of CSR Committee held during the year	No. of meetings of CSR Committee attended during the year
1	Mr Krishnamurthy Vijayan	Independent Director - Chairman	1	1
2	Mr KM Mohandass	Independent Director	1	1
3	Mr M Anandan	Chairman & Managing Director	1	1

3. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: **Not Applicable**

4. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not Applicable**

5. Average net profit of the company as per section 135(5): ₹ 151.02 Crores

6.

(a)	Two percent of average net profit of the company as per section 135(5)	₹3.02 Crores
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
(c)	Amount required to be set off for the financial year, if any	Nil
(d)	Total CSR obligation for the financial year (7a + 7b - 7c)	₹3.02 Crores

7. a. Details of CSR amount spent against other than ongoing projects for the financial year: **₹1.12 crores**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR registration number
1.	Upgradation of facilities and infrastructure at TELC Kabis HSS	Promoting Education and sanitation	No	Tamilnadu	Thiruvallur	1,15,000	Yes	NA	NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR registration number
2.	Development of a library at Homes for Destitute Children	Promoting Education	Yes	Tamilnadu	Chennai	16,52,047	Yes	NA	NA
3.	Donation of an ambulance to Kanchi Kamakoti Child Trust Hospital	Promoting Health care	No	Tamilnadu	Kanchipuram	23,96,622	Yes	NA	NA
4.	Contribution to PM CARES FUND towards Covid-19 relief	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund	No	NA	NA	70,00,000	Yes	NA	NA
	TOTAL					**1,11,63,669**			

b. CSR amount unspent for the financial year:

Amount Unspent (in ₹)				
Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
Amount (₹ in crores)	Date of transfer	Name of the Fund	Amount (₹ in crores)	Date of transfer
Nil	-	PM CARES Fund	1.90	June 21, 2021

c. Details of CSR amount spent against ongoing projects for the financial year: **Not Applicable**

d. Amount spent in Administrative Overheads: **Nil**

e. Amount spent on Impact Assessment, if applicable: **Not Applicable**

8. (a) Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Not Applicable**

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): **Not Applicable**

10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable**

ANNEXURE D

POLICY ON APPOINTMENT, REMUNERATION AND EVALUATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT (THE"POLICY")

1. Preamble

Aptus Value Housing Finance India Limited ("Aptus" or the "Company") has adopted this Policy on appointment, remuneration and evaluation of the Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (the "Policy") as required by the provisions of Section 178 of the Companies Act, 2013 (the "Act").

The purpose of this Policy is to establish and govern the procedure applicable:

a) To appoint Directors, KMP and Senior Management Personnel and to determine their remuneration.

b) To evaluate the performance of the members of the Board.

This policy has been framed taking into the account the following factors:

a) To ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

b) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

c) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Definitions

Independent Director means a director referred to in Section 149(6) of the Act, as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act.

Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Senior Management Personnel means officers / personnel of the Company who are members of its core management team, excluding the Board of Directors and this shall include all members of management one level below the Managing Director, including all functional heads.

Words and expressions used and not defined in this Policy but defined in the Act or any rules framed under the Act or the Accounting Standards shall have the meanings assigned to them in these regulations.

3. Composition of the Nomination & Remuneration Committee

The composition of the Committee and its terms of reference are required to be in compliance with the Act, Rules made thereunder, as amended from time to time.

4. Appointment and removal of Director, KMP and Senior Management

4.1 Appointment criteria and qualification: The Committee shall identify a person for appointment as a Director or KMP based on integrity, qualification, expertise and experience of the person and recommend to the Board for its approval.

For the appointment of KMP (other than Managing Director) and Senior Management Personnel, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment.

Further, for administrative convenience, the Managing Director is authorized to identify and appoint suitable persons as Senior Management Personnel. The Managing Director may also consult the Committee / Board for further directions / guidance.

4.2 Term: The term of the Directors including Managing Director shall be governed as per the provisions of the Act and Rules made thereunder, as amended from time to time. The term of the KMP (other than the Managing Director) and Senior Management Personnel shall be governed by the prevailing HR policies of the Company.

5. Remuneration for Managing Director

The remuneration for the Chairman and Managing Director ("CMD") is as per the terms approved by the Board and shareholders based on the recommendations of the NRC.

In addition to the salary, allowances, benefits, perquisites, the Company may pay such remuneration by way of bonus / performance linked incentive and/ or commission with reference to the net profits of the Company in a particular financial year, as may be determined by the Board based on recommendation of the NRC, subject to the overall ceilings stipulated in Section 197 of the Companies Act, 2013.

6. Remuneration for Independent Directors and Non-Independent Non-Executive Directors

Independent Directors ("**ID**") and Non-Independent Non-Executive Directors ("**NED**") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and annual commission within regulatory limits. Quantum of sitting fees may be subject to review as and when required.

The payment of sitting fees / commission will be recommended by the NRC and approved by the Board.

In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a director of the Company.

7. Remuneration for KMP and Senior Management Personnel

The Managing Director is authorized to determine the remuneration of KMP and Senior Management Personnel. The Managing Director may also consult the Committee / Board for further directions /guidance.

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role.

Hence remuneration should be:

(a) Market competitive;

(b) Based on the role played by the individual in managing the Company including responding to the challenges faced by the Company;

(c) Reflective of size of the Company, complexity of the sector / industry / company's operations and the Company's capacity to pay;

(d) Consistent with recognised best practices;

(e) Aligned to any regulatory requirements; and

(f) In terms of remuneration mix:

i. Basic/fixed salary is to be provided to all employees to ensure that there is a steady income in line with their skills and experience.

ii. In addition to the basic/fixed salary, the Company may provide employees with certain perquisites, allowances and benefits.

iii. The Company may also provide for a performance linked bonus and/or performance linked incentive.

8. Annual Performance Evaluation

The NRC shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The evaluation criteria shall be laid down by the NRC.

9. Policy Review

Subject to the recommendations of the Nomination & Remuneration Committee, the Board reserves the right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company.

ANNEXURE E

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Overview

India's gross domestic product (GDP) grew at 1.6 per cent in the January-March quarter of fiscal year 2020-21 amid the corona virus pandemic but witnessed a contraction of 7.3 per cent for the entire fiscal year. The sectoral performance in Q4 FY21 reveals that there was definitely a recovery in manufacturing, construction and finance, real estate etc numbers, which would have boded well for FY22. However, with the second wave leading to a closedown of services sector in particular, progress might remain muted. The economy snapped out of technical recession in the October-December quarter of the financial year 2020-21 and expanded by a revised 0.5 per cent, after reporting two consecutive quarters of de-growth in the same fiscal. The nationwide lockdown impacted urban housing segment the most as stricter restrictions on movement and business activity were imposed in Q1 FY 2020-21. However, the system liquidity has improved considerably and the sector has started witnessing disbursement growth. Stress due to the pandemic was moderated due to government schemes which have led to moderate addition to Gross Non-Performing Assets (GNPAs). Per capita home ownership is still one of the lowest in India as compared to developed and developing economies, which will continue to provide opportunities for growth in the Housing Market in India.

The Indian housing finance market clocked a healthy CAGR of approximately 13% (growth in loan outstanding) over Fiscals 2018 to 2020 on account of a rise in disposable income, healthy demand emanating from smaller cities markets, attractive interest rates and government impetus on housing. In the long-term also, the housing finance market has shown secular growth with outstanding loans increasing from ₹9.90 lakh crores in FY 2015 to ₹20.40 lakh crores in FY 2020 translating into a CAGR of 15.56%.

The latent demand for housing in India remains strong, given the vast housing shortage in India and the psychological comfort provided by owning a house post the uncertainty created by the COVID-19 pandemic. In second quarter of Fiscal 2021, all major HFCs witnessed a pick-up in demand for home loans for major HFCs. Across the banking system, housing loans outstanding registered an year-on-year growth of approximately 7.7% as of January 2021. This increase in demand has continued in the third quarter and fourth quarter of this fiscal as well, as indicated by disclosures by few listed players and housing registration data in large cities. Research reports estimates home loans outstanding (banks and non-banks) to grow at 5-6% year-on-year in Fiscal 2021. It expects the home loan market to bounce back more strongly in the long term and grow at 9-10% CAGR in between Fiscals 2020 and 2025.

Higher transparency in the sector, increasing affordability and urbanisation, and government incentives will push up the housing finance market over the next five years. The above factors have led to increase of mortgage penetration in the country from 6% in 2008 to 10.3% in 2020. Researchers expect that India will continue on this trajectory to reach mortgage penetration of close to 15% by fiscal 2024.

2. Key trends in Affordable housing finance sector

2.1 Overview of housing finance market focusing on low income housing segment

India's mortgage market can broadly be divided into two segments by ticket size of the housing loan at the time of disbursement- loans with ticket size of more than ₹15 lakhs, and loans with ticket size of ₹15 lakhs and below. The former can be called normal mortgage market, which is prominent in the metro/urban areas, and the latter which generally includes houses in the outskirts of these areas and semi- urban and rural areas can be defined as housing finance market focusing on low income or affordable housing segment.

2.2 Encouraging trends in housing finance market focused on affordable housing segment

The overall size of the housing finance market focusing on low income housing segment (ticket size less than ₹15 lakhs) in India was around ₹2.4 lakh crores as of March 2020 which accounts for around 12% of the overall housing finance market. Out of the ₹2.4 lakh crores mentioned above, PSBs accounted for 50% of the market with an absolute value of ₹1.18 lakh crores, private banks accounted for 6% with an absolute value of ₹0.14 lakh crores, while HFCs accounted for 38% with loans outstanding of ₹0.90 lakh crores as of March 2020.

Growth in the market, in terms of loans outstanding, has come down over the last four years due to the slowdown in economic growth, challenges faced by some HFCs in availing funding subsequent to the IL&FS meltdown, and in the more recent past, the onset of the COVID-19 pandemic when the housing finance market focused on low income housing segment logged a growth of around 4.9% CAGR between Fiscal 2016 and 2020 after growing at a higher cliff in the years before that.

2.3 Business model of housing financiers focused on affordable housing segment

Housing financiers focused on low income housing segment typically serve the underserved category of low-income or mid income customers who may be salaried, working in the informal sector or self-employed running a small business. Many a times, these customers do not have adequate documentation that can serve as proof of their income. The high cost of serving this category of customers has prompted financiers to adopt innovative models to source business. An HFC targeting this segment of customers usually has a hub and spoke model where retail branches of the HFC operate as 'hubs' in urban areas, while small branches are set up in smaller towns where construction activity is taking place to source customers. Financiers also spread awareness about their products in rural areas by setting up kiosks at 'gram sabhas' and arranging 'loan melas' for potential customers. However, HFCs also rely on customers doing in self-construction of their houses in tier-2 and 3 cities in need of credit. These players have sourcing strategies focused on attracting customers with touch points in nearby locations.

First time credit customers in housing finance focused on low income housing segment are higher than as compared to normal housing (ticket size more than ₹15 lakhs). The declining share of first time credit customers also indicates better availability of loan repayment records of customer while assessing them for credit underwriting.

2.4 New HFCs focused on low income housing segment have higher growth rate vis- à-vis other lenders focused on low income segments

New HFCs (HFCs incorporated on or after Fiscal 2010) focused on low income housing segment grew at CAGR of ~19.4% from March 2018 to March 2020. The defining characteristic of HFCs focused on low income housing segment is their strong focus on their target segment (i.e. housing loans lower than ₹15 lakh ticket size to low-income customers), deep understanding of the micro-markets they operate in, and relatively lower focus on builder/developer loans. Their credit assessment processes are fine-tuned to serve their target segment.

2.5 Asset quality of HFC's focused on affordable housing segment to improve with increase in information availability and higher technology usage for credit assessment

As demand for home loans largely comes from first-time buyers, who stay in the property purchased by them, asset quality in this segment has remained healthy historically. However, due to the seasoning of portfolios of rapidly growing HFCs, many of which are focused on relatively riskier customers compared with the salaried segment, delinquency rates have moved up. Moreover, due to their presence in a few geographies, HFCs focused on affordable housing segment are more susceptible to local events and developments that impact the repayment behaviour compared with their larger counterparts. Researchers expects delinquencies to further inch up over the course of the current fiscal and next as a result of the slowdown in economic growth induced by COVID-19; subsequently, researchers expects to witness an improvement in the asset quality. Ability to manage credit costs by appropriately leveraging information availability as also technology and data analytics will be a key differentiator among players in the HFCs focused on affordable housing segment.

2.6 Profitability of HFCs focused on affordable housing segment to improve over a long term

In Fiscal 2019, HFCs focused on affordable housing segment saw a decline in RoA year-on-year, because of an increase in cost of funding following the default by IL&FS. However, they have witnessed improvement in RoA during the fiscal 2020. In Fiscal 2021, research reports estimates the profitability of HFCs to deteriorate, mainly due to increase in credit costs as they cater to riskier segments (self- employed and informal segment) which are more vulnerable to economic slowdown. In current scenario, as market rates are declining, yield on advances is also expected to decline for these HFCs. As a result, these HFCs will have to effectively manage their cost of funds to maintain their NIMs. Over the long term, researchers expect the industry's profitability to gradually improve. Cost of funds, which has shot up since the second half of Fiscal 2019, is expected to gradually normalise, once risk aversion wanes and capital availability for better performing HFCs improves. Additionally, for players in the affordable housing category, operating expenses, too, would moderate, as business volumes increase and the level of standardisation and digitalisation in credit assessment increases.

3. Growth Drivers for Housing Finance

3.1 Government Initiatives

- **Pradhan Mantri Awas Yojna (Urban):** The scheme aims to fill the supply- demand gap in the housing sector. On supply side, the scheme provides incentives for beneficiary-led housing, public private partnership (PPP) in building homes for EWS and low income group by offering incentives such as allowing higher floor space index and announcing grants and subsidies for slum redevelopment. On the demand side, the PMAY provides credit-linked subsidies to stimulate demand.
- **Pradhan Mantri Awas Yojana (Gramin):** The scheme is for rural population who don't have their own houses. It provides financial assistance and interest rate subsidy.

- **Special financing window:** The scheme is for rural population who don't have their own houses. It provides financial assistance and interest rate subsidy.
- **Relaxation of ECB guidelines:** The relaxed ECB guidelines will enable easier access to overseas funds and stimulate the sector.
- **Tax incentives:** Provides various tax benefits to home loan borrowers and HFCs.
- **RERA:** The law was introduced in order to make the sector transparent.
- **GST:** The reduction in the GST rate for affordable housing projects.
- **EPF corpus withdrawal:** Permission to withdraw 90% of EPFO corpus enables prospective home buyers to make the down payment and pay their home loan EMIs.

3.2 Regulatory Framework

- **Regulatory authority of HFCs to shift from NHB to RBI:** Budget 2020 proposed a change in regulatory oversight and supervision of HFCs from the National Housing Bank (NHB) to the Reserve Bank of India. This shift will lead to more streamlined regulations and better risk management framework for HFCs.
- **Reduced risk weights and SAP on home loans:** Due to reduction in the risk weights for various category of home loans, financial institutions have been able to lend more money towards home loans with the existing capital.
- **SARFAESI:** Allowing HFCs to access SARFAESI has helped them to accelerate the recoveries.
- Tax holiday for affordable housing developers.
- Infrastructure status to ease financing for affordable housing developers.
- NHB refinance: The NHB refinancing schemes help HFCs lower their borrowing costs.
- PSL eligibility for home Loans: The RBI has increased the PSL eligibility norms in order to promote PMAY.

3.3 Other factors

- **Rising urbanisation and nuclearisation:** Decreasing average household size and rising level of urban population create more housing demand.
- **Rising Income levels:** Rising income levels help improve the affordability of houses.
- **Rising independent housing demand:** Increase in share of independent houses helps housing finance market to grow in the long term.

3.4 Government initiatives to counter the pandemic's onslaught on growth

The Monetary Policy Committee ("MPC") of the RBI slashed the repo rate by 115 basis points (bps) to address financial market stress in the wake of the pandemic and the subsequent lockdown. In an unusual move, the MPC also asymmetrically slashed the reverse repo initially by 90 bps and by another 25 bps and 40 bps subsequently. The repo and reverse repo rates now stand at 4.00% and 3.35%, respectively. To tide over any unwarranted volatility, the MPC also increased borrowing limits under the marginal standing facility ("MSF") of the liquidity adjustment facility window from 2% to 3%. The MSF rate now stands at 4.25% (down from 5.40%).

The RBI also announced a host of other measures to address financial market stress due to the pandemic / lockdown:

Reducing debt servicing burden through moratorium period: The RBI initially permitted lending institutions to allow a moratorium of three months on repayment of instalments for term loans outstanding as on March 1, 2020 and defer interest payments due on working capital facilities outstanding. The moratorium was further extended by another three months till August 31, 2020.

Loan restructuring: In a first, the restructuring option was extended to retail borrowers as well, facing stress in loan repayments due to salary cuts and job losses. However, only those borrower accounts would be eligible for resolution which were classified as standard, but not in default for more than 30 days with any lending institution as on March 1, 2020.

Enhancing liquidity: Apart from reducing repo and reverse repo rate, the RBI reduced the cash reserve ratio ("CRR") requirements of all banks by 100 bps to 3% of net demand and time liabilities ("NDTL"). Further, the minimum daily CRR balance maintenance was reduced to 80% from 90% till June 26, 2020. In view of the exceptionally high volatility in domestic financial markets, the RBI also increased MSF borrowing limit from 2% to 3% of bank's NDTL up to June 30, 2020.

Supporting financial market liquidity: The RBI initially announced targeted long- term repo operations (TLTROs) of up to three years' tenure for a total of up to Rupees One lakh crores. Liquidity availed under the scheme by banks had to be deployed in investment grade corporate bonds, commercial paper, and non-convertible debentures. Subsequently, TLTROs worth ₹50,000 crores were announced specifically for NBFCs and mutual fund institutions ("MFIs"), with 50% targeted towards small and mid-sized firms. Investments made by banks under this facility would be classified as held to maturity, and also be excluded under the large exposure framework.

Pushing credit growth: In order to improve credit growth, the central bank announced ₹50,000 crores refinancing facility for NABARD (₹25,000 crores), SIDBI (₹15,000 crores) and NHB (₹10,000 crores) to increase credit availability to microfinance, micro, small and medium enterprises ("MSMEs") and the housing sector.

4. APTUS: Business Overview

4.1 Customer Base

We primarily serve low and middle income self-employed customers in the rural and semi-urban markets of India who have limited access to formal banking channels. We offer loans to self-employed customers, whose main source of income is their profession or their business and salaried customers, whose main source of income is salary from their employment. Many of our customers who are individuals do not have formal income proofs, pay slips, or file income tax returns, and as such may be excluded from being served by banks or large financial institutions.

We offer customers home loans for the purchase and self-construction of residential property, home improvement and extension loans; loans against property; and business loans. We target first time home buyers where the collateral is a self- occupied residential property. Loans to self-employed customers accounted for 72% of our AUM, while loans to salaried customer accounted for 28%, as of March 31, 2021. As of March 31, 2021, 73% of our AUM was from customers who belonged to the lower and middle income groups, between ₹35,000 to ₹60,000 per month and 41% of our AUM were from customers who were new to credit. Further, as of March 31, 2021, 62% of our AUM was from customers located in rural regions. We do not provide any loans with a ticket size above ₹25 lakhs and the average ticket size of our home loans, loans against property and business loans on the basis of sanctioned amounts was ₹7.2 lakhs, ₹7.1 lakhs and ₹6.2 lakhs, as of March 31, 2021, respectively.

Aptus has diversified its geographical presence by adopting a strategy of contiguous expansion across regions and are focused on achieving deeper penetration in our existing markets. As of March 31, 2021, Aptus had a network of 190 branches across four states.

4.2 Loan-to-Value (LTV) Ratio, EMI and Tenure of Housing Loans

We set an LTV ratio range for each of our loan products that is within the relevant range prescribed by the regulatory authorities. Our home loans, loans against property and business loans had an average loan-to-value on AUM of 38.89%, 38.27% and 39.21%, as of March 31, 2021, respectively. The amount and LTV of the loan is subject to our credit assessment of the customer and factors including value of the collateral and regulatory limits. Loans are required to be repaid in equated monthly installments ("EMIs") over an agreed period. The size of the EMI depends on the size of loan, interest rate and tenure of loan. As of March 31, 2021, the average tenure of our home loans, loans against property and business loans was for a period up to 12.5, 11.5 and 8.5 years, respectively.

4.3 Interest Rates, Fees and Collateral for Home Loans

We offer our home loan customers the option to choose between a fixed or variable interest rate in order to allow them to hedge against unexpected interest rate movements. The pricing of a fixed interest rate loan and the variable interest rate loans is generally determined on the basis of market conditions. We determine our reference rate from time to time based on market conditions and price our loans at either a discount or a premium to our reference rate. For variable rate loans, the interest rate is linked to our reference rate.

We require our customers to pay certain processing fees on sanction of the loan. The underlying collateral for a loan is the house towards which the loan is provided, either for construction, purchase or improvement. The security for home loans is created through registered mortgage of immovable property. We also obtain guarantees from a guarantor for all loans. We offer credit shield insurance to customers wherein the entire loan outstanding is repaid by the insurance company in the event of death of a customer.

4.4 Credit Assessment, Approval and Disbursement

We operate our business in a centralized manner where underwriting, including the approval process, and disbursement of loans are undertaken at our central office. Our credit officers determine the initial loan eligibility of the customers. The credit officers in our branches are responsible for assessing the customer's business and their income and expenses by direct field visits, verification of documents providing the customers' income and other revenue streams, conducting reference checks and responding to queries from our central office. We review financial and other documents such as bank statements, salary slips and educational and technical qualifications. The assessed income is verified with surrogates such as recently created assets, including vehicles, residential lifestyle and education of family members. Our credit officers also use established credit evaluation methodologies such as credit bureau checks to determine the credit history of the customers. Thus by use of technology and through an established manual verification process, our central office then underwrites our customer's loans.

Our in-house technical and legal team also undertakes field visits to identify the location of the proposed collateral and to trace the flow of the title documents of the proposed collateral and their authenticity. We endeavor to mitigate risk through defined loan documentation, and execution of equitable mortgage prior to the disbursement of the loan. In addition, key terms and conditions are usually communicated to the prospective customers in English and the relevant local language.

4.5 Loan Collection and Monitoring

We have set up a robust and tiered, collections management system with prescribed collection action at each stage of severity of default. All our borrowers register for an automated debit facility, which reduces our cash management risk and we have implemented digitized collection models, which has led to an increase in our collection efficiencies. We employ a structured collection process wherein we remind our customers of their payment schedules through text messages and automated calls to maintain adequate balance in their account on the due date.

4.6 Funding

Our financing requirements historically have been met from several sources, including refinancing from the NHB, financing from IFC, term loans, working capital loans and issuance of non-convertible debentures ("NCDs") to meet our capital requirements. We also monetize loans through securitization to banks and financial institutions, which enables us to optimize our cost of borrowings, liquidity and capital. As of March 31, 2021 and March 31, 2020, our Total Borrowings were ₹2,515.07 crores and ₹2,021.65 crores and our average cost of borrowings was 9.11% and 10.17%, respectively. Our average cost of incremental borrowings for the financial year 2021 was 7.70%, as compared to 9.45% for the financial year 2020. As of March 31, 2021, we had borrowing relationships with the NHB, as well as with 17 banks and other financial institutions. As of March 31, 2021, the weighted average tenure of our outstanding borrowings was 83 months and our credit ratings were ICRA A+ (Stable) and CARE A+ (Stable). As of the same date, we had a positive asset-liability position across all maturity buckets.

5. Information Technology

Information Technology acts as an enabler in our business and helps us in achieving growth, scale of operations, ease of use, customer focus and secure operations.

We have hyper converged infrastructure which can scale operations for a foreseeable future combined with operational simplicity. We have virtualized branches through citrix for data security, ease of expansion with centralized control and monitoring system. In addition, we have robust disaster recovery and business continuity with expandable cloud solution. Aptus have adopted a cyber security policy with risk mitigation, incidence prevention and vulnerability assessment periodically provides availability and reliability of data at all times.

Our lending software is an end to end software solution which provides us with functions such as access control, loan origination, loan management and financial report generation. It has controls and risk management to ensure integrity of the customer data and financial reports. We have implemented Robotic Process Automation (RPA) to eliminate manual processes, increase efficiency and reduce errors. We have implemented browser plug-in to print cheques at our branches which ensures quick disbursement of loans to customers.

Our referral application 'Aptus bandhu' helps us to create a strong sourcing network among the construction eco-system and generate unadulterated leads.

We have a sales application which assist us in on boarding customers and do KYC digitally. The sales application with also help us in monitoring our sales team and will be integrated with our lending software for quick turnaround time. We have implemented several mobility initiatives such as our referral mobile application, which helps us create a strong sourcing network and generate leads.

We have also implemented a Credit Application which does business verification and residence verification to capture our customer's details for quicker credit processing and elimination of errors in credit evaluation. Implementation of Machine learning and Artificial intelligence to our credit score card to help us faster credit decisioning, understanding customer behaviours and also for the business to understand the behavior of profiles based on income type and geography.

We have a technical application which has multiple features like geo tagging of the property from the field, generation of technical and valuation report, automated technical approval and integration with lending application.

Our collections application helps our collections team manage collections effectively and efficiently. This also provides transparency to customers with immediate receipt generation and SMS. It also helps us in efficiently managing our collection team by allocation of overdue customers, tracking of collection progress and also helps our collection team reach customers quickly through route optimization. We have enabled Bharath Bill pay for the convenience of our customers and also encourage digital payments.

We are developing a customer service application to ensure our customers reach us with their service requests and also for them to monitor their loan status and details in the customer service application dashboard.

Our CRM system is automated which helps our team to connect with customers at ease with features such as call transfer, inbound and out-bound call scheduling, issue resolution and tracking of customer service requests.

We use Power business intelligence as an analytics platform to understand customer related data. This helps us in understanding and managing customer risks. We also use Microsoft Business Intelligence tool for data visualization of key management dashboards and metrics, Big query of Google as a data for modeling platform for protective analysis for key business areas.

We have also implemented a human resources management system application to enable and facilitate employee attendance, leave requests, and dissemination of policies and communication to them. It also helps in employee's adherence to guidelines and compliances. Facial recognition and geo tagging is also done to ensure integrity.

A continuous process improvement and evaluation of business processes helps us in keeping all the software adapt to the business goals and establish the required controls for integrity.

6. Employees

As of March 31, 2021, we had 1,910 employees. We recruit after conducting reference checks and our new employees undergo training. As part of our human resource initiatives, we have implemented several programs to engage with our employees. We conduct training programs on a periodic basis for our employees on lending operations, underwriting and due diligence, KYC and anti-money laundering norms, risk management, information technology, and grievance redressal. We also encourage staff to attend training programs conducted by NHB and other reputed training institutes. We also offer ESOPs to select employees and have good incentive systems for the field staffs.

7. APTUS: Key Performance Highlights

- Revenue increased by 25% in FY 2020-21
- Low cost to income ratio
- Lowest GNPA of 0.68% as of March 31, 2021
- PAT increased by 40% in FY 2020-21
- Highest ROA of 7.4% one of the best in the industry
- ROE of 14.50%

8. APTUS: Strength & Strategies

Our competitive strengths:

- Presence in large, underpenetrated markets with strong growth potential.
- Robust risk management architecture from origination to collections leading to superior asset quality.
- In-house operations leading to desired business outcomes.
- Domain expertise resulting in a business model difficult to replicate by others in our geographies.
- Experienced and stable management team with marquee shareholders and strong corporate governance.
- Established track record of financial performance with industry leading profitability.
- Focus on the social impact of our business.

Our strategies for growth;

- Continue to focus on low and middle income self-employed customers in rural and semi-urban markets
- Increase penetration in our existing markets and expand our branch network in large housing markets
- Continue to be an asset quality focused financier
- Reduce cost of borrowings by diversifying sources of borrowing and improving credit rating.

ANNEXURE F

REPORT ON CORPORATE GOVERNANCE

The fundamental objective of "Good Corporate Governance and Ethics" is to ensure the commitment of an organization in managing the company in an ethical, legal and transparent manner in order to maximize the long-term value of the company for its stakeholders including shareholders, customers, employees and other partners. Your company is committed to good corporate governance in all its activities.

1. Company Philosophy

Aptus Value Housing Finance India Limited (Aptus) philosophy on corporate governance envisages adherence to the highest levels of commitment, integrity, transparency, accountability and fairness, in all areas of its business and in all interactions with its stakeholders.

2. Board of Directors

Your Board of Directors currently consists of Ten (10) members including the Chairman cum Managing Director. Of these, five (5) are Independent Directors and four (4) are Non-Executive Directors.

Mr. M Anandan is the Executive Chairman and Managing Director of the Company.

During the financial year ended March 31, 2021, four (4) Board Meetings were held on May 30, 2020, August 11, 2020, November 12, 2020 and February 11, 2021 respectively. The gap between two meetings was not more than 120 days.

Particulars of the Directors' attendance to the Board/Committee Meetings and particulars of their other company directorships are given below:

Name	Nature of Directorship	Attendance		Other Directorships
		Board	Committees	
M Anandan (DIN: 00033633)	Chairman & Managing Director	4	14	-
K M Mohandass (DIN: 00707839)	Independent Director	4	18	1
S Krishnamurthy (DIN: 00066044)	Independent Director	4	16	1
Krishnamurthy Vijayan (DIN: 00589406)	Independent Director	3	4	1
Mona Kachhwaha* (DIN: 01856801)	Independent Director	3	3	2
V G Kannan# (DIN: 03443982)	Independent Director	-	NA	3
Shailesh J Mehta (DIN: 01633893)	Non Executive Director	4	4	4
Sumir Chadha (DIN: 00040789)	Nominee Director, Non Executive	4	4	5
K P Balaraj (DIN: 00163632)	Nominee Director, Non Executive	4	8	-
Suman Bollina (DIN: 07136443)	Non Executive Director	4	NA	1

* *Ms. Mona Kachhwaha has been appointed as an Additional Director with effect from 30/05/2020 and as an Independent Director with effect from 05/05/2021*

\# *Mr. V G Kannan was appointed as an Independent Director with effect from 09/03/2021.*

2.1 Changes in Board of Directors

The following changes took place in the composition of Board of Directors during the year:

- Ms. Mona Kachhwaha (DIN: 01856801) was appointed as an Independent Director by the Board for a term of five years effective May 5, 2021, and her appointment was approved by the shareholders at the Extra-ordinary General Meeting held on May 6, 2021.
- Mr. V G Kannan (DIN: 03443982) was appointed as an Additional Independent Director by the Board of Directors with effect from March 9, 2021, his appointment was approved by the shareholders for a term of five years effective March 9, 2021, at the Extra-ordinary General Meeting held on May 6, 2021.

2.2 Independent Directors

Your Company appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or are related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as required under Section 149(7) of the Companies Act, 2013. Mr. K M Mohandass (DIN: 00707839), Mr. S Krishnamurthy (DIN: 00066044) and Mr. Krishnamurthy Vijayan (DIN: 00589406), were re-appointed as Independent Directors for a second term of five years by the shareholders at the eleventh Annual General Meeting held on August 11, 2020.

Ms. Mona Kachhwaha (DIN: 01856801) was appointed as an Independent Director by the Board for a term of five years effective May 5, 2021, and her appointment was approved by the shareholders' at the Extra-ordinary General Meeting held on May 6, 2021.

Mr. V G Kannan (DIN: 03443982) was appointed as an Additional Independent Director by the Board of Directors with effect from March 9, 2021, his appointment was approved by the shareholders for a term of five years effective March 9, 2021, at the Extra-ordinary General Meeting held on May 6, 2021.

The Company had issued a formal letter of appointment to all the Independent Directors and the terms and conditions of their re-appointment have been disclosed in the website of the Company.

2.3 Code of Conduct for Directors and Senior Management

Your Company has adopted a Code of Conduct for Independent Directors as per Schedule IV to the Companies Act, 2013. The Code aims at ensuring transparency and independence and at the same time to bring value to the company by providing input on strategy, business, and other matters including performance of monitoring functions.

Your Company has also adopted a Company's General Code of Conduct for Directors, Key Managerial Personnel and Employees. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

Your Company continues to ensure effective implementation and enforcement of these codes to achieve the objectives enshrined in these Codes.

3. Committees

A. Committees of the Board

3.1 Audit Committee

Composition and Meetings

The Audit Committee currently consists of the following members:

1. Mr. K M Mohandass, Independent Director - Chairman
2. Mr. S Krishnamurthy, Independent Director
3. Mr. Krishnamurthy Vijayan, Independent Director
4. Ms. Mona Kachhwaha, Independent Director

Mr. M Anandan, Chairman and Managing Director is an invitee to the meetings of the Committee.

The Audit Committee of the Board met four (4) times during the year on May 30, 2020, August 11, 2020, November 12, 2020 and February 11, 2021 respectively.

Terms of reference

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommendation to the board of directors of the Company (the “Board”) for appointment, replacement, reappointment, remuneration and terms of appointment of secretarial, statutory and internal 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 the Companies Act, 2013, as amended;

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; and

vii. Qualifications and modified opinion(s) in the draft audit report.

e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

f) Examination of the financial statement and auditor's report thereon;

g) Monitoring the end use of funds raised through public offers and related matters;

h) 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 issue document / prospectus / notice and making appropriate recommendations to the Board to take up steps in this matter;

i) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

j) Approval or any subsequent modification of transactions of the Company with related parties;

k) Scrutiny of inter-corporate loans and investments;

l) Valuation of undertakings or assets of the Company, wherever it is necessary;

m) Evaluation of internal financial controls and risk management systems;

n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

o) 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;

p) Discussion with internal auditors of any significant findings and follow up thereon;

q) 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;

r) Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

s) 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;

t) To review the functioning of the whistle blower mechanism;

u) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

v) Carrying out any other function as may be required / mandated by the Board from time to time and/ or mandated as per the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Companies Act, 2013, as amended (including Section 177), the listing agreements to be entered into between the Company and the respective stock exchanges on which the equity shares of the Company are proposed to be listed and/or any other applicable laws;

w) Reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

The Audit Committee shall mandatorily review the following information:

(1) management discussion and analysis of financial condition and results of operations;

(2) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

(3) management letters / letters of internal control weaknesses issued by the statutory auditors;

(4) internal audit reports relating to internal control weaknesses;

(5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee; and

(6) statement of deviations as and when becomes applicable:

- quarterly statement of deviation(s) submitted to stock exchange(s) in terms of Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

3.2 Nomination & Remuneration Committee

Composition and Meetings

The Nomination & Remuneration Committee currently consists of the following members:

1. Mr. S Krishnamurthy, Independent Director - Chairman
2. Mr. K M Mohandass, Independent Director
3. Mr. Krishnamurthy Vijayan, Independent Director
4. Mr. Shailesh J Mehta, Non-Executive Director
5. Mr. Sumir Chadha, Nominee Director
6. Mr. M Anandan, Chairman and Managing Director

The Nomination & Remuneration Committee of the Board met four (4) times during the year on May 30, 2020, August 11, 2020, November 12, 2020 and February 11, 2021 respectively.

Terms of reference

a) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

   The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

   (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

   (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;

b) Formulating criteria for evaluation of performance of independent directors and the board of directors of the Company (the "Board");

c) Devising a policy on diversity of Board;

d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

e) Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

f) Recommending to the Board, all remuneration, in whatever form, payable to senior management.

g) Administering, monitoring and formulating detailed terms and conditions of the Aptus Employee Stock Option Scheme, 2021;

h) Carrying out any other function as may be required/ mandated by the Board from time to time and/ or mandated as per the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013, each as amended, the listing agreements to be entered into between the Company and the respective stock exchanges on which the equity shares of the Company are proposed to be listed and/or any other applicable laws; and

i) Performing such other functions as may be necessary or appropriate for the performance of its duties.

3.3 Resourcing & Business Committee

Composition and Meetings

The Resourcing & Business Committee currently consists of the following members:

1. Mr. S Krishnamurthy, Independent Director - Chairman
2. Mr. K M Mohandass, Independent Director
3. Mr. M Anandan, Chairman and Managing Director

The Resourcing & Business Committee of the Board met nine (9) times during the year on June 16, 2020, July 20, 2020, September 25, 2020, September 29, 2020, October 6, 2020, December 4, 2020, December 21, 2020, March 1, 2021 and March 30, 2021 respectively.

Terms of reference

a) Borrowing such sum or sums of moneys, availing all kinds and types of loans and credit facilities including debentures and other debt instruments, commercial paper, temporary loans from the company's bankers, from time to time, upto such sum / limit as may be fixed by the Board of Directors / Shareholders, for and on behalf of the Company, from its directors, shareholders, banks, NBFCs, financial institutions, companies, firms, bodies corporate, Co-operative Banks, investment institutions and their subsidiaries, or from any other person as may be permitted under applicable laws, whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and/or properties, whether movable including stocks, fixed assets, book debts and to create security over the assets and / or properties of the Company in relation to such borrowings and loan/ credit facilities, modification or satisfaction of the charge/ security created on the assets and/or properties of the Company from time to time.

b) To mortgage / charge/ hypothecate all or any of the movable properties and assets of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to with the Lender(s), Debenture holders and providers of credit and debt facilities to secure the loans / borrowings / credit / debt facilities obtained or as may be obtained, or Debentures / Bonds and other instruments issued or to be issued by the Company to or in favour of the financial institutions, Non-Banking Financial Companies, Co-operative Banks, investment institutions and their subsidiaries, banks, mutual funds, trusts and other bodies corporate or trustees for the holders of debentures/bonds and/or other instruments.

c) To establish current and other banking accounts with various banks upon such terms and conditions as may be agreed upon with the said bank and various other entities; to specify and change the authorized signatories and their transaction limits to the said banking accounts; to close current and other banking accounts.

d) Any unsecured loans to be given by the Company other than staff loan advances to be approved by the Resourcing & Business Committee.

e) Any secured loan to be given by the Company including Housing loans, loans against property, SME loans and other loans exceeding ₹1 crore to be approved by Resourcing & Business Committee.

f) To consider and approve securitization arrangements and to authorize carrying out of all actions connected therewith.

g) Issuance of Share/Debenture and other security certificates

- Issuance of fresh Share/Debenture and other security certificates
- Issuance of duplicate Share/Debenture and other security certificates
- Issuance of certificates upon request of the Company on split/consolidation/replacement of old and duplicate certificates, transfer or transmission requests.

h) To review, modify and approve investment policy of the Company from time to time.

i) To give any guarantee or provide security or authorize the issuance of any form of comfort letter in connection with all kinds and types of loans, credit facilities, debt facilities and financing facilities availed and / or to be availed by Aptus Finance India Private Limited ("Wholly-Owned Subsidiary") in accordance with the limit laid down by the Board of Directors.

j) To authorize affixing the common seal of the Company in accordance with the manner laid down in the Articles of Association and to authorize taking the Common Seal out of the registered office of the Company.

k) To exercise such other powers as may be vested by the Board from time to time.

3.4 Corporate Social Responsibility Committee

Composition and Meetings

The Committee currently consists of following members:

1. Mr. Krishnamurthy Vijayan, Independent Director - Chairman
2. Mr. K M Mohandass, Independent Director
3. Mr. M Anandan, Chairman and Managing Director

The Corporate Social Responsibility Committee of the Board met once during the year on May 30, 2020.

Terms of reference

a) Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subjects specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;

b) Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years;

c) Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;

d) Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

e) Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

f) Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required; and

g) Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company or as may be required under applicable laws.

Your Company has adopted a Corporate Social Responsibility Policy and forms part of the Director's Report as **Annexure C**.

3.5 IT Strategy Committee

Composition and Meetings

The Committee currently consists of following members:

1. Mr. Krishnamurthy Vijayan, Independent Director - Chairman
2. Ms. Mona Kachhwaha, Independent Director
3. Mr. V G Kannan, Independent Director
4. Mr. K P Balaraj, Nominee Director
5. Mr. M Anandan, Chairman and Managing Director

Terms of reference

a) Advising senior management on IT policy, procedures, IT infrastructure

b) Review IT strategies, cyber security and any matter related to IT Governance.

c) Any matter as may be specified by the Board or as required by NHB guidelines / regulations from time to time.

3.6 Stakeholder Relationship Committee

Composition and Meetings

The Committee currently consists of following members:

1. Mr. Shailesh J Mehta, Non-Executive Director - Chairman
2. Mr. V G Kannan, Independent Director
3. Mr. K P Balaraj, Nominee Director

Terms of reference

a) To resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;

b) To review measures taken for effective exercise of voting rights by shareholders;

c) To review adherence to the service standards adopted by the Company in respect of various services being rendered by the registrar and share transfer agent;

d) To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company: and

e) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended or by any other regulatory authority.

B. Internal Committees:

3.7 Asset Liability Committee (ALCO)

Composition and Meetings

The Asset Liability Committee currently consists of the following members:

1. Mr. M Anandan, Chairman and Managing Director
2. Mr. P Balaji, ED & CFO
3. Mr. G Subramanian – ED- Chief of Business & Risk
4. Mr. C T Manoharan – EVP- Business Development
5. Mr. V Krishnaswami – VP – Information Technology

The Asset Liability Committee meets regularly to review the areas falling within its terms of reference as given below.

Terms of reference

a) Liquidity Risk Management

b) Management of Market (Interest Rate) Risk

c) Funding and Capital Planning

d) To determine Aptus Value Housing Finance Base Rate (AVHFBR)

e) Credit and Portfolio Risk Management

f) Setting credit norms for various lending products of the company

g) Operational and Process Risk Management

h) Laying down guidelines on KYC norms

i) To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model.

3.8 Risk Management Committee

Composition and Meetings

The Risk Management Committee currently consists of the following members:

1. Mr. V G Kannan, Independent Director - Chairman
2. Ms. Mona Kachhwaha, Independent Director
3. Mr. M Anandan, Chairman and Managing Director
4. Mr. P Balaji, ED & CFO
5. Mr. G Subramanian – ED- Chief of Business & Risk

Terms of reference

a) To formulate a detailed risk management policy which shall include:

   i. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

   ii. Measures for risk mitigation including systems and processes for internal control of identified risks.

   iii. Business continuity plan.

b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

d) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

3.9 Internal Complaints Committee (ICC)

Composition and Meetings

The Internal Complaints Committee currently consists of the following members:

1. Mr. N Srikanth
2. Ms. Shenbagavadivu

The Internal Complaints Committee meets regularly to review the areas falling within its terms of reference as given below.

Terms of reference

a) Investigating every formal written complaint of sexual harassment

b) Taking appropriate remedial measures to respond to any substantiated allegations of sexual harassment.

c) Discouraging and preventing employment-related sexual harassment.

4. Remuneration of Directors

The details of sitting fees and commission paid and shares held by them in the Company as at March 31, 2021 are as follows:

Name	Sitting Fees (₹ in lakhs)		Commi-ssion paid (₹ in lakhs)	No. of equity shares held in the Company
	Board	Committees		
Mr. M Anandan*	NA	NA	NA	1,92,32,833
Mr. K M Mohandass**	0.80	1.90	7.50	1,25,100
Mr. S Krishnamurthy	0.80	1.90	7.50	Nil
Mr. Krishnamurthy Vijayan	0.60	0.40	7.50	Nil
Ms. Mona Kachhwaha	0.40	0.10	7.50	Nil
Mr. V G Kannan	-	-	7.50	Nil
Mr. Shailesh J Mehta	0.80	0.40	7.50	Nil
Mr. Sumir Chadha	NA	NA	-	Nil
Mr. K P Balaraj	NA	NA	-	Nil
Mr. Suman Bollina	0.60	NA	7.50	83,333

** As on March 31, 2021, out of 1,92,32,833 equity shares held by Mr. M Anandan 15,00,000 are partly paid up equity shares, which were made fully paid up on May 5, 2021.*

***100 Equity shares are held by Mr. K M Mohandass in his own name and 1,25,000 equity shares are held by Mr. K M Mohandass as a registered holder on behalf of K M Mohandass HUF (beneficial owner). Mr. KM Mohandass is the karta of the HUF.*

All directors except the CMD and Nominee Directors are paid a sitting fee of ₹20,000 for attending every meeting of the Board and ₹10,000 for attending every meeting of the Audit Committee, Nomination & Remuneration Committee, IT Strategy Committee and Resourcing and Business Committee thereof.

The Non-executive Directors (including Independent Directors) of the Company are paid remuneration by way of profit related Commission based on the criteria laid down by the Nomination and Remuneration Committee and the Board. The same has been approved by the Board and the shareholders and is within the limits prescribed under the Companies Act, 2013.

Based on the requests received from the nominee directors of WestBridge Crossover Fund LLC the commission and sitting fees payable to them have been waived.

4.1 Remuneration to Managing Director

The details of remuneration paid to Mr. M Anandan, CMD for the financial year ended March 31, 2021 are as follows:

Particulars	Amount (₹ in lakhs)
Salary	400.20
Commission	200.00
Other allowances and Perquisites	0.92
Total	**601.12**

5. CMD/CFO Certification

CMD and CFO have given a certificate to the Board as per the format given in regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) 2015 which is given as **Annexure H** to this report.

6. General Body Meetings

During the financial year ended March 31, 2021, except for the Annual General Meeting held on August 11, 2020 no other general body meetings were held.

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in the Notices.

General Shareholder Information

Financial year	April 01, 2020 to March 31, 2021
12th Annual General Meeting	
Day, Date and Time	Thursday, September 30, 2021 at 11 a.m.
Mode	The annual general meeting (AGM) will be held through video conference in compliance with general circular numbers 20/2020 read with 02/2021 and all other applicable guidelines and circulars issued by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI).
Registrar and Transfer Agents	KFin Technologies Private Limited **Address:** Selenium, Tower-B, Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana - 500 032 E-mail: einward.ris@kfintech.com **Telephone No.** 040-67406120 / 67406121
Debenture Trustee Details	Axis Trustee Services Limited **Address:** AXIS House, Bombay Dyeing Mills Compound, Pandhurang Budhkar Marg, Worli, Mumbai - 400025. India
Demat ISIN Number in NSDL/ CDSL (Fully/ Partly paid Equity Shares)	INE852O01025

7. Shareholding pattern as on March 31, 2021

Names of shareholders	No. of shares (face value of ₹10 each)	% of shareholding
M. Anandan & immediate relatives	25,419,498	26.40
WestBridge Crossover Fund LLC	3,43,45,951	35.67
JIH II LLC	83,70,924	8.69
Aravali Investment Holdings	39,52,499	4.11
Madison India Opportunities IV	35,18,109	3.65
GHIOF Mauritius	19,99,571	2.08
Malabar India Fund Limited	39,11,260	4.06
Malabar Select Fund	36,88,760	3.83
Malabar Value Fund	6,48,560	0.67
Steadview Capital Mauritius Limited	32,22,856	3.35
SCI Investment VI	31,93,669	3.32
ABG capital	5,68,739	0.59
Others	34,42,862	3.58
Total	**9,62,83,258**	**100**

ANNEXURE G

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
APTUS VALUE HOUSING FINANCE INDIA LIMITED
No 8B, Doshi Towers, 8th Floor,
No.205, Poonamallee High Road,
Kilpauk, Chennai -600 010

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of M/s. APTUS VALUE HOUSING FINANCE INDIA LIMITED (CIN: U65922TN2009PLC073881) (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, 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, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India on account of the outbreak of Covid-19 pandemic we hereby report that in our opinion, the Company has, during the audit, period covering the financial year ended on March, 31 2021, generally complied with the statutory provisions listed hereunder, and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder as applicable to the Company;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder as applicable to the Company.

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder as applicable to the extent of Foreign Direct Investment. The Company does not have any External Commercial Borrowings or Overseas Direct Investment.

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicable:

a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018;

d) 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.

(vi) The Company has complied with the following laws to the extent applicable specifically to Housing Finance Companies (HFCs):

a) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021;

b) The Prevention of Money Laundering Act, 2002

We have also examined compliance with the applicable regulations and clauses of the following:

i. Listing agreements entered into by the Company with the BSE Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Non-Convertible Debentures.

ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meetings issued by the Institute of Company Secretaries of India.

We further report that, during the period under review, the Company has, in our opinion complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that

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

- Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance as per the applicable provisions of the Act, and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through and there were no dissenting views of the members.
- The Company has obtained all necessary approvals under the various provisions of the Companies Act, 2013 to the extent applicable; and
- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, 2013, Securities Exchange Board of India Act, 1992, The Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, Foreign Exchange Management Act, 1999 and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- The Directors have complied with the disclosure requirements in respect of their eligibility for appointment, their independence, wherever applicable and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

We further report that based on the information received, records maintained and representation received, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period, the Company has:

a. passed a special resolution under Section 180(1)(c) of the Act at the Annual General Meeting held on August 11, 2020 fixing the borrowing limits as ₹3500 crores.

b. passed a special resolution under Section 180(1)(a) of the Act at the Annual General Meeting held on August 11, 2020 permitting the Company for creating charge on its assets upto ₹3500 crores

c. passed a special resolution for private placement of debentures under Sections 42 and 71 of the Act at the Annual General Meeting held on August 11, 2020 up to a sum of ₹1500 crores.

d. made a pre-payment of ₹100 crores and ₹125 crores towards redemption of Non-Convertible Debentures on December 4, 2020 and February 16, 2021 respectively.

For **S Sandeep & Associates**

S Sandeep
Managing Partner
FCS No.5853
COP No. 5987
UDIN No. F005853C000501249

Place: Chennai
Date : June 24, 2021

ANNEXURE H

June 24, 2021

CMD/CFO Certificate

The Board of Directors
Aptus Value Housing Finance India Limited

This is to certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2021 and that to the best of our knowledge and belief:
   a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent or illegal.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting.

Mr. M Anandan
CMD

Mr. P Balaji
CFO

Place: Chennai

INDEPENDENT AUDITOR'S REPORT

To the members of

APTUS VALUE HOUSING FINANCE INDIA LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Aptus Value Housing Finance India Limited ("the Company")**, which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including 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 standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive loss, its cash flows, and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs),as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone FinancialStatements'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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to note no. 2B to the accompanying financial results, which describes the continuing economic and social disruption the Company is facing as a result of COVID-19 pandemic, and its possible consequential implications, if any, on the Company's operations and financial metrics, including the company's estimates of impairment of loans and that such estimates may be affected by the severity and duration of the pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key Audit Matters	How our audit addressed the key audit matter
a) **Impairment for Financial Instruments based on expected credit loss model** (Refer to note 2.1.5 to the standalone financial statements)	
Financial instruments, which include advances to customers, represents a significant portion of the total assets of the Company. The Company has advances aggregating ₹3,44,428.15 lakhs as at March 31, 2021. As per the expected credit loss model of the Company developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments, the Company is required to estimate the probability of loss / expected loss based on past experience and future considerations. This involves a	Our audit procedures included the following: ▪ We read and assessed the Company's impairment provisioning policy with reference to Ind-AS 109 and the provisioning framework approved by the Board of Directors as well as relevant regulatory guidelines and pronouncements. ▪ For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Company's provisioning methodology (including factors that affect the probability

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>significant degree of estimation and judgements, including determination of staging of financial instruments; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward-looking factors, micro- and macro-economic factors, in estimating the expected credit losses.

Additionally, considering the evolving nature of the COVID-19 pandemic, which has continued to impact the Company's business operations, resulting in higher loan losses, the Company has considered additional provision as management overlay as part of its ECL, to reflect among other things the increased risk of deterioration in macro-economic factors. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Company's responses thereto, the actual credit loss can be different than that being estimated.

Due to the significance of the amounts involved, judgments involved in classification of loans, relative complexity of various assumptions and estimates used, uncertainties related to COVID-19 and determination of related provisions, this audit area is considered a key audit matter.</td><td>of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management, and tested the same on a sample basis.

▪ We performed tests of controls and details on a sample basis in respect of the staging of outstanding exposures, implementation of Company policy in response to COVID-19 and other relevant data used in impairment computations prepared by management as compared to the Company's policy.

▪ Assessed the considerations applied by the management for staging of loans as Significant Increase in Credit Risk or default categories in view of COVID-19 pandemic.

▪ We enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional management overlay provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof.

▪ We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets.

▪ Assessed disclosures included in the standalone financial statements in respect of expected credit losses including the specific disclosures made with regard to the impact of COVID-19 on ECL estimation.</td></tr>
<tr><td colspan="2">b) IT Systems and controls</td></tr>
<tr><td>During the current year, as the IT systems and processes continue to mature in view of the evolving business and regulatory landscape, changes in the technology environment have been carried out by the Company.

The Company made changes to its IT systems to give effect to the policy approved by its Board of Directors, in response to and as required by the COVID-19 Regulatory Package provided by RBI, including moratorium on instalments due on Loans Implementation of the moratorium involves significant level of judgement, changes to IT systems, etc.

The IT infrastructure is critical for effective and efficient functioning of the Company's business operations as well as for timely and accurate financial reporting. Accordingly, the Company has continued to invest in its IT infrastructure in the current year as well.

Due to the pervasive nature and complexity of the IT environment and considering that significant changes in key processes have been implemented in recent past, it is considered a key audit matter.</td><td>Our audit procedures included the following, among others:

▪ We included specialized IT auditors as part of our audit team for testing IT general controls, application controls and IT dependent manual controls implemented by the Company, and testing the information produced by the Company's IT systems.

▪ We tested the design and operating effectiveness of the Company's IT access controls over the key information systems that are related to financial reporting.

▪ We tested IT general controls in the nature of controls over logical access, change management, and other aspects of IT operational controls. These included testing that requests for access to systems were reviewed and authorized.

▪ We considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit.

▪ In addition, we tested the key application controls with respect to financial reporting to evaluate their operating effectiveness.

▪ If deficiencies were identified, we tested compensating controls or performed alternate procedures.</td></tr>
</table>

We have determined that there are no other key audit matters to communicate in our report.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to 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 Standalone Financial Statements disclose the impact of pending litigations on its financial position of the Company (Refer Note 27 to the standalone financial statements);

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 6 and Note 17 to the standalone financial statements;

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

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No.: 211107

Place: Chennai
Date : June 24, 2021

UDIN: 21211107AAAACC8433

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

Refer to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

2. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

3. (a) The Company has granted loans its subsidiary, which is a company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

   (b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

   (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

4. In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

6. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

7. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

   (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

   (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

8. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. The Company does not have any loan or borrowing from government.

9. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. Term loans raised by the Company were applied for the purpose for which they were raised.

10. Based upon the 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, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

11. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

13. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

14. According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

15. 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 him as referred to in section 192 of Companies Act, 2013.

16. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934, are not applicable to the Company.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No.: 211107
UDIN: 21211107AAAACC8433

Place: Chennai
Date : June 24, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF APTUS VALUE HOUSING FINANCE INDIA LIMTED

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

We have audited the internal financial controls with reference to the standalone financial statements of **Aptus Value Housing Finance India Limited ("the Company")** as of March 31, 2021 in conjunction with our audit of the standalone 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 issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, 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 with reference to these standalone financial statements 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to these Standalone Financial Statements

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

Opinion

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

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No.: 211107

Place: Chennai
Date : June 24, 2021

UDIN: 21211107AAAACC8433

BALANCE SHEET As at March 31, 2021

₹ in lakhs

Sr.	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
	1. Financial Assets			
	(a) Cash and cash equivalents	4	40,757.50	48,177.90
	(b) Bank balance other than cash and cash equivalents	5	969.45	11,660.44
	(c) Loans	6	3,43,135.00	2,74,067.38
	(d) Investments	7	20,466.06	15,138.29
	(e) Other Financial assets	8	990.74	264.06
	Total Financial Assets		**4,06,318.75**	**3,49,308.07**
	2. Non-Financial Assets			
	(a) Deferred tax assets (Net)	9	1,490.01	1,089.55
	(b) Property, plant and equipment	10A	248.17	326.71
	(c) Intangible assets	10B	26.78	35.35
	(d) Right-of-use assets	10C	680.69	647.65
	(e) Other non-financial assets	11	160.14	128.60
	Total Non-Financial Assets		**2,605.79**	**2,227.86**
	TOTAL ASSETS		**4,08,924.54**	**3,51,535.93**
	LIABILITIES AND EQUITY			
	LIABILITIES			
	1. Financial Liabilities			
	(a) Payables			
	Trade Payables	28		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		140.91	43.75
	(b) Debt Securities	12	38,144.13	60,451.28
	(c) Borrowings (Other than Debt Securities)	13	1,78,592.76	1,21,865.32
	(d) Lease liabilities	43	709.05	666.36
	(e) Other financial liabilities	14	1,298.89	587.05
	Total Financial Liabilities		**2,18,885.74**	**1,83,613.76**
	2. Non-Financial Liabilities			
	(a) Current tax liabilities (Net)	15	343.30	526.68
	(b) Provisions	16	330.18	252.43
	(c) Other non-financial liabilities	17	255.71	168.55
	Total Non-Financial Liabilities		**929.19**	**947.66**
	TOTAL LIABILITIES		**2,19,814.93**	**1,84,561.42**
	3. EQUITY			
	(a) Equity Share capital	18	9,493.33	9,451.33
	(b) Other Equity	19	1,79,616.28	1,57,523.18
	Total Equity		**1,89,109.61**	**1,66,974.51**
	TOTAL LIABILITIES AND EQUITY		**4,08,924.54**	**3,51,535.93**

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : June 24, 2021

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Limited

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Chief Financial Officer

Sanin Panicker
Company Secretary
Membership No: A32834

Place : Chennai
Date : June 24, 2021

STATEMENT OF PROFIT AND LOSS For the year ended on March 31, 2021

₹ in lakhs

Sr.	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
1.	**Revenue from operations**			
	(a) Interest Income	20	52,408.40	42,157.63
	(b) Net gain on fair value changes		75.22	290.28
	(c) Fees and commission income		982.54	1,051.23
	Total Revenue from operations		**53,466.16**	**43,499.14**
2.	**Other Income**	21	**1,688.07**	**2,005.22**
3.	**Total Income (1+2)**		**55,154.23**	**45,504.36**
4.	**Expenses**			
	(a) Finance costs	22	18,208.21	16,936.07
	(b) Employee benefits expense	23	6,540.66	5,674.66
	(c) Depreciation and amortisation expense	10D	567.08	579.30
	(d) Impairment on financial instruments	24	493.62	266.31
	(e) Other expenses	25	1,460.25	1,302.13
	Total Expenses		**27,269.82**	**24,758.47**
5.	**Profit Before Tax (3-4)**		**27,884.41**	**20,745.89**
6.	**Tax expense**	26		
	- Current tax		6,524.32	4,924.24
	- Tax relating to previous years		(28.74)	58.86
	- Deferred tax		(396.65)	(2,379.06)
	Income tax expense		**6,098.93**	**2,604.04**
7.	**Profit for the year (5-6)**		**21,785.48**	**18,141.85**
8.	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss Remeasurement gain / (loss) on defined benefit plan	30.2	(15.04)	(15.35)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		3.79	3.86
	Other Comprehensive Income		**(11.25)**	**(11.49)**
9.	**Total Comprehensive Income for the year (7+8)**		**21,774.23**	**18,130.36**
10.	**Earnings per share (Equity shares, par value ₹2 each - also Refer Note 44(i)):**			
	(a) Basic (in ₹)	35	4.54	4.10
	(b) Diluted (in ₹)	35	4.53	4.08

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : June 24, 2021

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Limited

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Chief Financial Officer

Sanin Panicker
Company Secretary
Membership No: A32834

Place : Chennai
Date : June 24, 2021

STATEMENT OF CHANGES IN EQUITY For the period ended March 31, 2021

1. Equity Share Capital

₹ in lakhs

Particulars	Amount
Balance as at April 1, 2019	**7,878.26**
Changes in equity share capital during the year	
(a) Fresh issue of equity shares	1,535.82
(b) Issue of equity shares under employee stock option plan (Refer Note 40)	37.25
Balance as at March 31, 2020	**9,451.33**
Changes in equity share capital during the year	
(a) Issue of equity shares under employee stock option plan (Refer Note 40)	42.00
Balance as at March 31, 2021	**9,493.33**

2. Other Equity

₹ in lakhs

Particulars	Reserves and Surplus						Other Comprehensive Income	Total
	Securities Premium	Employee Stock Option Reserve	Statutory Reserve	Special Reserve	Impairment Reserve	Retained Earnings	Remeasurement gain / (loss) on defined benefit plan	
Balance as at April 1, 2019	**37,449.71**	**201.78**	**72.35**	**7,065.22**	**-**	**16,232.56**	**(7.73)**	**61,013.89**
Profit (loss) for the year (net of tax)	-	-	-	-	-	18,141.85	-	18,141.85
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	(11.49)	(11.49)
Premium received during the year	78,741.22	-	-	-	-	-	-	78,741.22
Share based payments to employees during the year	-	19.21	-	-	-	-	-	19.21
Appropriations to Reserves	-	-	986.03	2,640.04	-	(3,626.07)	-	-
Share issue expenses during the year	(381.50)	-	-	-	-	-	-	(381.50)
Transfer to securities premium on ESOP exercised during the year	47.18	(47.18)	-	-	-	-	-	-
Balance as at March 31, 2020	**1,15,856.61**	**173.81**	**1,058.38**	**9,705.26**	**-**	**30,748.34**	**(19.22)**	**1,57,523.18**
Profit (loss) for the year (net of tax)	-	-	-	-	-	21,785.48	-	21,785.48
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	(11.25)	(11.25)
Premium received during the year	314.25	-	-	-	-	-	-	314.25
Share based payments to employees during the year	-	4.62	-	-	-	-	-	4.62
Appropriations to Reserves	-	-	826.82	3,528.03	610.36	(4,965.21)	-	-
Share issue expenses during the year	-	-	-	-	-	-	-	-
Transfer to securities premium on ESOP exercised during the year	105.57	(105.57)	-	-	-	-	-	-
Balance as at March 31, 2021	**1,16,276.43**	**72.86**	**1,885.20**	**13,233.29**	**610.36**	**47,568.61**	**(30.47)**	**1,79,616.28**

Notes: Refer Note 19.2 for description of nature and purpose of each reserve.

The accompanying notes form an integral part of the financial statements.
As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : June 24, 2021

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Ltd.

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Chief Financial Officer

Sanin Panicker
Company Secretary
Membership No: A32834

Place : Chennai
Date : June 24, 2021

CASH FLOW STATEMENT For the year ended on March 31, 2021

₹ in lakhs

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
Cash flows from operating activities				
Profit before tax		27,884.41		20,745.89
Adjustments for:				
Finance costs	18,208.21		16,936.07	
Interest on fixed deposits with Banks	(1,439.21)		(1,646.52)	
Net gain on changes in fair value	(75.22)		(290.28)	
Depreciation and amortisation expense	567.08		579.30	
Impairment on Financial Instruments	493.62		266.31	
Financial guarantee commission	(38.25)		(26.89)	
Share based payments to employees	4.62		19.21	
		17,720.85		15,837.20
Operating profit before working capital changes		**45,605.26**		**36,583.09**
Movements in working capital:				
(Increase) / Decrease in Loans	(69,565.75)		(69,034.64)	
(Increase) / Decrease in Other financial assets	(726.68)		44.54	
(Increase) / Decrease in Other non-financial assets	(18.89)		(36.44)	
Increase / (Decrease) in Trade payables	97.16		(190.19)	
Increase / (Decrease) in Other financial liabilities	697.53		184.07	
Increase / (Decrease) in Provisions	67.21		47.02	
Increase / (Decrease) in Other non-financial liabilities	87.16	(69,362.26)	28.65	(68,956.99)
Cash flow from / (used in) operations		(23,757.00)		(32,373.90)
Finance cost paid		(18,361.22)		(16,512.88)
Direct Taxes paid		(6,678.96)		(4,373.18)
Net cash flow from / (used in) operating activities (A)		**(48,797.18)**		**(53,259.96)**
Cash flows from investing activities				
Capital expenditure on PP&E and intangible assets	(140.24)		(249.17)	
Deposits placed with / (withdrawn from) banks, net	10,614.53		(11,032.16)	
Investments in subsidiary	-		(6,048.00)	
Interest received on bank deposits	1,515.67		1,425.19	
Purchases of Investments	(22,252.28)		(104,797.00)	
Redemption of Investments	17,000.41		104,924.91	
Income received from investments	51.88		162.37	
Net cash flow from / (used in) investing activities (B)		**6,789.97**		**(15,613.86)**
Cash flows from financing activities				
Proceeds from issue of equity shares (including securities premium)	356.25		80,314.29	
Share issue expenses	-		(381.50)	
Repayment of debt securities	(22,500.00)		(10,000.00)	
Proceeds from borrowings (other than debt securities)	97,213.00		72,000.00	
Repayment of borrowings (other than debt securities)	(40,067.71)		(35,207.65)	
Payment of lease liabilities	(342.72)		(235.09)	
Interest paid on lease liabilities	(72.01)		(90.15)	
Net cash flow from financing activities (C)		**34,586.81**		**1,06,399.90**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(7,420.40)**		**37,526.08**
Cash and cash equivalents at the beginning of the year		48,177.90		10,651.82
Cash and cash equivalents at the end of the year (Refer Note 4)		**40,757.50**		**48,177.90**

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : June 24, 2021

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Limited

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Chief Financial Officer

Sanin Panicker
Company Secretary
Membership No: A32834

Place : Chennai
Date : June 24, 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

1. CORPORATE INFORMATION

Aptus Value Housing Finance India Limited ("the Company") was incorporated on December 11, 2009 with the primary objective of carrying on the business of providing long term housing finance to meet the housing needs of the low and middle-income segment in the country. The Company with CIN:U65922TN2009PLC073881, is a Public Limited Company domiciled in India. The Registered Office of the Company is located at No. 8B, Doshi Towers, 8th Floor, No:205, Poonamallee HighRoad, Kilpauk, Chennai 600010, Tamil Nadu. The Company is also engaged in providing loans for non-housing finance activities in the form of Loan Against Properties ("LAP").

The Company received the certificate of registration from the National Housing Bank ("NHB") on May 31, 2010 to commence the business of Housing Finance without accepting public deposits. The certificate of commencement of business was received from the Registrar of Companies on June 25, 2010.

The Company has a wholly owned subsidiary, Aptus Finance India Private Limited, which is a Non- Banking Finance Company registered with Reserve Bank of India ("RBI") and engaged in the business providing finance in the form of loan against immovable properties.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation and presentation

The standalone financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial assets and liabilities measured at fair value at the end of each reporting period, as explained in the accounting policies below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the RBI/NHB, to the extent applicable. These standalone financial statements have been prepared on a going concern basis.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the standalone financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Act, except when otherwise indicated.

The standalone financial statements were approved for issue in accordance with a resolution of the directors on June 24, 2021.

B. The Covid-19 pandemic continues to affect several countries across the world, including India. Consequent lockdowns and varying restrictions imposed by the government across several jurisdictions in which the Company operates, has led to significant disruptions and dislocations for individuals and businesses, impacting the Company's business operations, including lending and collection activities during the year ended March 31, 2021. In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the Company had offered moratorium to its customers based the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. The impact of COVID-19 pandemic including the ongoing "second wave", on Company's operations and financial metrics, including the company's estimates of impairment of loans will depend on the future developments, which are highly uncertain. Management continues to monitor the evolving situation on an ongoing basis and management has considered events up to the date of these financial statements, to determine the financial implications including in respect of Expected Credit Loss ("ECL") provisioning.

As at March 31, 2021, the Company carries ECL provision on loans of ₹1,293.15 lakhs (₹795.02 lakhs as at March 31, 2020) including provisions towards management overlay, in accordance with Ind AS 109 requirements. Given the dynamic and evolving nature of pandemic, these estimates are subject to uncertainty caused by the ongoing Covid-19 pandemic and related events.

C. Presentation of standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 38.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in the normal course of business, event of default or insolvency or bankruptcy of the Company and/or its counterparties.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

2.1 Financial Instruments

2.1.1 Financial instruments – initial recognition

2.1.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Company (as per the terms of the agreement with the borrowers). The Company recognises debt securities and borrowings when funds reach the Company.

2.1.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair value through profit and loss ("FVTPL"), transaction costs are added to, or subtracted from, this amount.

2.1.1.3 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost or FVTPL or Fair Value through Other Comprehensive Income ("FVOCI").

2.1.2 Financial assets and liabilities

2.1.2.1 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Company measures bank balances, loans, and other financial investments at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below.

2.1.2.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.1.2.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

2.1.2.1.3 Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.1.2.2 Financial assets or financial liabilities held for trading

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit making. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

2.1.2.3 Equity instruments at FVOCI

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

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in Other Comprehensive Income(“OCI”). Equity instruments at FVOCI are not subject to an impairment assessment.

2.1.2.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

2.1.3 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.1.4 Derecognition of financial assets and liabilities

2.1.4.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes unless they are deemed to pass through OCI. When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors: Change in counterparty. If the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

2.1.4.2 Derecognition of financial assets other than due to substantial modification

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either, the Company has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Control is considered to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

In case when transfer of a part of financial asset qualifies for derecognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is derecognised as a gain or loss on decrease of such financial asset.

2.1.4.3 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. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Offsetting of financial instruments

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

2.1.5 Impairment of financial assets

2.1.5.1 Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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

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

Stage 1:

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

Stage 2:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Stage 3:

Loans considered credit-impaired. The Company records an allowance for the LTECLs.

Staging rules set have been applied to the product categories to bucket them into either Stage 1, Stage 2 or Stage 3.

Stages	Days past dues	ECL
Stage 1	Upto 30 days	12 month ECL
Stage 2	31 upto 90 days	Lifetime ECL
Stage 3	90 days and above	Lifetime ECL

In addition to days past due, the Company also considers other qualitative factors in determining significant increase in credit risks since origination.

2.1.5.2 The calculation of ECLs

The Company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

PD:

The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD:

The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

<u>Significant increase in credit risk</u>

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Stage 3:

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Credit-impaired financial assets

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Loan commitment:

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provisions.

Forward looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

Estimates and associated assumptions applied in preparing the financial statements, especially for the expected credit loss on advances, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic. The Company has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of defaults and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans.

2.1.5.3 Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

2.1.6 Financial Guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by an entity are initially measured at their fair values and, are subsequently measured at the higher of:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109;
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.2 Recognition of Interest Income

2.2.1 The effective interest rate method

Interest income is recorded using the effective interest rate ("EIR") method for all financial instruments measured at amortised cost, debtinstrument measured at FVOCI and debt instruments designated at FVTPL. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.2.2 Interest Income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

2.2.3 Fees and commission Income

Fees and commission Income include fees other than those that are an integral part of EIR. The fees included in this part of the Company's statement of profit or loss include among other things fees charged for servicing a loan including cheque bounce charges, field visit charges, pre-closure charges etc. when there is no uncertainty on ultimate collection.

2.2.4 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

2.3 Leases

The Company's Right-of-Use ("ROU") assets consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and low value leases. The Company applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

2.4 Employee benefits

Post-employment benefits and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement of actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service costs are recognised in profit or loss on the earlier of:

(i) The date of the plan amendment or curtailment, and

(ii) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of leave encashment and other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date. The Company records the leave encashment liability based on actuarial valuation computed using projected unit credit method.

Share-based payments

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in Employee Stock Options Reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

beginning and end of that period and is recognised in employee benefits expense.

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

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

2.5 Taxes

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2.6 Property, plant and equipment ("PP&E") and intangible assets

PP&E is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the

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For the year ended March 31, 2021

amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Depreciation on the following categories of PP&E(other than Freehold Land) has been provided on the straight-line method, the useful lives of which have been assessed as under, based on technical assessment, 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, etc.

Particulars	Estimated Life	Life as per Schedule II
Office Equipment	3 years	5 years
Servers (under office equipment)	3 years	6 years
Furniture and Fixtures	3 years	10 years
Vehicles	3 years	8 years
Leasehold improvements	Primary lease period or 3 years, whichever is lower	Not applicable

Freehold Land is not depreciated, but is subjected to impairment assessment. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of PP&E is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Intangible Assets

The Company's intangible assets represent computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight-line basis over a 3-year period or the license period whichever is lower.

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

2.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow

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projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability). When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

2.9 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

2.9.1 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.10 Earnings per share (“EPS”)

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate(Refer Note 34). Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

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For the year ended March 31, 2021

2.11 Segment Reporting

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker ("CODM") evaluates the Company's performance based on an analysis of various performance indicators by business segments and geographic segments.

As per the requirements of Ind AS 108 'Operating Segments', based on evaluation of financial information for allocation of resources and assessing performance, the Company has identified a single segment, viz. "providing long term housing finance, loans against property and refinance loans". Accordingly, there are no separate reportable segments as per Ind AS 108.

2.12 Determination of Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments –** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments –** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
- **Level 3 financial instruments –**Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future period.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

In the process of applying the Company's accounting policies, management has made the following judgements / estimates, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1 De-recognition of Financial instruments

The Company enters into securitisation transactions where financial assets are transferred to a structured entity for a consideration. The financial assets transferred qualify for derecognition only when substantial risk and rewards are transferred.

This assessment includes judgements reflecting all relevant evidence including the past performance of the assets transferred and credit risk that the Company has been exposed to. Based on this assessment, the Company believes that the credit enhancement provided pursuant to the transfer of financial assets under securitisation are higher than the loss incurred on the similar portfolios of the Company hence it has been concluded that securitisation transactions entered by the Company does not qualify for de-recognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.

3.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Fair value note in Accounting policy.

3.3 Impairment of financial asset

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. Elements of the ECL models that are considered accounting estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of temporary adjustments as qualitative adjustment or overlays based on broad range of forward looking information as economic inputs

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

3.4 Provisions and other contingent liabilities

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Contingent liabilities are disclosed in respect of matters that are either possible obligations whose existence will be confirmed only by future uncertain events outside the control of the Company, or are present obligations where the outflow of economic resources may not be probable or cannot be measured reliably.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

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For the year ended March 31, 2021

Note: 4 Cash & Cash Equivalents

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	156.28	88.55
Balances with banks - In current accounts	29,498.36	36,086.64
Balances with banks - In deposit accounts - Original maturity less than 3 months	11,102.86	12,002.71
Total	**40,757.50**	**48,177.90**

Note: 5 Bank Balances other than cash and cash equivalents

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
In deposit accounts - Original maturity more than 3 months	670.79	11,326.31
Balances held as margin money against securitisation	298.66	334.13
Total	**969.45**	**11,660.44**

Note: 6 Loans

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured Term loans carried at amortised cost	3,44,428.15	2,74,862.40
Total Term loans (gross)	**3,44,428.15**	**2,74,862.40**
Less: Impairment loss allowance	(1,293.15)	(795.02)
Total Term loans (net)	**3,43,135.00**	**2,74,067.38**

Notes:

(i) All term loans are originated in India

(ii) Term Loans include an amount of ₹1,800.00 lakhs (March 31, 2020 - ₹5,100.00 lakhs) given to Subsidiary. The loan is secured by book debts of Subsidiary.

(iii) Term Loans (other than (ii) above) are secured by deposit of original title deeds of immovable properties with the Company and/or registered mortgage of title deeds.

(iv) The Company has securitised certain term loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date is ₹55.54 lakhs (March 31, 2020: ₹302.52 lakhs). The carrying value of these assets have been de-recognised in the books of the Company.

(v) There are no outstanding loan to Public Institution.

(vi) Term loans do not include any loans given to employees of the Company.

(vii) Debt securities and borrowings (other than debt securities) of the Company are secured by hypothecation of specified term loans (refer note 12 and 13).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 6.1 Summary of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loans

6.1.1 Reconciliation of gross carrying amount is given below:

₹ in lakhs

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Carrying amount opening balance	1,88,878.69	80,942.04	5,041.67	2,74,862.40	2,01,998.81	2,776.80	1,052.15	2,05,827.76
New assets originated / Increase in existing assets	1,15,205.05	-	-	1,15,205.05	1,04,790.12	-	-	1,04,790.12
Exposure de-recognised / matured / repaid	(38,476.46)	(6,338.08)	(824.76)	(45,639.30)	(32,417.03)	(2,936.49)	(401.96)	(35,755.48)
Transfer to Stage 1	61,839.66	(61,467.50)	(372.16)	-	137.93	(130.62)	(7.31)	-
Transfer to Stage 2	(19,225.55)	21,297.43	(2,071.88)	-	(82,477.01)	82,513.87	(36.86)	-
Transfer to Stage 3	(349.76)	(345.43)	695.19	-	(3,154.13)	(1,281.52)	4,435.65	-
Gross carrying amount closing balance	**3,07,871.63**	**34,088.46**	**2,468.06**	**3,44,428.15**	**1,88,878.69**	**80,942.04**	**5,041.67**	**2,74,862.40**

6.1.2 Reconciliation of ECL on term loans is given below:

₹ in lakhs

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	121.56	91.42	582.04	795.02	281.78	9.69	246.99	538.46
New assets originated / Increase in existing assets	203.50	60.23	403.73	667.46	63.49	-	-	63.49
Exposure de-recognised / matured / repaid	(12.07)	(6.67)	(205.46)	(224.20)	(115.43)	(3.85)	(106.04)	(225.32)
Transfer to Stage 1	87.20	(69.74)	(17.46)	-	1.44	(0.46)	(0.98)	-
Transfer to Stage 2	(13.46)	140.74	(127.28)	-	(102.61)	107.57	(4.96)	-
Transfer to Stage 3	(0.24)	(0.38)	0.62	-	(5.76)	(4.49)	10.25	-
Impact on account of exposures transferred during the year between stages	8.47	(10.53)	56.93	54.87	(1.35)	(17.04)	436.78	418.39
ECL allowance - closing balance	**394.96**	**205.07**	**693.12**	**1,293.15**	**121.56**	**91.42**	**582.04**	**795.02**

Note: 6.2 - Internal rating grade (Loans measured at Amortised cost)

The internal rating grade is assigned based on the ageing (Days Past Due - DPD) of the loans viz., Low risk (DPD of 0 to 30 days); Medium risk (DPD of 31 up to 90 days); High risk (DPD of 90 days and above)

₹ in lakhs

Grade	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Low Risk	3,07,871.63	4,017.87	4.44	3,11,893.94	1,88,878.69	71,334.64	248.04	2,60,461.37
Medium Risk	-	30,070.59	15.82	30,086.41	-	9,607.40	581.15	10,188.55
High Risk	-	-	2,447.80	2,447.80	-	-	4,212.48	4,212.48
Total	**3,07,871.63**	**34,088.46**	**2,468.06**	**3,44,428.15**	**1,88,878.69**	**80,942.04**	**5,041.67**	**2,74,862.40**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 7 Investments

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
At fair value through profit and loss		
Quoted: Investment in Mutual Funds	5,275.22	-
At amortised cost		
Investment in Subsidiary	15,190.84	15,138.29
10,08,00,000 Equity shares (March 31, 2020 - 10,08,00,000 Equity shares) of		
Face Value ₹10 each fully paid up		
Total	**20,466.06**	**15,138.29**

The investment includes fair value of the corporate guarantee given to Aptus Finance India Private Limited amounting to ₹142.84 lakhs (March 31, 2020 - ₹90.29 lakhs).

Note: 7.1 - Internal rating grade (Investments measured at Amortised cost)

₹ in lakhs

Grade	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Low Risk	15,190.84	-	-	15,190.84	15,138.29	-	-	15,138.29
Medium Risk	-	-	-	-	-	-	-	-
High Risk	-	-	-	-	-	-	-	-
Total	**15,190.84**	**-**	**-**	**15,190.84**	**15,138.29**	**-**	**-**	**15,138.29**

Note 7.2 - Movement in investments (Investments measured at Amortised cost)

₹ in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 01, 2019	15,048.00	-	-	15,048.00
New assets purchased	90.29	-	-	90.29
Assets redeemed	-	-	-	-
Assets derecognized or written off	-	-	-	-
Transfer to stages	-	-	-	-
Closing balance as at March 31, 2020	**15,138.29**	**-**	**-**	**15,138.29**
New assets purchased	52.55	-	-	52.55
Assets redeemed	-	-	-	-
Assets derecognized or written off	-	-	-	-
Transfer to stages	-	-	-	-
Closing balance as at March 31, 2021	**15,190.84**	**-**	**-**	**15,190.84**

Note: 8 Other Financial assets

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Considered Good, Unsecured - At Amortised Cost		
Security deposits	264.08	237.05
Loans and advances to employees	0.28	0.28
Accrued Income	118.60	16.11
Receivable on securitised assets	5.08	10.62
Ex-gratia receivable	602.70	-
Total	**990.74**	**264.06**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 9 Deferred tax assets (Net)

₹ in lakhs

Components of deferred tax asset / (liability)	As at April 01, 2020	(Charged) / Credited to Profit and Loss	(Charged) / Credited to OCI	As at March 31, 2021
Tax effect of items constituting deferred tax assets:				
Provision for leave encashment, gratuity and other employee benefits	60.66	16.91	3.79	81.36
Impairment Loss Allowance	232.26	160.09	-	392.35
Difference between written down value of PPE and intangible assets as per books and as per Section 32 of Income-tax Act, 1961	114.44	12.74	-	127.18
Deferred processing fee relating to loans	1,022.03	350.31	-	1,372.34
Others	10.98	2.44	-	13.42
Tax effect of items constituting deferred tax assets	**1,440.37**	**542.49**	**3.79**	**1,986.65**
Tax effect of items constituting deferred tax (liabilities):				
On Provision for doubtful advances allowed under section 36(1)(viia) of Income-tax Act, 1961	(120.25)	(100.84)	-	(221.09)
Deferred processing fee relating to debt securities and borrowings other than debt securities	(230.57)	(44.98)	-	(275.55)
Tax effect of items constituting deferred tax (liabilities)	**(350.82)**	**(145.82)**	**-**	**(496.64)**
Net deferred tax assets / (liabilities)	**1,089.55**	**396.65**	**3.79**	**1,490.01**

₹ in lakhs

Components of deferred tax asset / (liability)	As at April 01, 2019	(Charged) / Credited to Profit and Loss	(Charged) / Credited to OCI	As at March 31, 2020
Tax effect of items constituting deferred tax assets:				
Provision for leave encashment, gratuity and other employee benefits	52.02	4.78	3.86	60.66
Impairment Loss Allowance	157.29	74.97	-	232.26
Difference between written down value of PPE and intangible assets as per books and as per Section 32 of Income-tax Act, 1961	98.32	16.12	-	114.44
Deferred processing fee relating to loans	763.15	258.88	-	1,022.03
Others	-	10.98	-	10.98
Tax effect of items constituting deferred tax assets	**1,070.78**	**365.73**	**3.86**	**1,440.37**
Tax effect of items constituting deferred tax (liabilities):				
On Special Reserve created under section 36(1)(viii) of the Income-tax Act, 1961 (Refer Note 26.3)	(2,078.46)	2,078.46	-	-
On Provision for doubtful advances allowed under section 36(1)(viia) of Income-tax Act, 1961	(51.35)	(68.90)	-	(120.25)
Deferred processing fee relating to debt securities and borrowings other than debt securities	(234.35)	3.78	-	(230.57)
Tax effect of items constituting deferred tax (liabilities)	**(2,364.16)**	**2,013.34**	**-**	**(350.82)**
Net deferred tax assets / (liabilities)	**(1,293.38)**	**2,379.06**	**3.86**	**1,089.55**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 10

10A. Property, Plant and Equipment

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
a) Freehold Land	64.57	64.57
b) Leasehold improvements	49.73	72.29
c) Furniture and fixtures	13.40	21.13
d) Vehicles	-	0.18
e) Office Equipments	120.47	168.55
Total	**248.17**	**326.72**

₹ in lakhs

Particulars	Freehold Land	Leasehold Improvements	Furniture and Fixtures	Vehicles	Office Equipments	Total
Gross Carrying Value						
Balance at April 1, 2019	64.57	199.33	63.15	60.45	291.50	679.00
Additions during the year	-	37.75	33.03	-	149.05	219.83
Balance at March 31, 2020	**64.57**	**237.08**	**96.18**	**60.45**	**440.55**	**898.83**
Additions during the year	-	21.65	10.32	-	61.05	93.02
Balance at March 31, 2021	**64.57**	**258.73**	**106.50**	**60.45**	**501.60**	**991.85**
Accumulated depreciation						
Balance at April 1, 2019	-	108.95	44.41	41.24	164.64	359.24
Depreciation expense for the year	-	55.84	30.64	19.03	107.36	212.87
Balance at March 31, 2020	**-**	**164.79**	**75.05**	**60.27**	**272.00**	**572.11**
Depreciation expense for the year	-	44.21	18.05	0.18	109.13	171.57
Balance at March 31, 2021	**-**	**209.00**	**93.10**	**60.45**	**381.13**	**743.68**
Net book value						
Balance at March 31, 2021	**64.57**	**49.73**	**13.40**	**-**	**120.47**	**248.17**
Balance at March 31, 2020	**64.57**	**72.29**	**21.13**	**0.18**	**168.55**	**326.72**

Notes:

(i) Freehold Land with a carrying value of ₹64.57 lakhs (March 31, 2020 - ₹64.57 lakhs) has been hypothecated to secure Non-convertible debentures issued by the Company.

10B. Other Intangibe Assets

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
a) Computer software	26.78	35.35
Total	**26.78**	**35.35**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

10B. Other Intangibe Assets (Contd..)

₹ in lakhs

Particulars	Computer Software	Total
Gross Carrying Value		
Balance at April 1, 2019	248.23	248.23
Additions during the year	44.10	44.10
Balance at March 31, 2020	**292.33**	**292.33**
Additions during the year	34.57	34.57
Balance at March 31, 2021	**326.90**	**326.90**
Accumulated amortisation		
Balance at April 1, 2019	169.32	169.32
Amortisation expense for the year	87.66	87.66
Balance at March 31, 2020	**256.98**	**256.98**
Amortisation expense for the year	43.14	43.14
Balance at March 31, 2021	**300.12**	**300.12**
Net book value		
Balance at March 31, 2021	**26.78**	**26.78**
Balance at March 31, 2020	**35.35**	**35.35**

10C. Right-of-use assets

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
a) Leased buildings (Refer Note 43)	680.69	647.65
Total	**680.69**	**647.65**

₹ in lakhs

Particulars	Leased buildings	Total
Gross Carrying Value		
Balance at April 1, 2019	-	-
Additions during the year	926.42	926.42
Balance at March 31, 2020	**926.42**	**926.42**
Additions during the year	385.41	385.41
Balance at March 31, 2021	**1,311.83**	**1,311.83**
Accumulated depreciation		
Balance at April 1, 2019	-	-
Depreciation expense for the year	278.77	278.77
Balance at March 31, 2020	**278.77**	**278.77**
Depreciation expense for the year	352.37	352.37
Balance at March 31, 2021	**631.14**	**631.14**
Net book value		
Balance at March 31, 2021	**680.69**	**680.69**
Balance at March 31, 2020	**647.65**	**647.65**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

10D. Depreciation and Amortisation expense

₹ in lakhs

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Property, plant and equipment	10A	171.57	212.87
Amortisation on intangible assets	10B	43.14	87.66
Depreciation on right-of-use assets	10C	352.37	278.77
Total		**567.08**	**579.30**

Note: 11 Other non-financial assets

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Considered Good, Unsecured		
Capital Advances	20.85	8.20
Prepaid Expenses	45.09	49.12
Other Advances (Refer note(i) at given below)	94.20	71.28
Total	**160.14**	**128.60**

Notes:

(i) Other advances include ₹81.09 lakhs incurred towards various expenses in connection with proposed initial public offer of equity shares of the Company.

Note: 12 Debt Securities

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured Redeemable Non-Convertible Debentures - At Amortised cost (Within India)	38,144.13	60,451.28
Total	**38,144.13**	**60,451.28**

(a) Details of Secured Redeemable Non-Convertible Debentures ("NCDs") - Redeemable at par:

No. of Debentures	Rate of Interest	Due date of redemption	Face Value	Balance Outstanding	
				As at March 31, 2021	As at March 31, 2020
			₹	₹ in lakhs	₹ in lakhs
33,20,000	10.00%	May 15, 2023	100	3,424.85	3,418.39
33,20,000	9.35%	May 15, 2023	100	3,415.34	3,408.03
33,30,000	9.80%	May 15, 2023	100	3,430.29	3,422.63
5,500	10.00%	December 26, 2024*	1,00,000	-	5,463.15
2,500	10.00%	January 24, 2025*	1,00,000	-	2,474.34
2,000	10.00%	February 26, 2025*	1,00,000	-	1,983.09
5,000	10.00%	June 20, 2025	1,00,000	4,981.44	4,977.04
12,500	10.00%	July 20, 2025*	1,00,000	-	12,440.76
12,500	10.00%	August 20, 2025	1,00,000	12,451.75	12,441.69
1,01,00,000	10.36%	November 3, 2025	100	10,440.46	10,422.16
Total				**38,144.13**	**60,451.28**

Notes:

(i) Redeemable Non-Convertible Debentures are secured by hypothecation of specified term loans amounting to ₹44,814.28 lakhs as at March 31, 2021 (As at March 31, 2020 - ₹70,156.75 lakhs) and specified immovable property amounting to ₹64.57 lakhs as at March 31, 2021 (March 31, 2020 - ₹64.57 lakhs).

(ii) The Company has not defaulted in the repayment of borrowings and interest during any of the years presented.

(iii) NCDs are repayable as bullet payments on the due date of redemption.

* During the year ended March 31, 2021, the Company has made an early redemption of debentures.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 13 Borrowings (Other than Debt Securities)

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured - At Amortised cost (Within India)		
Term loans		
- Scheduled banks	1,14,695.40	88,065.47
- Other Financial Institutions	57,720.37	28,237.19
Securitisation Loans	2,676.99	4,584.41
Working Capital Loans	3,500.00	978.25
Total	**1,78,592.76**	**1,21,865.32**

(a) Terms of repayment and tenure of term loans are as follows:

₹ in lakhs

Rate of Interest	Tenure	Balance Outstanding	
		As at March 31, 2021	As at March 31, 2020
5.05%	1 year	3,209.80	-
7.00% - 8.00%	5- 7 years	1,778.87	-
8.00% - 9.00%		44,850.02	4,959.42
9.00% - 10.00%		16,461.65	22,802.77
10.00% - 11.00%		207.89	12,263.27
11.00% - 12.00%		-	8,421.37
5.85% - 6.00%	7-10 years	41,980.43	-
6.00% - 7.00%		2,826.00	-
7.00% - 8.00%		330.63	13,543.30
8.00% - 9.00%		41,685.93	3,626.69
9.00% - 10.00%		11,782.72	36,678.82
10.00% - 11.00%		-	3,913.84
6.90% - 7.00%	> 10 years	7,152.24	-
8.00% - 9.00%		149.60	8,076.87
9.00%-10.00%		-	183.52
11.00%-11.15%		-	1,832.79
Total		**1,72,415.77**	**1,16,302.66**

(b) Terms of repayment and tenure of securitisation loans are as follows:

₹ in lakhs

Rate of Interest	Tenure	Balance Outstanding	
		As at March 31, 2021	As at March 31, 2020
10.00%-11.00%	5- 7 years	2,676.99	4,584.41
Total		**2,676.99**	**4,584.41**

Notes:

(i) Term loans from scheduled banks and other financial institutions are secured by hypothecation of specified term loans amounting to ₹2,09,368.66 lakhs as at March 31, 2021 (March 31, 2020 - ₹1,45,429.10 lakhs).

(ii) The Company has not defaulted in the repayment of borrowings and interest during any of the years presented.

(iii) Term Loans from other financial institution (National Housing Bank) aggregating to ₹9,295.50 lakhs (March 31, 2020 - ₹ 11,274.82 lakhs) has been guaranteed by the promoter Mr. M Anandan.

(iv) Working Capital loans have been availed at Interest rate of 8.00-8.15% p.a and are secured by hypothecation of specified term loans amounting to ₹4,029.25 lakhs as at March 31, 2021 (March 31, 2020 - ₹1,170.22 lakhs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 14 Other financial liabilities

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost		
Advances from customers	38.02	24.43
Remittances Payable - Securitised Assets	22.31	41.68
Accrued employee benefits	568.25	399.23
Financial guarantee liability	77.70	63.39
Other payables	592.61	58.32
Total	**1,298.89**	**587.05**

Note: 15 Current tax liabilities (Net)

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Income Tax (net) (Refer note (i) below)	343.30	526.68
Total	**343.30**	**526.68**
(i) Net of advance tax of	18,401.42	12,184.91

Note: 16 Provisions

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (Refer Note 30)		
- Provision for gratuity	164.24	126.64
- Provision for leave encashment	159.02	114.37
Provisions for Undrawn commitments	6.92	11.42
Total	**330.18**	**252.43**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 16.1 Loan commitment

16.1.1 An analysis of changes in the gross carrying amount is as follows:

₹ in lakhs

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure	**3,493.69**	**1,555.84**	**1.00**	**5,050.53**	**4,987.52**	**-**	**-**	**4,987.52**
New exposure	10,128.97	-	-	10,128.97	4,916.88	-	-	4,916.88
Exposure derecognised or matured/lapsed (excluding write off)	(4,491.29)	(334.21)	(1.00)	(4,826.50)	(4,853.87)	-	-	(4,853.87)
Transfers to Stage 1	1,324.34	(1,324.34)	-	-	-	-	-	-
Transfers to Stage 2	(185.43)	185.43	-	-	(1,555.84)	1,555.84	-	-
Transfers to Stage 3	-	(4.00)	4.00	-	(1.00)	-	1.00	-
Amounts written off	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**10,270.28**	**78.72**	**4.00**	**10,353.00**	**3,493.69**	**1,555.84**	**1.00**	**5,050.53**

* The Gross carrying amount disclosed in the table above excludes Loans sanctioned pending any disbursements to new borrowers amounting to ₹3,902.26 lakhs as at March 31, 2021 (March 31, 2020 - ₹ 9,100.42 lakhs) which is included in Note 27.3.

16.1.2 Reconciliation of ECL balance is given below:

₹ in lakhs

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure	**1.34**	**10.03**	**0.05**	**11.42**	**1.67**	**-**	**-**	**1.67**
New exposure	5.63	-	-	5.63	11.42	-	-	11.42
Exposure derecognised or matured/lapsed (excluding write off)	(9.51)	(0.88)	0.26	(10.13)	(1.67)	-	-	(1.67)
Transfers to Stage 1	8.45	(8.45)	-	-	-	-	-	-
Transfers to Stage 2	(0.23)	0.23	-	-	(10.03)	10.03	-	-
Transfers to Stage 3	-	(0.02)	0.02	-	(0.05)	-	0.05	-
Amounts written off	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**5.68**	**0.91**	**0.33**	**6.92**	**1.34**	**10.03**	**0.05**	**11.42**

Note: 16.2 - Internal rating grade

The internal rating grade is assigned based on the ageing (Days Past Due - DPD) of the loans viz., Low risk (DPD of 0 to 30 days); Medium risk (DPD of 31 up to 90 days); High risk (DPD of 90 days and above)

₹ in lakhs

Grade	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Low Risk	10,270.28	8.04	-	10,278.32	3,493.69	1,551.84	-	5,045.53
Medium Risk	-	70.68	-	70.68	-	4.00	1.00	5.00
High Risk	-	-	4.00	4.00	-	-	-	-
Total	**10,270.28**	**78.72**	**4.00**	**10,353.00**	**3,493.69**	**1,555.84**	**1.00**	**5,050.53**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 17 Other non-financial liabilities

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues	218.07	168.55
Deferred Income	37.64	-
Total	**255.71**	**168.55**

Note: 18 Equity Share Capital (Refer Note 44)

₹ in lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
(i) Authorised share capital				
Equity shares of ₹10 each	10,60,00,000	10,600.00	10,60,00,000	10,600.00
(ii) Issued and Subscribed share capital				
Equity shares of ₹10 each - Fully paid-up	9,47,83,258	9,478.33	9,43,63,258	9,436.33
Equity shares of ₹10 each - Partly paid-up (₹1 each)	15,00,000	15.00	15,00,000	15.00
Total	**9,62,83,258**	**9,493.33**	**9,58,63,258**	**9,451.33**

The Board of Directors of the Company in its meeting held on May 05, 2021 and shareholders in the Extraordinary General Meeting held on May 06, 2021 approved the sub-division of shares from ₹10 per share to ₹2 per share (Also refer Note 44(i)).

Notes:

(a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Opening Balance	Fresh issue	ESOP	Closing Balance
Equity shares				
Year ended March 31, 2021				
- Number of shares	9,58,63,258	-	4,20,000	9,62,83,258
- Amount (₹ in lakhs)	9,451.33	-	42.00	9,493.33
Year ended March 31, 2020				
- Number of shares	7,87,82,637	1,67,08,121	3,72,500	9,58,63,258
- Amount (₹ in lakhs)	7,878.26	1,535.82	37.25	9,451.33

(b) During the year ended March 31, 2021, pursuant to Aptus Employees Stock Option Scheme (ESOP) 2015, the Board of Directors allotted 3,45,000 fully paid up equity shares of ₹10 each at a premium of ₹65 each and 75,000 fully paid up equity shares of ₹10 each at a premium of ₹120 each to the employees of the Company vide circular resolution dated December 02, 2020.

(c) During the year ended March 31, 2020, the Company has allotted 1,52,08,121 fully paid-up equity shares of ₹10 each at a premium of ₹516.03 per share and 15,00,000 partly paid-up equity shares of ₹10 each (Paid-up to the extent of ₹1 per share) on preferential basis. The said allotment has been approved by the Board of Directors at its meeting held on August 8, 2019 and by the shareholders in the Extraordinary General Meeting held on August 19, 2019 respectively (Refer Note 44(ii)).

(d) During the year ended March 31, 2020, pursuant to Aptus Employees Stock Option Scheme (ESOP) 2015, the Board of Directors allotted 3,35,000 fully paid up equity shares of ₹10 each at a premium of ₹65 each and 37,500 fully paid up equity shares of ₹10 each at a premium of ₹120 each to the employees of the Company vide circular resolution dated October 14, 2019.

(e) **Terms/rights attached to Equity Shares:**

The Company has only one class of equity shares having a par value of ₹10 each. Each holder is entitled to one vote per equity share. Dividends proposed by the Board of Directors, if any is subject to the approval of the shareholders at the Annual General Meeting except in case of interim dividend.

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. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Notes: (Contd..)

(f) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
M Anandan	1,92,32,833	19.98%	1,92,32,833	20.06%
Padma Anandan	50,00,000	5.19%	50,00,000	5.22%
Westbridge Cross Over Fund LLC	3,43,45,951	35.67%	3,43,45,951	35.83%
JIH II LLC	83,70,924	8.69%	82,72,010	8.63%

Note: There are no shares held by Holding / Ultimate holding company and / or their subsidiaries / associates.

(g) Shares reserved for issue under options:

Refer Note 40 for details of shares reserved for issue under options.

Note: 19 Other Equity

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium	1,16,276.43	1,15,856.61
Employee Stock Options Reserve	72.86	173.81
Statutory Reserve under Section 29C of National Housing Bank (NHB) Act, 1987	1,885.20	1,058.38
Special Reserve under 36(1)(viii) of Income-tax Act, 1961	13,233.29	9,705.26
Impairment Reserve	610.36	-
Retained earnings	47,568.61	30,748.34
Remeasurement gain / (loss) on defined benefit plan	(30.47)	(19.22)
Total	**1,79,616.28**	**1,57,523.18**

19.1 Movement in Other Equity

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Securities premium (Refer Note 19.2.1)		
Balance at the beginning of the year	1,15,856.61	37,449.71
Add : Premium on shares issued during the year	314.25	78,741.22
Add : Transfer from Employee Stock Options Reserve on ESOP exercised during the year	105.57	47.18
Less : Share issue expenses	-	(381.50)
Balance at the end of the year	**1,16,276.43**	**1,15,856.61**
(b) Employee Stock Options Reserve (Refer Note 19.2.2 & Note 40)		
Balance at the beginning of the year	173.81	201.78
Add: Share based payments to employees during the year	4.62	19.21
Less: Transfer to Securities Premium on options exercised during the year	(105.57)	(47.18)
Balance at the end of the year	**72.86**	**173.81**
(c) Statutory Reserve under Section 29C of National Housing Bank (NHB) Act, 1987 (Refer Note 19.2.3)		
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	1,058.38	72.35
b) Amount of special reserve u/s 36(1)(viii) of Income-tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the NHB Act, 1987	9,705.26	7,065.22

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

19.1 Movement in Other Equity (Contd..)

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Addition/Appropriation/withdrawal during the year		
Add: a) Amount transferred u/s 29C of NHB Act, 1987	826.82	986.03
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	3,528.03	2,640.04
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of provision u/s 29 C of NHB Act 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	1,885.20	1,058.38
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory reserve u/s 29C of the NHB Act, 1987	13,233.29	9,705.26
	15,118.49	**10,763.64**
(d) Impairment Reserve (Refer Note 19.2.4 & Note 41)		
Balance at the beginning of the year	-	-
Add: Transfer from retained earnings during the year	610.36	-
Balance at the end of the year	**610.36**	**-**
(e) Retained Earnings (Refer Note 19.2.5)		
Balance at the beginning of the year	30,748.34	16,232.56
Add: Profit for the year	21,785.48	18,141.85
Less: Transfer to Special reserve u/s 36(1)(viii) of Income-tax Act, 1961 (Refer Note 19.2.3)	(3,528.03)	(2,640.04)
Less: Transfer to Special reserve u/s 29C of the NHB Act, 1987 (Refer Note 19.2.3)	(826.82)	(986.03)
Less: Transfer to Impairment reserve (Refer Note 19.2.4)	(610.36)	-
Balance at the end of the year	**47,568.61**	**30,748.34**
(f) Remeasurement gain / (loss) on defined benefit plan		
Balance at the beginning of the year	(19.22)	(7.73)
Other Comprehensive Income for the year	(11.25)	(11.49)
Balance at the end of the year	**(30.47)**	**(19.22)**
Total	**1,79,616.28**	**1,57,523.18**

19.2 Nature and purpose of reserves:

19.2.1 Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013. During the year ended March 31, 2020, Securities premium was utilised to the extent of ₹381.50 lakhs on account of expenses incurred for the issue of Equity shares, in line with Section 52 of the Companies Act 2013.

19.2.2 Employee Stock Options Reserve

The amount represents reserve created to the extent of granted options based on the Employees Stock Option Schemes. Under Ind AS 102, fair value of the options granted is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service. Also refer note 40.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

19.2.3 Statutory Reserve under Section 29C of National Housing Bank (NHB) Act, 1987

As per Section 29C(1) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit after tax every year to a reserve before any dividend is declared. For this purpose, any Special Reserve created by the Company under Section 36(1)(viii) of the Income-tax Act, 1961, is considered to be an eligible transfer. During the year ended March 31, 2021, the company has transferred ₹3,528.03 lakhs (March 31, 2020 - ₹2,640.04 lakhs) in terms of section 36(1)(viii) to the Special Reserve.

The Company has transferred an amount of ₹826.82 lakhs during the year ended March 31, 2021 (March 31, 2020 - ₹986.03 lakhs) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987. Total amount clearly earmarked for the purposes of Statutory Reserve u/s 29C is ₹12,906.87 lakhs (March 31, 2020 - ₹8,551.97 lakhs) out of which ₹1,885.20 lakhs (March 31, 2020 - ₹1,058.38 lakhs) is distinctly identifiable above and the balance of ₹11,021.67 lakhs (March 31, 2020 - ₹7,493.59 lakhs) is included in the Special Reserve created u/s 36(1)(viii) of the Income-tax Act, 1961.

The Company has resolved not to make withdrawals from the Special reserve created under Section 36(1)(viii) of the Income-tax Act, 1961.

19.2.4 Impairment Reserve

In terms of the requirement as per RBI notification no. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17 February 2021, Housing Finance Companies (HFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). Accordingly, the Company has transferred such shortfall amount to Impairment Reserve. No withdrawal from the reserve is permitted without prior permission from the Department of Supervision, RBI.

19.2.5 Retained earnings

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date. The amount that can be distributed by the Company as dividends to its Equity Shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported are not distributable in entirety and includes non-distributable items including unrealised gains, notional gains and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value, etc.

Note: 20 Revenue from operations

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest Income		
On financials assets measured at amortised cost		
Interest on term loans	50,969.19	40,511.11
Interest on fixed deposits with Banks	1,439.21	1,646.52
	52,408.40	**42,157.63**
(b) Net gain on fair value changes		
Investment in mutual funds measured at FVTPL - trading portfolio		
Realised	51.88	290.28
Unrealised	23.34	-
	75.22	**290.28**
(c) Fees and commission Income (Refer Note 21A)	**982.54**	**1,051.23**
Total	**53,466.16**	**43,499.14**

Note: 21 Other income

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Charges for Marketing / Display	1,641.60	1,959.55
Other Non Operating Income	46.47	45.67
Total	**1,688.07**	**2,005.22**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

21.1 Revenue from contracts with customers

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Fees and commission Income*	982.54	1,051.23
Charges for Marketing / Display	1,641.60	1,959.55
Total Revenue from contracts with customers	**2,624.14**	**3,010.78**
* Comprises charges collected from the customers in the nature of Preclosure charges, Cheque dishonour charges and other charges as applicable.		
Timing of Revenue recognition		
Over a period of time	1,641.60	1,959.55
At a point in Time	982.54	1,051.23
Geographical markets		
In India	2,624.14	3,010.78
Outside India	-	-
Contract Balances		
Opening balance of contract liabilities	-	-
Closing balance of contract liabilities	-	-
Opening balance of contract assets	15.62	64.79
Closing balance of Contract assets	118.60	15.62

Note: 22 Finance costs

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on Financial liabilities measured at amortised cost		
- Debt Securities	5,726.56	7,113.87
- Borrowings (Other than Debt Securities)	12,402.02	9,714.03
- Others	79.63	108.17
Total	**18,208.21**	**16,936.07**

Note: 23 Employee benefits expense

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, Bonus and Commission	6,696.84	5,667.30
Share based payments to employees (Refer Note 40)	4.62	19.21
Contributions to provident and other funds (Refer Note 30.1)	491.30	432.10
Gratuity expense (Refer Note 30.2)	30.46	23.90
Staff welfare expenses	170.29	292.48
	7,393.51	6,434.99
Less: Expenses recovered from subsidiary (Refer Note 29)	(852.85)	(760.33)
Total	**6,540.66**	**5,674.66**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 24 Impairment on Financial Instruments

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Expected Credit Loss Expense		
- On terms loans measured at amortised cost	498.12	256.56
- On undrawn commitment at amortised cost	(4.50)	9.75
Total	**493.62**	**266.31**

Note: 25 Other expenses

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent expense	-	58.44
Repairs and maintenance		
- Computers	22.77	18.15
- Others	4.17	2.96
Insurance	7.09	5.80
Information Technology expenses	49.04	42.64
Rates and taxes	192.58	162.48
Communication costs	112.17	95.99
Travelling and conveyance	213.22	244.97
Office expenses	99.22	216.78
Printing and stationery	49.24	54.04
Commission to Directors	45.50	30.00
Sitting fees to non-whole time directors	8.70	7.70
Charges paid to rating agencies	75.46	69.10
Electricity Charges	26.74	27.25
Bank charges	33.13	17.84
Advertisement and publicity	7.59	12.15
Legal and professional charges	147.28	138.09
Auditor's fees and expenses (Refer Note 25.2)	41.85	32.72
Corporate Social Responsibility Expenditure (Refer Note 37)	302.56	64.70
Miscellaneous expenses	21.94	0.36
Total	**1,460.25**	**1,302.13**

25.1 The above expenses are net of expenses recovered from Subsidiary amounting to ₹172.15 lakhs (March 31, 2020 - ₹247.67 lakhs).

25.2 Details of Auditor's fees and expenses

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit fee (including regulatory certificates)	22.00	22.00
Tax audit fee	1.00	1.00
Limited Review	6.00	6.00
Others	12.60	3.50
Reimbursement of expenses	0.25	0.22
Total	**41.85**	**32.72**

Note: Excludes remuneration to auditors for services in connection with proposed initial public offer of equity shares of the Company, which is included in other advances (Refer Note 11).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 26 Tax expenses

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax expense	6,524.32	4,924.24
Tax relating to previous years	(28.74)	58.86
Deferred tax charge / (credit)	(396.65)	(2,379.06)
Total	**6,098.93**	**2,604.04**

26.1 Reconciliation of Effective tax rate

The income tax expense for the year can be reconciled to the accounting profit/ (loss) as follows:

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Profit before tax	**27,884.41**	**20,745.89**
(B) Enacted tax rates in India (including surcharge and cess)	25.17%	25.17%
(C) Income tax on profit before tax based on the enacted rate	7,017.95	5,221.33
(D) Other than temporary differences		
- Effect of change in tax rate	-	(175.53)
- Effect of income that is exempt from taxation	-	(35.20)
- Effect of inadmissible expenses	116.10	40.15
- Effect of admissible deductions	(1,010.16)	(706.65)
- Effect of reversal of opening balance of deferred tax liability on Special Reserve created u/s 36(1)(viii) of Income-tax Act, 1961	-	(1,796.38)
- Others	3.78	(2.54)
(E) Income tax expense recognised in Profit and Loss	**6,127.67**	**2,545.18**

The income tax rate used for the above reconciliations are the corporate tax rate payable by the Company in India on taxable profits under the Income-tax Act, 1961.

26.2 The Company has elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 basis the rate provided in the said section and re-measured its opening balance of deferred tax liabilities ("DTL") (net) as at April 1, 2019 and has reversed DTL of ₹175.53 lakhs to the statement of profit and loss.

26.3 During the year ended March 31, 2020, the Company has reversed deferred tax liabilities of ₹1,796.38 lakhs created in earlier years, on Special Reserve created under section 36(1)(viii) of the Income-tax Act, 1956 on the basis of a resolution of the Board of Directors of the Company that there is no intention to make withdrawals from such Special Reserve.

27.1 Contingent liabilities as per Ind AS 37 and commitments

i) Matters wherein management has concluded the Company's liability to be probable have accordingly been provided for in the books. Also refer note 16.

ii) Matters wherein management has concluded the Company's liability to be possible have accordingly been disclosed under Note 27.2 Contingent liabilities below.

iii) Matters wherein management is confident of succeeding in these litigations and have concluded the Company's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims, in different stages of process.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

27.2 Contingent Liabilities

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Corporate undertakings for securitisation of receivables for which the outflow would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables. (Refer note (i) below)	55.54	302.52

Note:

(i) In respect of these undertakings, management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Company's financial condition.

The Company does not have any pending litigations which would impact its financial position.

27.3 Commitments

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Loans sanctioned to Borrowers pending disbursement	14,255.26	14,150.95
Total	**14,255.26**	**14,150.95**

Note: 28 Micro, Small and Medium Enterprises

Based on the extent of information available with the Management, there are no transactions with Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) during the year ended March 31, 2021 and March 31, 2020. This has been relied upon by the Auditors.

Note: 29 Sharing of Costs

The Company and its subsidiary share certain costs / service charges. These costs have been recovered by the Company from its subsidiary on a basis mutually agreed to between them, which has been relied upon by the Auditors.

Disclosure under Accounting Standards

Note: 30 Employee benefit plans

30.1 Defined contribution plans

The Company makes Provident Fund contributions for qualifying employees to the Regional Provident Fund Commissioner. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹369.19 lakhs (March 31, 2020 - ₹305.00 lakhs) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to the scheme by the Company are at rates specified in the rules of the scheme.

30.2 Defined benefit plans

The Company provides for gratuity, a defined benefit plan (the "gratuity plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's last drawn salary and years of employment with the Company. The Company does not have a funded gratuity scheme for its employees.

The Company is exposed to various risks in providing the above gratuity benefit such as: interest rate risk, longetivity risk and salary risk.

Interest risk: A decrease in the bond interest rate will increase the plan liability.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

30.2 Defined benefit plans (Contd..)

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary escalation risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Gratuity provision has been made based on the actuarial valuation done as at the year end using the Projected Unit Credit method. The details of actuarial valuation as provided by the Independent Actuary is as follows:

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Change in defined benefit obligations during the year		
Present value of obligation as at beginning of the year	**126.64**	**94.96**
Current service cost	23.99	17.82
Interest cost	6.47	6.08
Benefits paid	(7.90)	(7.57)
Actuarial (gains) / losses	15.04	15.35
Present value of obligation at end of the year	**164.24**	**126.64**
Change in Fair value of assets during the year		
Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Actual Company Contributions	-	-
Actuarial (gains) / losses	-	-
Plan Assets at the end of the year	**-**	**-**
Liability recognized in the Balance Sheet		
Present value of obligation	164.24	126.64
Fair value of Plan Assets	-	-
Net Liability recognized in the Balance Sheet	**164.24**	**126.64**

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Expenses Recognised in the Statement of Profit and Loss:		
Current service cost	23.99	17.82
Net Interest on Net Defined Benefit Obligations	6.47	6.08
Past service cost	-	-
Expenses recognized in the statement of profit and loss	**30.46**	**23.90**
Amount Recognized for the current year in the Statement of Other Comprehensive Income [OCI]		
Actuarial (gain)/loss on Plan Obligations	15.04	15.35
Difference between Actual Return and Interest Income on Plan Assets - (gain)/loss	-	-
Amount recognized in OCI for the current year	**15.04**	**15.35**
Actual return on Plan Assets	**-**	**-**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

30.2 Defined benefit plans (Contd..)

The key assumptions used in the actuarial valuation as provided by independent actuary are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	4.79%	5.28%
Future Salary Increase	5.00%	5.00%
Attrition rate	8% to 46%	8% to 46%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate Table	Indian Assured Lives Mortality (2012-14) Ultimate Table

Notes:

1. The estimate of the future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The following table summarizes the impact on defined benefit obligation arising due to increase / decrease in key actuarial assumptions by 50 basis points:

As at March 31, 2021

Defined Benefit Obligation	Discount rate	Salary increase rate
Impact of decrease	3.15	(3.25)
Impact of increase	(3.03)	3.35

As at March 31, 2020

Defined Benefit Obligation	Discount rate	Salary increase rate
Impact of decrease	2.45	(2.51)
Impact of increase	(2.36)	2.59

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of-the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Additional disclosures required under Ind AS 19

Particulars	As at March 31, 2021	As at March 31, 2020
Average Duration of Defined Benefit Obligations (in years)	4.60	4.40
Projected undiscounted expected benefit outgo (mid year cash flows) (in ₹ lakhs)		
Year 1	41.70	36.62
Year 2	23.24	16.20
Year 3	24.25	16.37
Year 4	21.60	15.73
Year 5	16.07	13.67
Year 6 to 10	56.86	45.47
Expected Benefit Payments for the next annual reporting year (₹ in lakhs)	41.70	36.62

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

30.3 Leave encashment

The key assumptions used in the actuarial valuation as provided by independent actuary are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	4.79%	5.28%
Future Salary Increase	5.00%	5.00%

30.4 The Code of Social Security, 2020 (the "Code") relating to employee benefits during employment and post-employment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders, which are under consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

Note: 31 Segment Reporting

The Chairman and Managing Director of the Company takes decision in respect of allocation of resources and assesses the performance basis the report/ information provided by functional heads and are thus considered to be Chief Operating Decision Maker ("CODM").

The Company operates under the principal business segment viz. "providing long term housing finance, loans against property and refinance loans". CODM views and monitors the operating results of its single business segment for the purpose of making decisions about resource allocation and performance assessment. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the consolidated financial statements. The Company's operations are predominantly confined in India.

Note: 32 Earnings and Expenditure in foreign currency - Nil (March 31, 2020: Nil)

Note: 33 Related party transactions

33.1 Details of related parties:

Description of relationship	Names of related parties
Key Management Personnel (KMP)	Mr. M Anandan, Chairman & Managing Director
	Mr. P Balaji, Chief Financial Officer
	Mr. Sanin Panicker, Company Secretary (from August 11, 2020)
	Ms. Jyoti Suresh Munot, Company Secretary (up to August 10, 2020)
	Mr. Shailesh J Mehta, Non-executive Director
	Mr. K M Mohandass, Independent Director
	Mr. S Krishnamurthy, Independent Director
	Mr. Krishnamurthy Vijayan, Independent Director
	Mr. K P Balaraj, Nominee Director
	Mr. Suman Bollina, Non-executive Director
	Mr. Sumir Chadha, Nominee Director (from November 05, 2019)
	Ms. Mona Kachhwaha, Non-executive Director (from May 30, 2020)
	Mr. V G Kannan, Independent Director (from March 09, 2021)
Individuals having Significant Influence	Mr. M Anandan, Chairman & Managing Director
Entities having Significant Influence	Westbridge Cross Over Fund LLC
Subsidiary	Aptus Finance India Private Limited

Note: Related party relationships are as identified by the Management and relied upon by the Auditors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

33.2 Details of related party transactions for the year

₹ in lakhs

Transactions during the year	Names of related parties	For the year ended March 31, 2021	For the year ended March 31, 2020
Remuneration *	Mr. M Anandan		
	- Salary	400.20	350.40
	- Commission	200.00	150.00
	- Others	0.92	2.72
Director commission and sitting fee	Mr. Shailesh J Mehta		
	- Commission	7.50	4.50
	- Sitting fee	1.20	1.00
Director commission and sitting fee	Mr. K M Mohandass		
	- Commission	7.50	4.50
	- Sitting fee	2.70	1.90
Director commission and sitting fee	Mr. S Krishnamurthy		
	- Commission	7.50	4.50
	- Sitting fee	2.70	2.20
Director commission and sitting fee	Mr. Krishnamurthy Vijayan		
	- Commission	7.50	4.50
	- Sitting fee	1.00	1.60
Director commission and sitting fee	Mr. Suman Bollina		
	- Commission	7.50	4.50
	- Sitting fee	0.60	0.60
Director commission and sitting fee	Ms. Mona Kachhwaha		
	- Commission	7.50	-
	- Sitting fee	0.50	-
Director commission and sitting fee	Mr. V G Kannan		
	- Commission	7.50	-
	- Sitting fee	-	-

Details of related party transactions for the year

₹ in lakhs

Transactions during the year	Names of related parties	For the year ended March 31, 2021	For the year ended March 31, 2020
Remuneration *	Mr. P Balaji		
	- Salary	95.79	88.68
Remuneration *	Mr. Sanin Panicker		
	- Salary	9.10	-
Remuneration *	Ms. Jyoti Suresh Munot		
	- Salary	0.59	1.63
Rent paid	Mr. M Anandan	7.64	7.28
Proceeds from Issue of partly paid-up shares	Mr. M Anandan	-	15.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

33.2 Details of related party transactions for the year (Contd..)

₹ in lakhs

Transactions during the year	Names of related parties	For the year ended March 31, 2021	For the year ended March 31, 2020
Support cost recovered	Aptus Finance India Private Limited	1,025.00	1,008.00
Investment during the year #	Aptus Finance India Private Limited	52.55	6,138.29
Loans given during the year	Aptus Finance India Private Limited	9,000.00	5,950.00
Loans repaid during the year	Aptus Finance India Private Limited	12,300.00	7,400.00
Interest Income on Loan to Subsidiary	Aptus Finance India Private Limited	504.62	752.47
Commission on Financial Guarantee	Aptus Finance India Private Limited	38.25	26.89

₹ in lakhs

Balances as at year end	Names of related parties	As at March 31, 2021	As at March 31, 2020
Personal guarantee given for Borrowings taken by the Company	Mr. M Anandan	9,295.50	11,274.82
Investment#	Aptus Finance India Private Limited	15,190.84	15,138.29
Loans outstanding	Aptus Finance India Private Limited	1,800.00	5,100.00
Corporate guarantee given for Borrowings taken by the Subsidiary and outstanding	Aptus Finance India Private Limited	21,675.40	14,730.97

Notes:

* As the future liabilities of gratuity and leave encashment are provided on actuarial basis for the Company, the amounts pertaining to key managerial personnel is not separately ascertainable and therefore not included above.

Includes Investment in subsidiary arising out of financial guarantee obligations.

Note: 34 Financial Instruments

34.1 Capital management

The Company actively manages its capital to meet regulatory norms and current and future business needs, considering the risks in its businesses, expectations of rating agencies, shareholders and investors, and the available options of raising capital. Its capital management framework is administered by the risk committee of Company. During the current year, there has been no change in objectives, policies or processes for managing capital.

The Company is subject to the capital adequacy requirements of the National Housing Bank ('NHB') / Reserve Bank of India ('RBI'). As per the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021, the Company is required to maintain a minimum ratio of total capital to risk adjusted assets as determined by a specified formula, at least half of which must be Tier 1 capital, which is generally shareholders' equity.

The Company has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by NHB / RBI.

'The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities.

'Below is the Capital Risk Adequacy Ratio maintained and calculated as per NHB/RBI guidelines in the respective year by the Company and as per regulatory return filed with NHB in the respective years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

34.1 Capital management (Contd..)

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Tier I Capital	1,86,138.43	1,61,977.01
Tier II Capital	(376.22)	484.20
Total Capital	**1,85,762.21**	**1,62,461.21**
Risk Weighted assets	**2,52,280.98**	**1,96,937.30**
Capital Adequacy Ratio	73.63%	82.49%
Tier I Capital %	73.78%	82.25%
Tier II Capital %	-0.15%	0.25%

34.2 Categories of Financial Instruments

₹ in lakhs

Particulars	As at March 31, 2021 Measured at			As at March 31, 2020 Measured at		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Cash and Cash equivalents	-	-	40,757.50	-	-	48,177.90
Bank Balance other than cash and cash equivalents	-	-	969.45	-	-	11,660.44
Loans	-	-	3,43,135.00	-	-	2,74,067.38
Investments	5,275.22	-	15,190.84	-	-	15,138.29
Other Financial assets	-	-	990.74	-	-	264.06
Total Financial Assets	**5,275.22**	**-**	**4,01,043.53**	**-**	**-**	**3,49,308.07**
Financial liabilities						
Debt securities	-	-	38,144.13	-	-	60,451.28
Borrowings (other than debt securities)	-	-	1,78,592.76	-	-	1,21,865.32
Trade payables	-	-	140.91	-	-	43.75
Lease liabilities			709.05			666.36
Other financial liabilities	-	-	1,298.89	-	-	587.05
Total Financial liabilities	**-**	**-**	**2,18,885.74**	**-**	**-**	**1,83,613.76**

34.3 Fair Value Measurements

Fair Value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosure are required in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

(a) Fair Value of financial instruments recognised and measured at fair value

₹ in lakhs

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2021				
Financial assets				
Investments	5,275.22	-	-	5,275.22

₹ in lakhs

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Financial assets				
Investments	-	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

34.3 Fair Value Measurements (Contd..)

(b) Fair value of financial instruments not measured at fair value

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities without a specific maturity. Such amounts have been classified as Level 3 except for cash and cash equivalents and bank balances other than cash and cash equivalents which have been classified as Level 1.

Loans

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

Fair values of lending portfolios are calculated using a portfolio-based approach. The Company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

Debt securities & Borrowings other than debt securities

The fair values of Debt Securities and Borrowings other than Debt securities are estimated by discounted cash flow models that incorporate interest cost estimates considering all significant characteristics of the borrowing. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

34.3 Fair Value Measurements (Contd..)

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

₹ in lakhs

Particulars	As at March 31, 2021					As at March 31, 2020				
	Carrying Value	Fair Value hierarchy				Carrying Value	Fair Value hierarchy			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial assets										
Cash and cash equivalents	40,757.50	40,757.50	-	-	40,757.50	48,177.90	48,177.90	-	-	48,177.90
Bank Balance other than cash and cash equivalents	969.45	969.45	-	-	969.45	11,660.44	11,660.44	-	-	11,660.44
Loans	3,43,135.00	-	-	3,50,607.67	3,50,607.67	2,74,067.38	-	-	2,78,956.95	2,78,956.95
Investments	20,466.06	5,275.22	-	15,190.84	20,466.06	15,138.29	-	-	15,138.29	15,138.29
Other Financial assets	990.74	-	-	990.74	990.74	264.06	-	-	264.06	264.06
Total Financial Assets	**4,06,318.75**	**47,002.17**	**-**	**3,66,789.25**	**4,13,791.42**	**3,49,308.07**	**59,838.34**	**-**	**2,94,359.30**	**3,54,197.64**
Financial liabilities										
Trade Payables	140.91	-	-	140.91	140.91	43.75	-	-	43.75	43.75
Debt Securities	38,144.13	-	-	37,811.63	37,811.63	60,451.28	-	-	59,771.46	59,771.46
Borrowings (Other than Debt Securities)	1,78,592.76	-	-	1,80,115.74	1,80,115.74	1,21,865.32	-	-	1,22,282.54	1,22,282.54
Lease Liabilities	709.05	-	-	709.05	709.05	666.36	-	-	666.36	666.36
Other financial liabilities	1,298.89	-	-	1,298.89	1,298.89	587.05	-	-	587.05	587.05
Total Financial Liabilities	**2,18,885.74**	**-**	**-**	**2,20,076.22**	**2,20,076.22**	**1,83,613.76**	**-**	**-**	**1,83,351.16**	**1,83,351.16**

34.4 Market risk management

Market Risk is the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market place, in particular, changes in interest rates, exchange rates and equity. In line with the regulatory requirements, the Group has in place a Board approved Market Risk Management and Asset Liability Management ("ALM") policy in place. The Policy provides the framework for assessing market risk, in particular, tracking of events happening in market place, changes in policies / guidelines of government and regulators, exchange rate movement, equity market movements, money market movements etc.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

34.5 Interest rate risk management

Interest rate risk is managed through ALM policy framed by the Company. The ALM policy is administered through the ALCO (Asset Liability Management Committee) which monitors the following on a monthly basis:

- Borrowing cost of the Company as on a particular date
- Interest rate scenario existing in the market
- Gap in cash flows at the prevalent interest rates
- Effect of Interest rate changes on the Gap in the cash flows
- Fixing appropriate interest rate to be charged to the customer based on the above factors

Interest rate sensitivity analysis

The sensitivity analysis has been determined for borrowings where interest rates are variable, assuming the amount outstanding at the end of the reporting year was outstanding for the whole year. A 50 basis points increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

₹ in lakhs

Sensitivity analysis as at March 31, 2021	Carrying value	Fair value	Sensitivity to fair value	
			0.50% increase	0.50% decrease
Loans	3,43,135.00	3,50,607.67	3,44,607.25	3,56,789.33
Debt Securities	38,144.13	37,811.63	37,346.44	38,284.12
Borrowings (Other than Debt Securities)	1,78,592.76	1,80,115.74	1,77,771.68	1,82,503.35

₹ in lakhs

Sensitivity analysis as at March 31, 2020	Carrying value	Fair value	Sensitivity to fair value	
			0.50% increase	0.50% decrease
Loans	2,74,067.38	2,78,956.95	2,76,965.99	2,81,827.24
Debt Securities	60,451.28	59,771.46	58,635.95	60,933.82
Borrowings (Other than Debt Securities)	1,21,865.32	1,22,282.54	1,20,743.70	1,23,852.87

34.6 Credit risk

Credit risk in the Company arises due to default by customers on their contractual obligations which results to financial losses. Credit Risk is a major risk in the Company and the Company's asset base comprises loans for affordable housing and loans against property. Credit Risk in the Company stems from outright default due to inability or unwillingness of a customer to meet commitments in relation to lending, settlement and other financial transactions. The essence of credit risk assessment in the Company pivots around the early assessment of stress, either in a portfolio or an account, and taking appropriate measures.

34.6.1. Credit risk management

Credit risk in the Company is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Board approved credit policies and procedures mitigate the Company's prime risk which is the default risk. There is a Credit Risk Management Committee in the Company for the review of the policies, process and products on an ongoing basis, with approval secured from the Board as and when required. There is a robust Credit Risk Management set-up in the Company at various levels.

1. There are Credit teams to ensure implementation of various policies and processes through random customer visits and assessment, training of branch staff on application errors, liaison with other institutions to obtain necessary information/loan closure documents, as the case may be, and highlight early warning signals and industry developments enabling pro-active field risk management.
2. The credit sanction is done through a delegation matrix where credit sanctioning powers are defined for respective levels.
3. Portfolio analysis and reporting is used to identify and manage credit quality and concentration risks.
4. Credit risk monitoring for the Company is broadly done at two levels: account level and portfolio level. Account monitoring aims to identify weak accounts at an incipient stage to facilitate corrective action. Portfolio monitoring aims towards managing risk concentration in the portfolio as well as identifying stress in certain occupations, markets and states.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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34.6.2. Significant increase in credit risk

The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company measures the loss allowance based on lifetime rather than Stage 1 (12-month) Expected Credit Loss (ECL). Pending the adoption of scoring models to assess the change in credit status at an account level and at portfolio level, the Company has adopted SICR (Significant Increase in Credit risk) criteria based on Days Past Due (DPD). The following table lists the staging criteria used in the Company: Staging Criterion

Stage-1: 0 up to 30 days past due

Stage-2: 31 up to 90 days past due

Stage-3: 90 and above days past due

Stage 2 follows the rebuttable presumption stated in Ind AS 109, that credit risk has increased significantly since initial recognition no later than when contractual payments are more than 30 days past due.

The Company also considers other qualitative factors and repayment history and considers guidance issued by the Institute of Chartered accountants of India (ICAI) for staging of advances to which moratorium benefit has been extended under the COVID regulatory package issued by RBI and as approved by the Board.

34.6.3. Measurement of ECL

The key inputs used for measuring ECL on term loans issued by the Company are:

Probability of default (PD): The PD is an estimate of the likelihood of default over a given time horizon (12 Month). It is estimated as at a point in time. To compute Expected Credit Loss (ECL) the portfolio is segregated into 3 stages viz. Stage 1, Stage 2 and Stage 3 on the basis of Days Past Dues. The Group uses 12 month PD for the stage 1 borrowers and lifetime PD for stage 2 and 3 to compute the ECL.

Loss given default (LGD): LGD is an estimation of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from eligible collateral.

Exposure at default (EAD): EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date including expected drawdowns on committed facilities.

Probability of Default

To arrive at Probability of Default, 'Vintage Analysis' was done considering monthly defaults of borrower since origination.

The analysis considered Monthly Default Rates starting from inception until the end of observation period i.e. March 2021 to calculate default rates for each vintage month. Cumulative PD was calculated from the marginal PDs for each vintage month. Simple Average and Weighted Average PD was computed for each Month on Book (MOB) period starting from MOB 0 until MOB "n" (end of observation period). The Company has used Simple average to eliminate the bias that can be possible due to weighted average effect.

Loss Given Default

LGD was calculated using First time NPA (FTN) date and recovery data for each of these FTN dates. FTN date was taken from inception until March 2021. For each pool, recovery data was mapped to the subsequent months until March 2021 from the respective default month i.e. recovery data was retrieved and plotted against the flow of month i.e. Months on Book MOB 0, MOB 1, MOB 2, MOB 3 till MOB (n) against each default month. Considering time value of money, recoveries in each month was discounted to arrive at the value as of FTN date. Average Interest Rates charged for each disbursement year was used as the Effective Interest Rates (EIR) for the loans.

Marginal Recovery rates was computed for each month as Discounted Recovery amount for a given month divided by the total outstanding amount for the given FTN date. Cumulative recovery rates were computed for each FTN date and LGD for corresponding FTN date was computed by using the formula (1- Recovery Rate). Weighted average LGD was computed for the entire observation period, weights being the total outstanding amount for each FTN date.

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Exposure at Default

EAD is the total outstanding balance at the reporting date including principal and accrued interests at the reporting date. EAD calculation for all portfolios is as under:

Stage 1 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].

Stage 2 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].

Stage 3 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].

  Credit Conversion Factor (CCF) for undrawn portion has been taken at 100% based on historical experience and other information available with the Company.

The Company measures ECL as the product of PD , LGD and EAD estimates for its Ind AS 109 specified financial obligations.

Credit Risk Concentrations

In order to manage concentration risk, the Company, considering the regulatory limits, focuses on maintaining a diversified portfolio across housing loans and loans against property. An analysis of the Company's credit risk concentrations is provided in the following tables which represent gross carrying amounts of each class.

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Loans (at amortised cost) - Gross amount		
Concentration by products		
Housing Loans	2,06,848.94	1,63,579.26
Loans against property (including Loans subordinated as Credit Enhancements for assets de-recognised)	1,37,579.21	1,11,283.14
Total Advances	**3,44,428.15**	**2,74,862.40**

34.6.4 The tables below analyse the movement of the loss allowance during the year per class of assets.

₹ in lakhs

Loss allowance on Loans at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at March 31, 2021	394.96	205.07	693.12	1,293.15
Loss allowance as at March 31, 2020	121.56	91.42	582.04	795.02
Movement for the year ended March 31, 2021	273.40	113.65	111.08	498.13

The table below provides an analysis of the gross carrying amount of Loans by past due status.

₹ in lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Gross carrying	Loss allowance	Gross carrying	Loss allowance
Loans				
0 up to 30 days	3,11,893.94	428.14	2,60,461.37	214.65
31 up to 90 days	30,086.41	159.66	10,188.55	37.97
90 days and above	2,447.80	705.35	4,212.48	542.40
Total	**3,44,428.15**	**1,293.15**	**2,74,862.40**	**795.02**

34.6.5 Collateral held as security and other credit enhancements

The Company holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are associated with are listed in the table below.

Particulars	Type of Collateral held
Housing Loans	Mortgage of the immovable property
Loan Against Properties	Mortgage of the immovable property

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For the year ended March 31, 2021

Although collateral can be an important mitigation of credit risk, it is the Company's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Company obtains first and exclusive charge on all collateral that it obtains for the loans given. The loans are secured by collateral at the time of origination. The value of the property at the time of origination will be arrived by obtaining two valuation reports from in-house valuers.

Immovable Property is the collateral for Housing and non-housing loans. Security Interest in favour of the Company is created by Mortgage through deposit of title deed which is registered wherever required by law.

The Company does not obtain any other form of credit enhancement other than the above. All the Company's term loans are secured by way of tangible Collateral.

Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

34.6.6 Offsetting financial assets and financial liabilities

The Company has not recognised any financial asset or liability on a net basis.

34.6.7 Financial Guarantee

The Company has issued Corporate Guarantees of ₹21,675.40 lakhs (March 31, 2020 - ₹14,730.97 lakhs) to Banks and external lenders on behalf of the subsidiary - Aptus Finance India Private Limited. Based on the financial performance of the subsidiary, the Company does not expect the guarantee liability to devolve on the Company.

34.7 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

Exposure to liquidity risk

The Company manages and measures liquidity risk as per its ALM policy and the ALCO (Asset Liability Management Committee of the Company) is responsible for managing the liquidity risk. The Company not only measures its current liquidity position on an ongoing basis but also forecasts how liquidity position may emerge under different assumptions. The liquidity position is tracked through maturity or cash flow mismatches across buckets spanning all maturities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

34.7.1 Following are the contractual maturities of financial liability/financial assets at the reporting date. Loans, debt securities and borrowings include estimated interest receipts / payments.

₹ in lakhs

As on March 31, 2021	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Financial assets											
Cash and cash equivalents	39,207.70	1,557.43	-	-	-	-	-	-	-	-	40,765.13
Bank Balance other than cash and cash equivalents	-	-	-	-	99.34	258.02	773.44	-	-	-	1,130.80
Loans	6,219.07	6,260.86	6,301.73	18,805.05	37,540.17	1,49,742.64	1,40,704.52	1,29,867.15	1,40,776.79	67,094.02	7,03,312.00
Investments	5,275.22	-	-	-	-	-	-	-	-	15,190.84	20,466.06
Other Financial assets	726.66	-	-	-	-	264.08	-	-	-	-	990.74
Total (A)	**51,428.65**	**7,818.29**	**6,301.73**	**18,805.05**	**37,639.51**	**1,50,264.74**	**1,41,477.96**	**1,29,867.15**	**1,40,776.79**	**82,284.86**	**7,66,664.73**
Financial liabilities											
Trade payables	140.91	-	-	-	-	-	-	-	-	-	140.91
Debt securities	143.84	1,150.56	143.84	441.10	1,883.14	33,354.34	12,195.59	-	-	-	49,312.41
Borrowings (other than debt securities)	2,465.55	1,907.05	4,434.93	14,706.81	26,655.70	80,944.61	54,175.06	23,135.98	13,826.89	-	2,22,252.58
Lease liabilities	36.61	36.61	36.35	104.42	182.46	364.09	33.28	11.09	1.64	-	806.55
Other financial liabilities	1,298.89	-	-	-	-	-	-	-	-	-	1,298.89
Total (B)	**4,085.80**	**3,094.22**	**4,615.12**	**15,252.33**	**28,721.30**	**1,14,663.04**	**66,403.93**	**23,147.07**	**13,828.53**	**-**	**2,73,811.34**
Net Financial Assets (A-B)	**47,342.85**	**4,724.07**	**1,686.61**	**3,552.72**	**8,918.21**	**35,601.70**	**75,074.03**	**1,06,720.08**	**1,26,948.26**	**82,284.86**	**4,92,853.39**

As on March 31, 2020	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Financial assets											
Cash and cash equivalents	48,216.46	-	-	-	-	-	-	-	-	-	48,216.46
Bank Balance other than cash and cash equivalents	10,678.68	-	-	-	251.01	151.85	752.34	-	-	-	11,833.88
Loans	4,554.15	3,807.06	4,906.45	14,728.43	29,429.11	1,21,622.49	1,11,347.11	1,01,003.31	1,16,839.18	76,935.97	5,85,173.26
Investments	-	-	-	-	-	-	-	-	-	15,138.29	15,138.29
Other Financial assets	27.01	-	-	-	-	237.05	-	-	-	-	264.06
Total (A)	**63,476.30**	**3,807.06**	**4,906.45**	**14,728.43**	**29,680.12**	**1,22,011.39**	**1,12,099.45**	**1,01,003.31**	**1,16,839.18**	**92,074.26**	**6,60,625.95**
Financial liabilities											
Trade payables	102.07	-	-	-	-	-	-	-	-	-	102.07
Debt securities	327.98	1,343.71	327.98	1,005.81	3,010.32	12,027.59	30,338.16	42,115.54	-	-	90,497.09
Borrowings (other than debt securities)	2,322.44	1,801.65	4,867.75	8,228.71	16,340.71	61,349.50	39,530.94	17,717.40	6,188.64	118.58	1,58,466.32
Lease liabilities	33.06	33.09	33.10	104.93	206.17	581.72	100.71	20.02	5.50	-	1,118.30
Other financial liabilities	528.73	-	-	-	-	-	-	-	-	-	528.73
Total (B)	**3,314.28**	**3,178.45**	**5,228.83**	**9,339.45**	**19,557.20**	**73,958.81**	**69,969.81**	**59,852.96**	**6,194.14**	**118.58**	**2,50,712.51**
Net Financial Assets (A-B)	**60,162.02**	**628.61**	**(322.38)**	**5,388.98**	**10,122.92**	**48,052.58**	**42,129.64**	**41,150.35**	**1,10,645.04**	**91,955.68**	**4,09,913.44**

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34.8 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The Company recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Note: 35 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year after considering the adjustment mentioned in Note 44(i).

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares after considering the adjustment mentioned in Note 44(i).

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit After Tax (A)	21,785.48	18,141.85
Weighted Average Number of Equity Shares (Face Value ₹2 Each) - Basic (B)	**48,00,06,701**	**44,22,54,910**
Add: Effect of dilutive potential equity shares		
- Employee stock options	9,62,830	26,06,252
Weighted Average Number of Equity Shares (Face Value ₹2 Each) - Diluted (C)	**48,09,69,531**	**44,48,61,162**
Earnings Per Share - Basic (₹) (not annualised) (A / B)	**4.54**	**4.10**
Earnings Per Share - Diluted (₹) (not annualised) (A / C)	**4.53**	**4.08**

Note: 36 Disclosure pursuant to Schedule V Of Clause A.2 Regulation 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

₹ in lakhs

Particulars	Amount outstanding	Maximum amount outstanding during the year
As at March 31, 2021		
Loans and Advances in the nature of Loans to Subsidiary		
Aptus Finance India Private Limited		
- Principal outstanding	1,800.00	7,000.00
- Interest accrued but not due	-	145.81
As at March 31, 2020		
Loans and Advances in the nature of Loans to Subsidiary		
Aptus Finance India Private Limited		
- Principal outstanding	5,100.00	9,450.00
- Interest accrued but not due	-	219.63

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Note: 37 Corporate Social Responsibility expenditure

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Gross amount required to be spent during the year	302.56	200.93
(b) Amount spent during the year		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	111.64	64.72
Excess / (Shortfall) (A-B)*	**(190.92)**	**(136.21)**

* The Company has provided for the shortfall in CSR expenditure as at March 31, 2021.

(i) None of the CSR projects undertaken by the Company falls under the definition of "On-going Projects".

(ii) There is no amount required to be contributed to specified fund u/s 135 (6) by the Company.

Note: 38 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:

The company has Securitised certain loans, however the company has not transferred substantially all risks and rewards, hence these assets have not been de-recognised.

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of transferred assets measured at amortised cost	3,843.41	5,435.55
Carrying amount of associated liabilities measured at amortised cost	2,676.99	4,584.41
Fair value of assets	3,882.23	5,521.00
Fair value of associated liabilities	2,676.99	4,584.41
Net position at Fair Value	1,205.24	936.59

Note: 39 Maturity analysis of assets and liabilities

₹ in lakhs

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	40,757.50	-	40,757.50	48,177.90	-	48,177.90
Bank balance other than cash and cash equivalents	93.70	875.75	969.45	10,929.28	731.16	11,660.44
Loans	22,125.06	3,21,009.94	3,43,135.00	14,770.96	2,59,296.42	2,74,067.38
Investments	5,275.22	15,190.84	20,466.06	-	15,138.29	15,138.29
Other financial assets	726.66	264.08	990.74	27.01	237.05	264.06
Non-financial Assets						
Deferred tax assets (net)	-	1,490.01	1,490.01	-	1,089.55	1,089.55
Property, plant and equipment	-	248.17	248.17	-	326.71	326.71
Intangible assets	-	26.78	26.78	-	35.35	35.35
Right-of-use assets	-	680.69	680.69	-	647.65	647.65
Other non-financial assets	160.14	-	160.14	128.60	-	128.60
TOTAL ASSETS	**69,138.28**	**3,39,786.26**	**4,08,924.54**	**74,033.75**	**2,77,502.18**	**3,51,535.93**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 39 Maturity analysis of assets and liabilities (Contd..)

₹ in lakhs

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
LIABILITIES						
Financial Liabilities						
Trade payables	140.91	-	140.91	43.75	-	43.75
Debt securities	784.66	37,359.47	38,144.13	790.76	60,451.28	61,242.04
Borrowings (other than debt securities)	37,276.80	1,41,315.96	1,78,592.76	22,481.61	99,383.71	1,21,865.32
Lease liabilities	349.11	359.94	709.05	277.82	388.54	666.36
Other financial liabilities	1,298.89	-	1,298.89	587.05	-	587.05
Non-Financial Liabilities						
Current tax liabilities (Net)	343.30	-	343.30	526.68	-	526.68
Provisions	-	330.18	330.18	-	252.43	252.43
Other non-financial liabilities	255.71	-	255.71	168.55	-	168.55
TOTAL LIABILITIES	**40,449.38**	**1,79,365.55**	**2,19,814.93**	**24,876.22**	**1,60,475.96**	**1,85,352.18**
NET ASSETS / (LIABILITIES)	**28,688.90**	**1,60,420.71**	**1,89,109.61**	**49,157.53**	**1,17,026.22**	**1,66,183.75**

Note: 40 Share-based payments (Refer Note 44(iii))

Employee share option plan

40.1 Details of the employee share option plan

(a) In the Annual General Meeting held on August 7, 2015, the shareholders approved the issue of up to 18,00,000 options under the Scheme titled "Aptus Employees Stock Option Scheme 2015" (hereinafter referred to as Aptus ESOS, 2015).

The Schemes allow the issue of options to employees of the Company. Each option comprises one underlying equity share.

As per the Scheme, the Nomination and Remuneration Committee ("The Committee") grants the options to the employees deemed eligible and also governs the operation of the scheme.

The difference between the fair price of the the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

(b) Employee stock options details as on the balance sheet date:

Particulars	Grant 7 under Aptus ESOS 2015	Grant 8 under Aptus ESOS 2015
Date of Grant	August 07, 2015	May 17, 2017
Date of Board approval	August 07, 2015	May 17, 2017
Date of shareholders approval	August 07, 2015	August 07, 2015
Number of options granted	15,00,000	1,50,000
Method of settlement	Equity	Equity
Vesting period	31.03.2016 to 31.03.2019	31.03.2018 to 31.03.2021
Manner of vesting	In a graded manner over a 4 year period with 25% of the grants vesting in each year	
Exercise price per option (₹)	75.00	130.00
Price of Underlying share at the time of the Option Grant (₹)	56.26	111.02

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

(c) Movement in share options during the year are as follows:

Particulars	Grant 7 under Aptus ESOS 2015	Grant 8 under Aptus ESOS 2015	Total
Options outstanding as at April 1, 2019	9,10,000	1,50,000	10,60,000
Add: Options granted during the year	-	-	-
Less: Options forfeited/lapsed during the year	-	-	-
Less: Options exercised during the year	(3,35,000)	(37,500)	(3,72,500)
Options outstanding as at March 31, 2020	5,75,000	1,12,500	6,87,500
Add: Options granted during the year	-	-	-
Less: Options forfeited/lapsed during the year	-	-	-
Less: Options exercised during the year	(3,45,000)	(75,000)	(4,20,000)
Options outstanding as at March 31, 2021	2,30,000	37,500	2,67,500

40.2 Fair value of share options granted

During the year ended March 31, 2018, 1,50,000 shares were granted under the Aptus ESOS 2015 scheme. The fair value of options have been estimated on the date of the grant using Black-Scholes model by an external firm of Chartered Accountants. The key assumptions used in the model for calculating fair value are as below:

Assumptions	Date of Grant	
	August 07, 2015	May 17, 2017
Risk Free Interest Rate	8.04% to 8.26%	7.21% to 7.73%
Expected Life (in years)	2.65 to 5.65	3 to 6
Expected Annual Volatility of Shares	43.15%	35.99%
Expected Dividend Yield	0%	0%
Price of Underlying share at the time of the Option Grant	56.26	111.02
Fair Value of the Option (₹)		
1st Stage	13.61	29.67
2nd Stage	17.21	36.87
3rd Stage	20.60	43.37
4th Stage	23.64	49.29

40.3 Expense arising from share based payment transaction recognized in profit or loss statement as employee benefit expense are as follows:

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employee benefit expense	4.62	19.21

Note: 41 Disclosure pursuant to RBI notification no. RBI/2020-21/60 DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated October 22, 2020 and RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards

RBI has issued Notification no. RBI/2020-21/60 DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated October 22, 2020 and RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 in respect of recognition of impairment on financial instruments starting from financial year 2020-21 for Housing Finance Companies. The Company has complied with the requirements of Ind AS and the guidelines and policies approved by the Board in this regard.

Any shortfall in ECL provision compared to the requirements as per IRAC norms are apportioned by the Company to Impairment Reserve at reporting periods. Such balance can be utilised / withdrawn by the Company only with prior permission of the Reserve Bank of India as per the said Circular. The shortfall in ECL provision compared to IRACP requirement as at March 31, 2021 is ₹301.53 lakhs. The balance in the impairment reserve as at March 31, 2021 is ₹610.36 lakhs (Refer Note 19.1 and Note 19.2.4).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 41 Disclosure pursuant to RBI notification no. RBI/2020-21/60 DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated October 22, 2020 and RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards (Contd..)

₹ in lakhs

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,07,871.63	394.96	3,07,476.67	997.84	(602.88)
	Stage 2	34,088.46	205.07	33,883.39	116.79	88.28
	Stage 3	-	-	-	-	-
Sub-Total		**3,41,960.09**	**600.03**	**3,41,360.06**	**1,114.63**	**(514.60)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,502.21	116.51	1,385.70	207.72	(91.21)
Doubtful - up to 1 year	Stage 3	659.05	265.14	393.91	145.60	119.54
1 to 3 years	Stage 3	293.68	296.32	-2.64	118.50	177.82
More than 3 years	Stage 3	13.12	15.15	-2.03	15.15	-
Sub-Total for doubtful		**2,468.06**	**693.12**	**1,774.94**	**486.97**	**206.15**
Loss	Stage 3	-	-	-	-	-
Sub-Total for NPA		**2,468.06**	**693.12**	**1,774.94**	**486.97**	**206.15**
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	10,270.29	5.68	10,264.61	-	5.68
	Stage 2	78.71	0.90	77.81	-	0.90
	Stage 3	4.00	0.34	3.66	-	0.34
Sub-Total		**10,353.00**	**6.92**	**10,346.08**	**-**	**6.92**
Total	Stage 1	3,18,141.92	400.64	3,17,741.28	997.84	(597.20)
	Stage 2	34,167.17	205.97	33,961.20	116.79	89.18
	Stage 3	2,472.06	693.46	1,778.60	486.97	206.49
	Total	**3,54,781.15**	**1,300.07**	**3,53,481.08**	**1,601.60**	**(301.53)**

Note: 42 Change in liabilities arising from financing activities

₹ in lakhs

Particulars	01-Apr-20	Cash flows	Other *	31-Mar-21
Debt securities	60,451.28	(22,500.00)	192.85	38,144.13
Borrowings (other than debt securities)	1,21,865.32	57,145.29	(417.85)	1,78,592.76
Lease liabilities	666.36	(414.73)	457.42	709.05
Total liabilities from financing activities	**1,82,982.96**	**34,230.56**	**232.42**	**2,17,445.94**

Particulars	01-Apr-19	Cash flows	Other *	31-Mar-20
Debt securities	70,138.48	(10,000.00)	312.80	60,451.28
Borrowings (other than debt securities)	85,052.72	36,792.35	20.25	1,21,865.32
Lease liabilities	-	(325.23)	991.59	666.36
Total liabilities from financing activities	**1,55,191.20**	**26,467.12**	**1,324.64**	**1,82,982.96**

* Other column includes the effect of interest accrued but not paid on borrowing, amortisation of processing fees, recognition of liabilities on account of new lease etc.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 43 Leases

The Company has lease contracts for buildings used for the branches. Leases of such assets generally have lease terms between 3 and 9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company also has certain leases for buildings with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the year:

Movement of Lease Liability

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	666.36	-
Add: Additions during the year	385.41	901.45
Add / Less: Accretion of Interest	72.03	90.14
Less: Payments during the year	(414.73)	(325.23)
Closing Balance	**709.07**	**666.36**
Current	349.11	277.82
Non Current	359.96	388.54

The incremental borrowing rate for lease liabilities is 10% p.a.
The maturity analysis of lease liabilities are disclosed in Note 34.7.1.

The following are the amounts recognised in the Statement of profit and loss:

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation expense on right-of-use assets	352.37	278.77
Interest expense on lease liabilities	72.03	90.14
Expense relating to short-term leases (included in other expenses)	-	72.77
Total	**424.40**	**441.68**

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Total cash outflow for leases	414.73	325.23

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Note: 44 Events after reporting period

(i) The Board of Directors of the Company in its meeting held on May 05, 2021 and shareholders in the Extraordinary General Meeting held on May 06, 2021 approved the sub-division of shares from ₹10 per share to ₹2 per share. The number of shares used for the calculation of earnings per share, and the earnings per share in Note 35 (including that in the comparative year), have been adjusted for pursuant to Paragraph 64 of Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013. No other adjustments are made in the Standalone Financial Statements on account of the share split.

(ii) The Board of Directors of the Company in its meeting held on May 05, 2021 has made the first and final call of ₹525.03 per share on the 15,00,000 equity shares allotted to Mr. M Anandan, Chairman and Managing Director. No adjustments are made in the Standalone Financial Statements for these calls made by the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

(iii) The Board of Directors of the Company in its meeting held on November 12, 2020 approved the Aptus Employee Stock Option Scheme, 2021 ("ESOS 2021") with such number of options which shall not exceed 1,00,00,000 options. The shareholders in the Extraordinary General Meeting held on May 06, 2021 approved the ESOS 2021 with such number of options which shall not exceed 1,00,00,000 options. No adjustments are made in the Standalone Financial Statements on account of this proposed new ESOP Scheme.

(iv) Based on the approval of the Board of Directors of the Company in their meeting held on May 12, 2021, the Company has filed the draft red herring prospectus dated May 14, 2021 with the Securities and Exchange Board of India, pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended in connection with the initial public offering of equity shares of ₹2 each of the Company and offer for sale by the selling shareholders of the Company.

Note: 45 Disclosure as required by National Housing Bank

The following disclosures have been given in terms of National Housing Bank's notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 and in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010. Further, the disclosures which are for regulatory and supervisory purpose, have been made so as to comply with NHB's Policy Circular No. NHB(ND)/DRS/Policy Circular No. 89/2017-18 dated June 14, 2018 which requires Housing Finance Companies to continue to follow the extant provisions of National Housing Bank Act, 1987 and Housing Finance Companies (NHB) Directions 2010 including framework on prudential norms and other related circulars issued in this regards by NHB from time to time and the same have been compiled by the Management in accordance with Accounting Standards prescribed under section 133 of the Companies Act, read with the Companies (Accounting Standards) Rules, 2006, as amended (Indian GAAP) and relied upon by the auditors.

45.1 Schedule to the Balance Sheet

₹ in lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:				
1. Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:				
(a) Debentures				
- Secured	38,144.13	-	60,451.28	-
- Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
(b) Deferred credits	-	-	-	-
(c) Term loans	1,72,415.77	-	1,16,302.66	-
(d) Inter-corporate loans and borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans				
- Securitisation loans	2,676.99	-	4,584.41	-
- Working capital loans	3,500.00	-	978.25	-
2. Break-up of (1)(f)above (outstanding public deposits inclusive of interest accrued thereon but not paid)				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

45.1 Schedule to the Balance Sheet (Contd..)

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Assets side:		
3. Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured (refer note 6)	3,44,428.15	2,74,862.40
(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:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	5,275.22	-
iv. Government Securities	-	-
v. Others (please specify)	-	-
II. Unquoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)		
Long Term Investments:		
I. Quoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)		
II. Unquoted:		
i. Shares	-	-
a) Equity	15,190.84	15,138.29
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

45.1 Schedule to the Balance Sheet (Contd..)

6. Borrower group-wise classification of assets financed as in (3) and (4) above:

₹ in lakhs

Category	As at March 31, 2021 (Net of Provisions)			As at March 30, 2020 (Net of Provisions)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related parties						
(a) Subsidiaries	1,800.00	-	1,800.00	5,100.00	-	5,100.00
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	3,41,335.00	-	3,41,335.00	2,68,967.38	-	2,68,967.38
Total	**3,43,135.00**	**-**	**3,43,135.00**	**2,74,067.38**	**-**	**2,74,067.38**

7. Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

₹ in lakhs

Category	Market Value / Break up or fair value or Net Asset Value as on March 31, 2021	Book Value as on March 31, 2021 (Net of provisions)	Market Value / Break up or fair value or Net Asset Value as on March 30, 2020	Book Value as on March 30, 2020 (Net of provisions)
1. Related parties				
(a) Subsidiaries	23,948.68	15,190.84	19,001.42	15,138.29
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	**-**	**-**	-	-
	23,948.68	**15,190.84**	**19,001.42**	**15,138.29**

8. Other Information

₹ in lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
i. Gross Non-Performing Assets (Stage 3 assets)	-	2,468.06	-	5,041.68
ii. Net Non-Performing Assets (Stage 3 assets)	-	1,774.94	-	4,459.63
iii. Assets Acquired in Satisfaction of Debt	-	-	-	-

45.2 Capital to Risk Assets Ratio (CRAR)

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Tier I Capital	1,86,138.43	1,61,977.01
Tier II Capital	(376.22)	484.20
Total Capital	**1,85,762.21**	**1,62,461.21**
Total Risk Assets	**2,52,280.98**	**1,96,937.30**
Capital Ratios		
CRAR - Tier I Capital (%)	73.78%	82.25%
CRAR - Tier II Capital (%)	-0.15%	0.25%
CRAR (%)	**73.63%**	**82.49%**
Amount of subordinated debt raised as Tier- II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

45.3 Reserve Fund u/s 29C, of NHB Act 1987

The movement in the Reserve Fund created under Section 29C of NHB Act, 1987 is disclosed under Note 19.1 (c) to the Financial Statements.

45.4 Investments

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Value of Investments		
i) Gross Value of Investments		
(a) In India	20,466.06	15,138.29
(b) Outside India	-	-
ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
iii) Net Value of Investments		
(a) In India	20,466.06	15,138.29
(b) Outside India	-	-
Movement of provisions held towards depreciation on 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	-	-

45.5 Derivatives

The Company has not entered into any Derivative transactions.

Forward Rate Agreement (FRA) / Interest Rate Swap (IRS): Nil

Exchange Traded Interest Rate (IR) Derivative: Nil

Disclosures on Risk Exposure in Derivatives: Not applicable

45.6 i) Securitised Assets

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Number of Special Purpose Vehicle (SPV) sponsored by the HFC for Securitisation transactions*	2	3
Total amount of securitised assets as per books of the SPVs sponsored	2,732.53	4,886.93
Total amount of exposures retained by the HFC towards the Minimum Retention Ratio (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures towards Credit Enhancements		
- First Loss	-	-
- Others	-	-
b) On-balance sheet exposures towards Credit Enhancements		
- First Loss – Cash collateral	298.66	334.13
- Others – Over collateral	1,243.67	1,371.35
Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures towards Credit Enhancements		
- Exposure to own securitizations	-	-
- Exposure to third party securitisations	-	-
b) On-balance sheet exposures towards Credit Enhancements		
- Exposure to own securitizations	-	-
- Exposure to third party securitisations	-	-

* Represents the SPVs relating to outstanding securitisation transactions

ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction : Nil

iii) Details of Assignment transactions undertaken by HFC : Nil

iv) Details of non-performing financial assets purchased / sold : Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

45.7 Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2021:

₹ in lakhs

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings from Bank (including from NHB)	112.34	-	1,488.30	962.40	3,516.64	11,080.41	20,116.71	62,782.81	45,709.90	32,823.25	**1,78,592.76**
Market Borrowings	-	-	-	784.66	-	-	-	27,345.69	10,013.78	-	**38,144.13**
Assets											
Advances	2,378.22	-	1,233.76	1,454.34	1,476.24	4,563.85	9,733.20	48,733.21	58,674.87	2,14,887.31	**3,43,135.00**
Investments	5,275.22	-	-	-	-	-	-	-	-	15,190.84	**20,466.06**

Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2020:

₹ in lakhs

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings from Bank (including from NHB)	97.99	-	1,422.02	783.29	3,874.75	5,320.60	10,982.96	45,789.54	32,648.73	20,945.44	**1,21,865.32**
Market Borrowings	-	-	-	790.76	-	-	-	-	19,831.67	39,828.85	**60,451.28**
Assets											
Advances	936.36	-	618.58	819.59	1,072.81	3,332.69	7,131.13	39,887.14	43,836.80	1,76,432.28	**2,74,067.38**
Investments	-	-	-	-	-	-	-	-	-	15,138.29	**15,138.29**

In case of Housing loans, where the loan is not completely disbursed and it is in Pre-EMI stage, the Company has estimated the EMI commencement date based on the technical evaluation and other information available as on date. Accordingly, the maturity pattern for such loans has been considered based on the estimated EMI commencement date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

45.8 A. Exposure to Real Estate Sector

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Direct Exposure		
(i) Residential Mortgages *		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	3,42,628.15	2,69,762.40
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) Limits	-	-
(iii) Investments 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	**3,42,628.15**	**2,69,762.40**

* Includes exposures to Non-Housing loans secured by residential mortgages amounting to ₹1,35,779.21 lakhs (March 31, 2020 - ₹1,02,989.59 lakhs)

B. Exposure to Capital Market : Nil

C. Details of financing of Parent Company products:

These details are not applicable since the Company is not a subsidiary of any company.

D. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) exceeded by the HFC:

The Company has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the financial year ended March 31, 2021.

E. Unsecured Advances: Nil

F. Exposure to group companies engaged in real estate business: Nil

45.9 Other Regulator Registrations

Regulator	Registration No.
1. Ministry of Company Affairs	CIN: U65922TN2009PLC073881
2. National Housing Bank	Certificate Registration No. 05.0084.10 dated May 31, 2010

45.10 Disclosure of Penalties imposed by NHB and other regulators

(i) An amount of ₹5,000, including GST (March 31, 2020: Nil) has been levied by National Housing Bank for contravention of Section 29C(1) of the National Housing Bank Act, 1987. Also, an amount of ₹5,000, including GST (March 31, 2020: Nil) has been levied by National Housing Bank for non-compliance with respect to the provisions of Para 28 of the Housing Finance Companies (NHB) Directions, 2010.

(ii) The Company has not received any adverse comments in writing by NHB or other Regulators on regulatory compliances, with a specific communication to disclose the same to the public.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

45.11 Related party transactions

Details of the related parties, nature of the relationship with whom Company has entered transactions, remuneration of directors and balances in related party account at the year end, are given in Note no. 33. There were no material transaction with related parties and all these transactions with related parties were carried out in ordinary course of business at arm's length price.

45.12 Group Structure

The Company has only one wholly owned subsidiary - Aptus Finance India Private Limited. There are no other entities in the group.

45.13 Ratings assigned by Credit Rating Agencies

₹ in lakhs

Deposits Instruments	Ratings assigned	
	As at March 31, 2021	As at March 31, 2020
Non-Convertible Debentures	ICRA A+ [Single A plus] CARE A+ [Single A plus]	ICRA A+ [Single A plus] CARE A+ [Single A plus]
Bank Term Loans	ICRA A+ [Single A plus] CARE A+ [Single A plus]	ICRA A+ [Single A plus] CARE A+ [Single A plus]

45.14 Net Profit or Loss for the period, prior period items and changes in accounting policies

During the year,

(a) no prior period items occurred which has impact on Statement of Profit and loss,

(b) no change in Accounting policy,

(c) there is no withdrawal from reserve fund.

45.15 Revenue Recognition

There are no circumstances in which revenue recognition has been postponed by the Company pending the resolution of significant uncertainties.

45.16 Consolidated Financial Statements (CFS)

The Company has a wholly owned Subsidiary and the Consolidated financial statements is prepared in accordance with Ind AS 110.

45.17 Provisions and Contingencies (Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss Account)

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1. Provisions for depreciation on Investment	-	-
2. Provision towards NPA	111.09	335.02
3. Provision made towards current income taxes	6,524.32	4,924.24
4. Provision for standard assets (with details like teaser loan, CRE, CRE-RH etc.)		
- Housing loans (Non-CRE)	226.59	(55.66)
- Non-housing loans (Non-CRE)	160.44	(22.80)
5. Provision for undrawn commitments	(4.50)	9.75

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

45.17 (Contd..)

Break up of Loan & Advances and Provisions thereon

₹ in lakhs

Particulars	Housing		Non-Housing	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Standard Assets				
a) Total Outstanding Amount	2,05,620.00	1,61,091.88	1,36,340.09	1,08,728.84
b) Provisions made	357.04	130.46	242.99	82.49
Sub-Standard Assets				
a) Total Outstanding Amount	767.46	2,211.47	734.75	2,209.19
b) Provisions made	60.28	102.10	56.22	101.68
Doubtful Assets – Category-I				
a) Total Outstanding Amount	295.14	130.67	363.91	232.49
b) Provisions made	117.11	53.08	152.71	75.26
Doubtful Assets – Category-II				
a) Total Outstanding Amount	159.81	145.24	133.87	106.03
b) Provisions made	159.81	145.24	133.87	98.12
Doubtful Assets – Category-III				
a) Total Outstanding Amount	6.53	-	6.59	6.59
b) Provisions made	6.53	-	6.59	6.59
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	**2,06,848.94**	**1,63,579.26**	**1,37,579.21**	**1,11,283.14**
b) Provisions made	**700.77**	**430.88**	**592.38**	**364.14**

Notes:

1) The total outstanding amount mean principal + accrued interest + other adjustments to arrive at the amortised cost.

2) The Category of Doubtful Assets is as under

Period for which the assets has been considered as doubtful	Category
Up to one year	Category-I
One to three years	Category-II
More than three years	Category-III

45.18 Draw Down from Reserves

During the financial year ended March 31, 2021, there were no draw down from Reserves.

45.19 Concentration of Loans & Advances

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Total Loans & Advances to twenty largest borrowers	2,481.25	5,829.40
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	0.72%	2.12%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

45.20 Concentration of Exposures (including off-balance sheet exposure)

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers/customers	2,481.25	5,829.40
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	0.72%	2.12%

45.21 Concentration of NPAs

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top ten NPA accounts	238.46	365.97

45.22 Sector-wise NPAs

₹ in lakhs

Particulars	Percentage of NPAs to Total Advances in that Sector	
	As at March 31, 2021	As at March 31, 2020
A. Housing Loans:		
1. Individuals	0.59%	1.52%
2. Builders/Project Loans	0.00%	0.00%
3. Corporates	0.00%	0.00%
4. Others (specify)	0.00%	0.00%
B. Non-Housing Loans:		
1. Individuals	0.90%	2.19%
2. Builders/Project Loans	0.00%	0.00%
3. Corporates	0.00%	0.00%
4. Others (specify)	0.00%	0.00%

45.23 Movement of NPAs

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(I) Net NPAs to Net Advances(%)	0.52%	1.63%
(II) Movement of Gross NPAs		
a) Opening balance	5,041.68	1,052.15
b) Additions during the year	725.87	4,312.41
c) Reductions during the year	(3,299.49)	(322.88)
d) Closing balance	2,468.06	5,041.68
(III) Movement of Net NPAs		
a) Opening balance	4,459.63	805.15
b) Additions during the year	282.52	3,896.75
c) Reductions during the year	(2,967.21)	(242.27)
d) Closing balance	1,774.94	4,459.63
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	582.05	247.00
b) Provisions made during the year	443.35	415.66
c) Write-off / write-back of excess provisions	(332.28)	(80.61)
d) Closing balance	693.12	582.05

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

45.24 Overseas Assets - Nil

45.25 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms) - Nil

45.26 Customer Complaints

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	265	138
c) No. of complaints redressed during the year	265	138
d) No. of complaints pending at the end of the year	-	-

45.27 Disclosure on frauds pursuant to Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

There were no instances of fraud reported during the years ended March 31, 2021 and March 31, 2020.

45.28 Percentage of outstanding loans granted against the collateral of gold jewellery to their outstanding total assets - Nil (March 31, 2020: Nil)

45.29 Details on Principal Business Criteria

Principal Business Criteria for the Company to be classified as "Housing Finance Company" as per the Paragraph 4.1.17 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, February 17, 2021 is given below:

Particulars	As at March 31, 2021
Percentage of housing finance assets to total assets (netted off by intangible assets) (Refer note below)	50.59%
Percentage of individual housing finance assets to total assets (netted off by intangible assets) (Refer note below)	50.59%

Note: The amortised costs of housing finance assets and individual housing finance assets amounting to ₹2,06,848.94 lakhs is measured using effective interest rate method which required netting off of deferred processing fees and sourcing costs from gross housing finance assets and individual housing finance assets amounting to ₹3,566.63 lakhs as at March 31, 2021.

45.30 Disclosure on Liquidity Risk Management

(a) Funding concentration based on significant counterparty* (both deposits and borrowings):

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Number of Significant Counter parties*	19	17
Balance as at year end	2,14,558.71	1,82,031.91
% of Total Deposits	0.00%	0.00%
% of Total liabilities	97.61%	98.63%

*Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(b) Top 20 large deposits:

Not applicable. The Company not accept public deposits.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

45.30 Disclosure on Liquidity Risk Management (Contd..)

(c) Total of top 10 borrowings

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Total of top 10 borrowings	1,85,254.08	1,59,401.01
% of Total Borrowings	85.47%	87.43%

(d) Funding concentration based on significant instrument/product#:

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Term loans	1,72,415.77	1,16,302.66
Securitisation loans	2,676.99	4,584.41
Working capital loans	3,500.00	978.25
Non-Convertible Debentures	38,144.13	60,451.28
% of Total liabilities	98.60%	98.78%

Significant instrument/productise as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(e) Stock Ratios

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Commercial papers as a % of total public funds, total liabilities and total assets	-	-
(ii) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets	-	-
(iii) Other short-term liabilities, if any as a % of total liabilities	18.48%	9.10%
(iv) Other short-term liabilities, if any as a % of total assets	9.93%	4.78%

(f) Institutional set-up for liquidity risk management

The Board of Directors of the Company have adopted a Risk Management Policy. The Board adopted policy contains the framework and guidelines for Risk management. The changes brought in the Liquidity Risk Management Framework vide its Circular No. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 November 04, 2019 are also being covered as part of the Risk Management Policy which will be reviewed by the Board periodically for compliance and implementation.

The Board shall have the overall responsibility for management of liquidity risk by reviewing the implementation of the Risk Management Policy. The Company has also constituted Risk Management Committee and Asset-Liability Management Committee (ALCO) to carry out the functions as listed out in the said circular.

45.31 Moratorium

Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of installments, the Company has extended moratorium to its borrowers in accordance with its Board approved policy. The disclosures in relation to asset classification and its related provisioning as required by RBI Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, is as below:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

45.31 Moratorium (Contd..)

₹ in lakhs

Particulars	Amount
Amounts in SMA/overdue categories where the moratorium/deferment was extended	8,636.39
Asset classification benefits vide above mentioned RBI circular	581.91
Provisions made during the Q4 FY 2020 and Q1 & Q2 FY 2021	64.31
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	(64.31)
Residual provisions	-

45.32 Disclosure on one – time restructuring for the year ended March 31, 2021 pursuant to RBI notification RBI/2020-21/16/DOR.NO.BP.BC/3/21.04.048/2020-21 dated August 6, 2020

No assets have been restructured during the year ended March 31, 2021.

Note: 46 Comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / presentation.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : June 24, 2021

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Limited

M Anandan
Chairman & Managing Director
DIN: 00033633

K M Mohandass
Director
DIN: 00707839

P Balaji
Chief Financial Officer

Sanin Panicker
Company Secretary
Membership No: A32834

Place : Chennai
Date : June 24, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of

APTUS VALUE HOUSING FINANCE INDIA LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Aptus Value Housing Finance India Limited (hereinafter referred to as the "Holding Company"), and its subsidiary, Aptus Finance India Private Limited (the Holding Company and its subsidiary, together referred to as "the Group"), comprising the Consolidated Balance sheet as at March 31 2021, the Consolidated Statement of Profit and Loss including Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on the separate financial statements and on the other financial information of the subsidiary, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2021, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group, 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Emphasis of Matter

We draw attention to note no. 2B to the accompanying Consolidated Financial Statements, which describes the continuing economic and social disruption the Group is facing as a result of COVID-19 pandemic, and its possible consequential implications, on the Group's operations and financial metrics, including the Group's estimates of impairment of loans and that such estimates may be affected by the severity and duration of the pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">a) Impairment for Financial Instruments based on expected credit loss model (Refer to note 2.1.5 to the Consolidated Financial Statements)</td></tr>
<tr><td>Financial instruments, which include advances to customers, represents a significant portion of the total assets of the Group. The Group has advances aggregating ₹ 4,00,396.47 lakhs as at March 31, 2021.

As per the expected credit loss model of the Group developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments, the Group is required to estimate the probability of loss / expected loss based on past experience and future considerations. This involves a significant degree of estimation and judgements, including determination of staging of financial instruments; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward looking factors, micro- and macro-economic factors, in estimating the expected credit losses. Additionally, considering the evolving nature of the COVID-19 pandemic, which has continued to impact the Group's business operations, resulting in higher loan losses, the Group has considered additional provision as management overlay as part of its ECL, to reflect among other things the increased risk of deterioration in macro-economic factors. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Group 's responses thereto, the actual credit loss can be different than that being estimated.

Due to the significance of the amounts involved, judgments involved in classification of loans, relative complexity of various assumptions and estimates used, uncertainties related to COVID-19 and determination of related provisions, this audit area is considered a key audit matter.</td><td>The procedures performed by us in respect of the Holding company, and by auditors of the Subsidiary in respect of the subsidiary, included the following:

▪ We read and assessed the Group's impairment provisioning policy with reference to Ind-AS 109 and the provisioning framework approved by the Board of Directors as well as relevant regulatory guidelines and pronouncements.

▪ For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Group's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management, and tested the same on sample basis.

▪ We performed tests of controls and details on a sample tests basis in respect of the staging of outstanding exposures, implementation of Group policy in response to COVID-19 and other relevant data used in impairment computations prepared by management as compared to the Group's policy

▪ Assessed the considerations applied by the management for staging of loans as Significant Increase in Credit Risk or default categories in view of COVID-19 pandemic.

▪ We enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional management overlay provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof.

▪ We tested the arithmetical accuracy of computation of ECL provision performed by the Group in spreadsheets

▪ Assessed disclosures included in the Consolidated Financial Statements in respect of expected credit losses including the specific disclosures made with regard to the impact of COVID-19 on ECL estimation.</td></tr>
<tr><td colspan="2">b) IT Systems and controls</td></tr>
<tr><td>During the current year, as the IT systems and processes continue to mature in view of the evolving business and regulatory landscape, changes in the technology environment have been carried out by the Holding Company.

The Holding Company made changes to its IT systems to give effect to the policy approved by its Board of Directors, in response to and as required by the COVID-19 Regulatory Package provided by RBI, including moratorium on instalments due on Loans Implementation of the moratorium involves significant level of judgement, changes to IT systems, etc.</td><td>Our audit procedures included the following, among others:

▪ We included specialized IT auditors as part of our audit team for testing IT general controls, application controls and IT dependent manual controls implemented by the Holding Company, and testing the information produced by the Holding Company's IT systems.

▪ We tested the design and operating effectiveness of the Holding Company's IT access controls over the key information systems that are related to financial reporting.</td></tr>
</table>

Key Audit Matters	How our audit addressed the key audit matter
The IT infrastructure is critical for effective and efficient functioning of the Holding Company's business operations as well as for timely and accurate financial reporting. Accordingly, the Holding Company has continued to invest in its IT infrastructure in the current year as well. Due to the pervasive nature and complexity of the IT environment and considering that significant changes in key processes have been implemented in recent past, it is considered a key audit matter.	▪ We tested IT general controls in the nature of controls over logical access, changes management, and other aspects of IT operational controls. These included testing that requests for access to systems were reviewed and authorized. ▪ We considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit. ▪ In addition, we tested the key application controls with respect to financial reporting to evaluate their operating effectiveness. ▪ If deficiencies were identified, we tested compensating controls or performed alternate procedures

We have determined that there are no other key audit matters to communicate in our report.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated 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 Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors 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 the Consolidated Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements and other financial information, in respect of the Holding Company's subsidiary, whose financial statements include total assets of ₹60,082.89 lakhs as at March 31, 2021, and total revenues of ₹10,699.87 lakhs and net cash inflows of ₹1,290.98 lakhs for the year ended on that date. Those financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report(s) of such other auditors.

Our opinion above on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, are not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors who are appointed under Section 139 of the Act, on its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to these Consolidated Financial Statements of the Holding Company and its subsidiary company, incorporated in India, refer to our separate Report in “Annexure 1 to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company, its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:

i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group (Refer Note 27 to the consolidated financial statements);

ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 6 and 16 to the consolidated Ind AS financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, or its subsidiary, during the year ended March 31, 2021.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership Number: 211107

Place: Chennai
Date : June 24, 2021

UDIN: 21211107AAAACD1555

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF APTUS VALUE HOUSING FINANCE INDIA LIMITED AND ITS SUBSIDIARY

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

In conjunction with our audit of the Consolidated Financial Statements of Aptus Value Housing Finance India Limited and its subsidiary, as of and for the year ended March 31, 2021, we have audited the internal financial controls of Aptus Value Housing Finance India Limited (hereinafter referred to as the "Holding Company") and its subsidiary company which are companies incorporated in India, as of that date.

The Board of Directors' Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 with reference to these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Consolidated Financial Statements 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 with reference to these Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls included obtaining an understanding of internal financial controls with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these Consolidated Financial Statements.

Meaning of Internal Financial Controls With Reference to these Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to these Consolidated Financial Statements

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

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have maintained, in all material respects, adequate internal financial controls with reference to these Consolidated Financial Statements and such internal financial controls with reference to these Consolidated Financial Statements were operating effectively as at March 31, 2021, based on the internal control criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to these Consolidated Financial Statements of the Holding Company, insofar as it relates to the Holding Company's subsidiary, is based on the corresponding reports of the auditors of such subsidiary, incorporated in India.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No.: 211107

Place: Chennai
Date : June 24, 2021

UDIN: 21211107AAAACD1555

CONSOLIDATED BALANCE SHEET As at March 31, 2021

₹ in lakhs

Sr.	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
	1. Financial Assets			
	(a) Cash and cash equivalents	4	42,273.99	48,403.41
	(b) Bank Balance other than cash and cash equivalents	5	1,506.07	11,864.24
	(c) Loans	6	3,98,980.01	3,11,708.86
	(d) Investments	7	5,275.22	-
	(e) Other financial assets	8	1,162.15	267.68
	Total Financial Assets		**4,49,197.44**	**3,72,244.19**
	2. Non-Financial Assets			
	(a) Deferred tax assets (Net)	9	1,699.32	1,272.26
	(b) Property, plant and equipment	10A	248.17	326.81
	(c) Intangible assets	10B	26.78	36.57
	(d) Right-of-use assets	10C	680.69	647.65
	(e) Other non-financial assets	11	164.19	144.90
	TOTAL NON-FINANCIAL ASSETS		**2,819.15**	**2,428.19**
	TOTAL ASSETS		**4,52,016.59**	**3,74,672.38**
	LIABILITIES AND EQUITY			
	LIABILITIES			
	1. Financial Liabilities			
	(a) Payables			
	Trade Payables	28		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		188.36	68.66
	(b) Debt Securities	12	43,018.39	64,454.96
	(c) Borrowings (Other than Debt Securities)	13	2,07,779.05	1,37,043.21
	(d) Lease Liabilities	41	709.05	666.36
	(e) Other financial liabilities	14	1,334.76	524.24
	Total Financial Liabilities		**2,53,029.61**	**2,02,757.43**
	2. Non-Financial Liabilities			
	(a) Current tax liabilities (Net)	15	444.89	583.46
	(b) Provisions	16	330.18	252.43
	(c) Other non-financial liabilities	17	266.76	178.02
	Total Non-Financial Liabilities		**1,041.83**	**1,013.91**
	TOTAL LIABILITIES		**2,54,071.44**	**2,03,771.34**
	3. EQUITY			
	(a) Equity Share capital	18	9,493.33	9,451.33
	(b) Other Equity	19	188,451.82	161,449.71
	Total Equity		**1,97,945.15**	**1,70,901.04**
	TOTAL LIABILITIES AND EQUITY		**4,52,016.59**	**3,74,672.38**

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : June 24, 2021

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Limited

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Chief Financial Officer

Sanin Panicker
Company Secretary
Membership No: A32834

Place : Chennai
Date : June 24, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS For the year ended on March 31, 2021

₹ in lakhs

Sr.	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
1	**Revenue from operations**			
	(a) Interest income	20	62,388.86	48,463.70
	(b) Net gain on fair value changes	20	76.08	313.51
	(c) Fees and commission income	20	1,196.46	1,196.23
	Total Revenue from operations		**63,661.40**	**49,973.44**
2	**Other income**	21	**1,862.75**	**2,339.38**
3	**Total Income (1+2)**		**65,524.15**	**52,312.82**
4	**Expenses**			
	(a) Finance costs	22	20,653.39	18,454.91
	(b) Employee benefits expense	23	7,138.34	6,480.48
	(c) Depreciation and amortisation expense	10D	568.39	580.58
	(d) Impairment on financial instruments	24	581.81	284.01
	(e) Other expenses	25	2,073.07	1,783.85
	Total expenses		**31,015.00**	**27,583.83**
5	**Profit before tax (3-4)**		**34,509.15**	**24,728.99**
6	**Tax expense**	26		
	- Current tax		8,266.66	6,015.39
	- Tax relating to previous years		(28.74)	58.86
	- Deferred tax charge / (credit)		(423.26)	(2,446.53)
	Income tax expense		**7,814.66**	**3,627.72**
7	**Profit for the year (5-6)**		**26,694.49**	**21,101.27**
8	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss Remeasurement gain / (loss) on defined benefit plan		(15.04)	(15.35)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		3.79	3.86
	Other Comprehensive Income for the year		(11.25)	(11.49)
9	**Total Comprehensive Income for the year (7+8)**		**26,683.24**	**21,089.78**
10	**Earnings per share (Equity shares, par value ₹2 each - also Refer Note 44.1)**:	35		
	(a) Basic (in ₹)		5.56	4.77
	(b) Diluted (in ₹)		5.55	4.74

The accompanying notes form an integral part of the consolidated financial statements.
As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : June 24, 2021

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Limited

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Chief Financial Officer

Sanin Panicker
Company Secretary
Membership No: A32834

Place : Chennai
Date : June 24, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the period ended March 31, 2021

1. Equity Share Capital

₹ in lakhs

Particulars	Amount
Balance as at April 1, 2019	**7,878.26**
Changes in equity share capital during the year	
(a) Fresh issue of equity shares	1,535.82
(b) Issue of equity shares under employee stock option plan (Refer Note 40)	37.25
Balance as at March 31, 2020	**9,451.33**
Changes in equity share capital during the year	
(a) Issue of equity shares under employee stock option plan (Refer Note 40)	42.00
Balance as at March 31, 2021	**9,493.33**

2. Other Equity

₹ in lakhs

Particulars	Reserves and Surplus							Other Comprehensive Income	Total
	Securities Premium	Employee Stock Option Reserve	Statutory Reserve - I	Special Reserve	Statutory Reserve - II	Impairment Reserve	Retained Earnings	Remeasurement gain / (loss) on defined benefit plan	
Balance as at April 1, 2019	**37,449.71**	**201.78**	**72.35**	**7,065.22**	**198.68**	**-**	**17,000.99**	**(7.73)**	**61,981.00**
Profit (loss) for the year (net of tax)	-	-	-	-	-	-	21,101.27	-	21,101.27
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	-	(11.49)	(11.49)
Premium received during the year	78,741.22	-	-	-	-	-	-	-	78,741.22
Share based payments to employees during the year	-	19.21	-	-	-	-	-	-	19.21
Appropriations to Reserves	-	-	986.03	2,640.04	597.26	90.26	(4,313.59)	-	-
Share issue expenses during the year	(381.50)	-	-	-	-	-	-	-	(381.50)
Transfer to securities premium on ESOP exercised during the year	47.18	(47.18)	-	-	-	-	-	-	-
Balance as at March 31, 2020	**1,15,856.61**	**173.81**	**1,058.38**	**9,705.26**	**795.94**	**90.26**	**33,788.67**	**(19.22)**	**1,61,449.71**
Profit (loss) for the year (net of tax)	-	-	-	-	-	-	26,694.49	-	26,694.49
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	-	(11.25)	(11.25)
Premium received during the year	314.25	-	-	-	-	-	-	-	314.25
Share based payments to employees during the year	-	4.62	-	-	-	-	-	-	4.62
Appropriations to Reserves	-	-	826.82	3,528.03	989.45	671.67	(6,015.97)	-	-
Transfer to securities premium on ESOP exercised during the year	105.57	(105.57)	-	-	-	-	-	-	-
Balance as at March 31, 2021	**1,16,276.43**	**72.86**	**1,885.20**	**13,233.29**	**1,785.39**	**761.93**	**54,467.19**	**(30.47)**	**1,88,451.82**

Notes: Refer Note 19.2 for description of nature and purpose of each reserve.

The accompanying notes form an integral part of the consolidated financial statements.
As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : June 24, 2021

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Ltd.

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Chief Financial Officer

Sanin Panicker
Company Secretary
Membership No: A32834

Place : Chennai
Date : June 24, 2021

CONSOLIDATED CASH FLOW STATEMENT For the year ended on March 31, 2021

₹ in lakhs

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
Cash flows from operating activities				
Profit before tax		**34,509.15**		**24,728.99**
Adjustments for:				
Finance costs	20,653.39		18,454.91	
Interest on fixed deposits with banks	(1,457.10)		(1,704.07)	
Net gain on fair value changes	(76.08)		(313.51)	
Depreciation and amortisation expense	568.39		580.58	
Impairment on financial instruments	581.81		284.01	
Share based payments to employees	4.62		19.21	
		20,275.03		**17,321.13**
Operating profit before working capital changes		**54,784.18**		**42,050.12**
Movements in working capital:				
(Increase) / Decrease in loans	(87,857.45)		(91,958.51)	
(Increase) / Decrease in other financial assets	(894.47)		42.42	
(Increase) / Decrease in other non-financial assets	(6.64)		(50.84)	
Increase / (Decrease) in trade payables	119.70		(13.34)	
Increase / (Decrease) in other financial liabilities	810.52		(0.18)	
Increase / (Decrease) in provisions	67.21		47.02	
Increase / (Decrease) in other non-financial liabilities	88.74	(87,672.39)	23.36	(91,910.07)
Cash flow from (used in) operations		(32,888.21)		(49,859.95)
Finance cost paid		(20,831.68)		(18,115.20)
Direct Taxes paid		(8,376.49)		(5,505.05)
Net cash flow from / (used in) operating activities (A)		**(62,096.38)**		**(73,480.20)**
Cash flows from investing activities				
Capital expenditure on PP&E and intangible assets	(140.24)		(249.19)	
Deposits placed with / (withdrawn from) banks, net	10,296.13		(11,225.33)	
Interest received on bank deposits	1,519.14		1,472.11	
Purchases of investments	(22,852.29)		(1,04,797.00)	
Redemption of investments	17,600.41		1,04,797.00	
Income received from investments	52.74		313.51	
Net cash flow from / (used in) investing activities (B)		**6,475.89**		**(9,688.90)**
Cash flows from financing activities				
Proceeds from issue of equity shares (including securities premium)	356.25		80,314.29	
Share issue expenses	-		(381.50)	
Proceeds from issue of debt securities	2,500.00		5,000.00	
Repayment of debt securities	(24,166.67)		(10,937.50)	
Proceeds from borrowings (other than debt securities)	1,15,840.21		85,294.55	
Repayment of borrowings (other than debt securities)	(44,623.99)		(38,077.42)	
Payment of lease liabilities	(342.72)		(235.09)	
Interest paid on lease liabilities	(72.01)		(90.14)	
Net cash flow from financing activities (C)		**49,491.07**		**1,20,887.19**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(6,129.42)**		**37,718.09**
Cash and cash equivalents at the beginning of the year		48,403.41		10,685.32
Cash and cash equivalents at the end of the year (Refer Note 4)		**42,273.99**		**48,403.41**

The accompanying notes form an integral part of the consolidated financial statements.
As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : June 24, 2021

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Limited

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Chief Financial Officer

Sanin Panicker
Company Secretary
Membership No: A32834

Place : Chennai
Date : June 24, 2021

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

1. CORPORATE INFORMATION:

Aptus Value Housing Finance India Limited ('Holding Company') was incorporated on December 11, 2009 with the primary objective of carrying on the business of providing long term housing finance to meet the housing needs of the low and middle income segment in the country. The Holding Company with CIN: U65922TN2009PLC073881, is a Public Limited Company domiciled in India. The Registered Office of the Holding Company is located at No. 8B, Doshi Towers, 8th Floor, No: 205, Poonamallee High Road, Kilpauk, Chennai 600010, Tamil Nadu.

The Holding Company received the certificate of registration from the National Housing Bank (NHB) on May 31, 2010 to commence the business of Housing Finance without accepting public deposits. The certificate of commencement of business was received from the Registrar of Companies on June 25, 2010.

Aptus Finance India Private Limited ('the Subsidiary Company') was incorporated on September 18, 2015 as a subsidiary of Aptus Value Housing Finance India Limited with the primary objective of carrying on the business of providing finance in the form of loan against immovable properties. The Subsidiary Company with CIN: U74900TN2015PTC102252, is a Private Limited Company domiciled in India.

The Subsidiary Company received the certificate of registration from the Reserve Bank of India ('RBI') on December 16, 2016 to commence the business of Non-Banking Financial Institution without accepting public deposits. It is a non-deposit taking systemically important Non-Banking Financial Company ('NBFC-ND-SI'). The group is also engaged in providing loans for non-housing finance activities in the form of Loan Against Properties (LAP) through the Company's subsidiary, Aptus Finance India Private Limited.

The above two companies are collectively referred to as the "Group".

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation and presentation

The consolidated financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the NHB to the extent applicable. These consolidated financial statements have been prepared on a going concern basis.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the consolidated financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Act, except when otherwise indicated.

The consolidated financial statement were approved for issue in accordance with a resolution of the directors on June 24, 2021.

Basis of Consolidation

The consolidated financial statements have been prepared in respect of the Group as at March 31, 2021.

Control is evidenced when the Group has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangement
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of

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control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Historical Audited Consolidated Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Holding Company and its subsidiary (profits or losses resulting from intra-entity transactions that are recognised in assets, such as fixed assets, are eliminated in full). Intra-entity losses may indicate an impairment that requires recognition in the Historical Audited Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to bring the accounting policies in line with the Company's accounting policies. All intra-entity assets, liabilities, equity, income, expenses and cash flows relating to transactions between Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts on the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

Particulars of Consolidation

The below mentioned subsidiary has been considered for consolidation:

Name of the Company	Percentage of voting Power as on	
	March 31, 2021	March 31, 2020
Aptus Finance India Private Limited	100%	100%

B. Impact of COVID-19 pandemic

The Covid-19 pandemic continues to affect several countries across the world, including India. Consequent lockdowns and varying restrictions imposed by the government across several jurisdictions in which the Group operates, has led to significant disruptions and dislocations for individuals and businesses, impacting group's business operations, including lending and collection activities during the year ended March 31, 2021. In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the company had offered moratorium to its customers based the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. The impact of COVID-19 pandemic including the ongoing "second wave", on the Group's operations and financial metrics, including the company's estimates of impairment of loans will depend on the future developments, which

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are highly uncertain. Management continues to monitor the evolving situation on an ongoing basis and management has considered events up to the date of these Consolidated Financial Statements, to determine the financial implications including in respect of Expected Credit Loss ('ECL') provisioning. As at March 31, 2021, the Group carries ECL provision on loans of ₹1,416.46 lakhs (₹830.16 lakhs as at March 31, 2020) including provisions towards management overlay, in accordance with Ind AS 109 requirements. Given the dynamic and evolving nature of pandemic, these estimates are subject to uncertainty caused by the ongoing Covid-19 pandemic and related events.

C. Presentation of Consolidated Financial Statements

The Group presents its consolidated balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 38.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in the normal course of business, event of default or insolvency or bankruptcy of the Group and/or its counterparties.

D. Principles of consolidation

The Consolidated Financial Statements relate to the Holding Company and its subsidiary company.

The Consolidated Financial Statements have been prepared on the following basis:

(i) The financial statements of the Subsidiary Company used in the consolidation are drawn up to the same reporting date as that of the Holding Company.

(ii) The financial statements of the Holding Company and its Subsidiary Company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions.

(iii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(iv) Aptus Finance India Private Limited, a wholly owned subsidiary has been considered in the preparation of the Restated Consolidated Summary Statements.

2.1 Financial Instruments

2.1.1 Financial instruments – initial recognition

2.1.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Group (as per the terms of the agreement with the borrowers). The Group recognises debt securities and borrowings when funds reach the Group.

2.1.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair value through profit and loss ("FVTPL"), transaction costs are added to, or subtracted from, this amount.

2.1.1.3 Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost or FVTPL or Fair Value through Other Comprehensive Income ("FVOCI").

2.1.2 Financial assets and liabilities

2.1.2.1 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Group measures Bank balances, Loans, and other financial investments at amortised cost if the financial asset is held within a business model with the

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objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below.

2.1.2.1.1 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.1.2.1.2 The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial to identify whether they meet the SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

2.1.2.1.3 Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.1.2.2 Financial assets or financial liabilities held for trading

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit making. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

2.1.2.3 Equity instruments at FVOCI

The Group subsequently measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify

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irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32, Financial Instruments: Presentation, and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in Other Comprehensive Income ("OCI"). Equity instruments at FVOCI are not subject to an impairment assessment.

2.1.2.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

2.1.3 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.1.4 Derecognition of financial assets and liabilities

2.1.4.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes unless they are deemed to pass through OCI. When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors: Change in counterparty. If the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

2.1.4.2 Derecognition of financial assets other than due to substantial modification

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either, the Group has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Control is considered to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

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In case when transfer of a part of financial asset qualifies for derecognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is derecognised as a gain or loss on decrease of such financial asset.

2.1.4.3 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. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Offsetting of financial instruments

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

2.1.5 Impairment of financial assets

2.1.5.1 Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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

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

Stage 1:

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

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3:

Loans considered credit-impaired. The Group records an allowance for the LTECLs.

Staging rules set have been applied to the product categories to bucket them into either Stage 1, Stage 2 or Stage 3.

Stages	Days past dues	ECL
Stage 1	Upto 30 days	12 month ECL
Stage 2	31 to 90 days	Lifetime ECL
Stage 3	90 days and above	Lifetime ECL

In addition to days past due, the Group also considers other qualitative factors in determining significant increase in credit risks since origination.

2.1.5.2 The calculation of ECLs

The Group calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

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PD:

The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD:

The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Significant increase in credit risk

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Stage 3:

For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Credit-impaired financial assets

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

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- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Loan commitment

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provisions.

Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

Estimates and associated assumptions applied in preparing the financial statements, especially for the expected credit loss on advances, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic. The Group has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of defaults and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans.

2.1.5.3 Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

2.1.6 Financial Guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by an entity are initially measured at their fair values and, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109;
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.2 Recognition of Interest Income

2.2.1 The effective interest rate method

Interest income is recorded using the effective interest rate ("EIR") method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the

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expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.2.2 Interest Income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

2.2.3 Fee and Commission Income

Fees and commission Income include fees other than those that are an integral part of EIR. The fees included in this part of the Group's statement of profit or loss include among other things fees charged for servicing a loan including cheque bounce charges, field visit charges, pre-closure charges etc when there is no uncertainty on ultimate collection.

2.2.4 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

2.3 Leases

The Group's Right-of-Use (“ROU”) assets consist of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and low value leases. The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Transition to Ind AS 116:

For the purpose of preparation of Restated Consolidated Financial Statements, management has evaluated the impact of change in accounting policies due to adoption of Ind AS 116 for each of the year

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ended March 31, 2019 and March 31, 2018 following modified retrospective method. Impact of adoption of Ind AS 116 has been adjusted in the respective years for the purpose of restatement.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with similar characteristics.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Relied on its previous assessment of whether leases are onerous under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review. There were no onerous contracts as at April 1, 2019.
4. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
5. Used hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, for all the contracts as at April 1, 2019, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

2.4 Employee benefits

Post-employment benefits and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement of actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service costs are recognised in profit or loss on the earlier of:

(i) The date of the plan amendment or curtailment, and

(ii) The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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Liabilities recognised in respect of leave encashment and other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. The Group records the leave encashment liability based on actuarial valuation computed using projected unit credit method.

Share-based payment

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Group and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in Employee Stock Options Reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

2.5 Taxes

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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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 measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2.6 Property, plant and equipment ("PP&E") and intangible assets

PP&E is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Depreciation on the following categories of PP&E (other than Freehold Land) has been provided on the straight-line method, the useful lives of which have been assessed as under, based on technical assessment, 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, etc.

Particulars	Estimated Life	Life as per Schedule II
Office Equipment	3 years	5 years
Servers (under office equipment)	3 years	6 years
Furniture and Fixtures	3 years	10 years
Vehicles	3 years	8 years
Leasehold improvements	Primary lease period or 3 years, whichever is lower	Not applicable

Freehold Land is not depreciated, but subjected to impairment assessment. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of PP&E is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Intangible Assets

The Group's intangible assets represent computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight-line basis over a 3-year period or the license period whichever is lower.

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon

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derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

2.7 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken in to account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.8 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability). When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

2.9 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

2.9.1 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.10 Earnings per share ("EPS")

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate (Refer Note 35). Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

2.11 Segment Reporting

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker ("CODM") evaluates the Group's performance based on an analysis of various performance indicators by business segments and geographic segments.

As per the requirements of Ind AS 108 'Operating Segments', based on evaluation of financial information for allocation of resources and assessing performance, the Group has identified a single segment, viz. "providing long term housing finance, loans against property and refinance loans". Accordingly, there are no separate reportable segments as per Ind AS 108.

2.12 Determination of Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the

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For the year ended March 31, 2021

identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- **Level 2 financial instruments –** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.
- **Level 3 financial instruments –** Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future period

In the process of applying the Group's accounting policies, management has made the following judgements/estimates, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1 De-recognition of Financial instruments

The Group enters into securitisation transactions where financial assets are transferred to a structured entity for a consideration. The financial assets transferred qualify for derecognition only when substantial risk and rewards are transferred.

This assessment includes judgements reflecting all relevant evidence including the past performance of the assets transferred and credit risk that the Group has been exposed to. Based on this assessment, the Group believes that the credit enhancement provided pursuant to the transfer of financial assets under securitisation are higher than the loss incurred on the similar portfolios of the Group hence it has been concluded that securitisation transactions entered by the Group does not qualify for de-recognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.

3.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable for estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Fair value note in Accounting policy

3.3 Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in

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For the year ended March 31, 2021

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 Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of temporary adjustments as qualitative adjustment or overlays based on broad range of forward looking information as economic inputs

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

3.4 Provisions and other contingent liabilities

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Contingent liabilities are disclosed in respect of matters that are either possible obligations whose existence will be confirmed only by future uncertain events outside the control of the Group, or are present obligations where the outflow of economic resources may not be probable or cannot be measured reliably.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes in to account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

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Note: 4 Cash & Cash Equivalent

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	181.08	107.08
Balances with banks - In current accounts	30,990.05	36,293.62
Balances with banks - In deposit accounts - Original maturity less than 3 months	11,102.86	12,002.71
Total	**42,273.99**	**48,403.41**

Note: 5 Bank Balances other than cash and cash equivalents

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
In deposit accounts - Original maturity more than 3 months	695.84	11,336.94
Balances held as margin money against securitisation	810.23	527.30
Total	**1,506.07**	**11,864.24**

Note: 6 Loans

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured Term loans carried at amortised cost	4,00,396.47	3,12,539.02
Total Term loans (gross)	**4,00,396.47**	**3,12,539.02**
Less: Impairment loss allowance	(1,416.46)	(830.16)
Total Term loans (net)	**3,98,980.01**	**3,11,708.86**

Notes:

(i) All term loans are originated in India.

(ii) Term Loans are secured by deposit of original title deeds of immovable properties with the Group and/or registered mortgage of title deeds.

(iii) The Group has securitised certain term loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date is ₹55.54 lakhs (March 31, 2020: 302.52 lakhs). The carrying value of these assets have been de-recognised in the books of the Group.

(iv) Refer Note 42 for securitised term loans not derecognised in their entirety.

(v) There are no outstanding loan to Public Institution.

(vi) Term loans do not include any loans given to employees of the Group.

(vii) Debt securities and borrowings (other than debt securities) of the Group are secured by hypothecation of specified term loans (refer note 12 and 13).

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Note: 6.1 Summary of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loans:

6.1.1 Reconciliation of gross carrying amount is given below:

₹ in lakhs

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Carrying amount opening balance	2,24,707.55	82,583.07	5,248.40	3,12,539.02	2,16,727.34	2,789.40	1,063.77	2,20,580.51
New assets originated / Increase in existing assets (Net)	1,26,975.33	-	-	1,26,975.33	1,22,482.11	451.51	12.81	1,22,946.43
Exposure de-recognised / matured / repaid	(31,679.88)	(6,594.48)	(843.52)	(39,117.88)	(27,611.08)	(2,974.88)	(401.96)	(30,987.92)
Transfer to Stage 1	62,216.11	(61,880.99)	(335.12)	-	137.93	(130.62)	(7.31)	-
Transfer to Stage 2	(24,161.73)	26,252.59	(2,090.86)	-	(83,698.18)	83,735.04	(36.86)	-
Transfer to Stage 3	(437.63)	(345.43)	783.06	-	(3,330.57)	(1,287.38)	4,617.95	-
Gross carrying amount closing balance	**3,57,619.75**	**40,014.76**	**2,761.96**	**4,00,396.47**	**2,24,707.55**	**82,583.07**	**5,248.40**	**3,12,539.02**

6.1.2 Reconciliation of ECL on term loans is given below:

₹ in lakhs

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	144.90	93.14	592.12	830.16	297.61	9.72	248.56	555.89
New assets originated / Increase in existing assets (Net)	236.44	68.18	454.86	759.48	74.67	0.45	0.36	75.48
Exposure de-recognised / matured / repaid	(14.81)	(6.87)	(206.37)	(228.05)	(116.66)	(3.85)	(106.04)	(226.55)
Transfer to Stage 1	88.83	(70.32)	(18.51)	-	1.44	(0.46)	(0.98)	-
Transfer to Stage 2	(23.85)	154.93	(131.08)	-	(103.57)	108.53	(4.96)	-
Transfer to Stage 3	(6.93)	(4.15)	11.08	-	(5.92)	(4.51)	10.43	-
Impact on account of exposures transferred during the year between stages	8.47	(10.53)	56.93	54.87	(2.67)	(16.74)	444.75	425.34
ECL allowance - closing balance	**433.05**	**224.38**	**759.03**	**1,416.46**	**144.90**	**93.14**	**592.12**	**830.16**

Note: 6.2 - Internal rating grade (Loans measured at Amortised cost)

The internal rating grade is assigned based on the ageing (Days Past Due - DPD) of the loans viz., Low risk (DPD of 0 to 30 days); Medium risk (DPD of 31 up to 90 days); High risk (DPD of 90 days and above)

₹ in lakhs

Grade	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Low Risk	3,57,619.75	4,017.87	6.45	3,61,644.07	2,24,689.31	72,975.67	248.04	2,97,913.02
Medium Risk	-	35,996.89	20.38	36,017.27	18.24	9,607.40	715.60	10,341.24
High Risk	-	-	2,735.13	2,735.13	-	-	4,284.76	4,284.76
Total	**3,57,619.75**	**40,014.76**	**2,761.96**	**4,00,396.47**	**2,24,707.55**	**82,583.07**	**5,248.40**	**3,12,539.02**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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Note: 7 Investments

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
At fair value through profit and loss		
Quoted: Investment in Mutual Funds	5,275.22	-
	5,275.22	-

Note: 8 Other Financial assets

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Considered Good, Unsecured - At Amortised Cost		
Security deposits	265.58	238.55
Loans and advances to employees	0.28	2.40
Accrued income	125.10	15.62
Receivable on securitised assets	5.08	10.62
Ex-gratia receivable	766.11	0.49
Total	**1,162.15**	**267.68**

Note: 9 Deferred tax assets / (liabilities) (Net)

₹ in lakhs

Components of deferred tax asset / (liability)	As at April 01, 2020	(Charged) / Credited to Profit and Loss	(Charged) / Credited to OCI	As at March 31, 2021
Tax effect of items constituting deferred tax assets:				
Provision for compensated absences, gratuity and other employee benefits	60.66	16.91	3.79	81.36
Impairment Loss Allowance	241.10	182.29	-	423.39
Difference between written down value of PPE and intangible assets as per books and as per Section 32 of Income-tax Act, 1961	114.47	12.94	-	127.41
Deferred processing fee relating to loans	1,240.81	380.22	-	1,621.03
Others	10.98	2.44	-	13.42
Tax effect of items constituting deferred tax assets	**1,668.02**	**594.80**	**3.79**	**2,266.61**
Tax effect of items constituting deferred tax (liabilities):				
On Provision for doubtful advances allowed under section 36(1)(viia) of Income-tax Act, 1961	(120.25)	(100.84)	-	(221.09)
Deferred processing fee relating to debt securities and borrowings other than debt securities	(272.98)	(56.63)	-	(329.61)
Others	(2.53)	(14.06)	-	(16.59)
Tax effect of items constituting deferred tax (liabilities)	**(395.76)**	**(171.53)**	**-**	**(567.29)**
Net deferred tax assets / (liabilities)	**1,272.26**	**423.26**	**3.79**	**1,699.32**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 9 Deferred tax assets / (liabilities) (Net) (contd.)

₹ in lakhs

Components of deferred tax asset / (liability)	As at April 01, 2019	(Charged) / Credited to Profit and Loss	(Charged) / Credited to OCI	As at March 31, 2020
Tax effect of items constituting deferred tax assets:				
Provision for compensated absences, gratuity and other employee benefits	52.02	4.78	3.86	60.66
Impairment Loss Allowance	162.37	78.73	-	241.10
Difference between written down value of PPE and intangible assets as per books and as per Section 32 of Income-tax Act, 1961	98.32	16.15	-	114.47
Deferred processing fee relating to loans	881.54	359.27	-	1,240.81
Others	0.78	10.20	-	10.98
Tax effect of items constituting deferred tax assets	**1,195.03**	**469.13**	**3.86**	**1,668.02**
Tax effect of items constituting deferred tax (liabilities):				
On Special Reserve created under section 36(1)(viii) of the Income-tax Act, 1961 (Refer Note 26.3)	(2,078.46)	2,078.46	-	-
On Provision for doubtful advances allowed under section 36(1)(viia) of Income-tax Act, 1961	(51.35)	(68.90)	-	(120.25)
Deferred processing fee relating to debt securities and borrowings other than debt securities	(242.82)	(30.16)	-	(272.98)
Others	(0.53)	(2.00)	-	(2.53)
Tax effect of items constituting deferred tax (liabilities)	**(2,373.16)**	**1,977.40**	**-**	**(395.76)**
Net deferred tax assets / (liabilities)	**(1,178.13)**	**2,446.53**	**3.86**	**1,272.26**

Note: 10

10A. Property, plant and equipment

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
a) Freehold Land	64.57	64.57
b) Leasehold improvements	49.73	72.29
c) Furniture and fixtures	13.40	21.13
d) Vehicles	-	0.18
e) Office Equipment	120.47	168.64
Total	**248.17**	**326.81**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

10A. Property, plant and equipment (Contd.)

₹ in lakhs

Particulars	Freehold Land	Leasehold Improvements	Furniture and Fixtures	Vehicles	Office Equipments	Total
Cost / Deemed cost						
Balance at April 1, 2019	64.57	199.33	63.15	60.45	291.71	679.21
Additions during the year	-	37.75	33.03	-	149.05	219.83
Balance at March 31, 2020	64.57	237.08	96.18	60.45	440.76	899.04
Additions during the year	-	21.65	10.32	-	61.05	93.02
Balance at March 31, 2021	**64.57**	**258.73**	**106.50**	**60.45**	**501.81**	**992.06**
Accumulated depreciation						
Balance at April 1, 2019	-	108.95	44.41	41.24	164.69	359.29
Depreciation expense for the year	-	55.84	30.64	19.03	107.43	212.94
Balance at March 31, 2020	-	164.79	75.05	60.27	272.12	572.23
Depreciation expense for the year	-	44.21	18.05	0.18	109.22	171.66
Balance at March 31, 2021	**-**	**209.00**	**93.10**	**60.45**	**381.34**	**743.89**
Net book value						
Balance at March 31, 2021	**64.57**	**49.73**	**13.40**	**-**	**120.47**	**248.17**
Balance at March 31, 2020	**64.57**	**72.29**	**21.13**	**0.18**	**168.64**	**326.81**

Notes:

(i) Freehold Land with a carrying value of ₹64.57 lakhs (March 31, 2020 - ₹64.57 lakhs) has been hypothecated to secure Non-convertible debentures issued by the group.

10B. Other Intangibe Assets

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
a) Computer software	26.78	36.57
Total	**26.78**	**36.57**

₹ in lakhs

Particulars	Computer Software	Total
Cost / Deemed cost		
Balance at April 1, 2019	251.83	251.83
Additions during the year	44.12	44.12
Balance at March 31, 2020	295.95	295.95
Additions during the year	34.57	34.57
Balance at March 31, 2021	**330.52**	**330.52**
Accumulated amortisation		
Balance at April 1, 2019	170.51	170.51
Amortisation expense during the year	88.87	88.87
Balance at March 31, 2020	259.38	259.38
Amortisation expense during the year	44.36	44.36
Balance at March 31, 2021	**303.74**	**303.74**
Net book value		
Balance at March 31, 2021	**26.78**	**26.78**
Balance at March 31, 2020	**36.57**	**36.57**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

10C. Right-of-use assets

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
a) Leased buildings (Refer Note 41)	680.69	647.65
Total	**680.69**	**647.65**

₹ in lakhs

Particulars	Leased buildings	Total
Cost / Deemed cost		
Balance at April 1, 2019	-	-
Additions during the year	926.42	926.42
Balance at March 31, 2020	926.42	926.42
Additions during the year	385.41	385.41
Balance at March 31, 2021	**1,311.83**	**1,311.83**
Accumulated depreciation		
Balance at April 1, 2019	-	-
Depreciation expense for the year	278.77	278.77
Balance at March 31, 2020	278.77	278.77
Depreciation expense for the year	352.37	352.37
Balance at March 31, 2021	**631.14**	**631.14**
Net book value		
Balance at March 31, 2021	**680.69**	**680.69**
Balance at March 31, 2020	**647.65**	**647.65**

10D. Depreciation and Amortisation expense

₹ in lakhs

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Property, plant and equipment	10A	171.66	212.94
Amortisation on Intangible assets	10B	44.36	88.87
Depreciation expense on right-of-use assets	10C	352.37	278.77
Total		**568.39**	**580.58**

Note: 11 Other non-financial assets

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Considered Good, Unsecured		
Capital Advances	20.85	8.20
Prepaid Expenses	49.17	50.42
Other Advances [Refer Note (i) given below]	94.17	86.28
Total	**164.19**	**144.90**

Note: (i) includes ₹81.09 lakhs incurred towards various expenses in connection with proposal initial public offer of equity shares of the Company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 12 Debt Securities

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured Redeemable Non-Convertible Debentures - At Amortised cost (Within India)	43,018.39	64,454.96
Total	**43,018.39**	**64,454.96**

(a) Details of Secured Redeemable Non-Convertible Debentures ("NCDs") - Redeemable at par:

No. of Debentures	Rate of Interest	Due date of redemption	Face Value	Balance Outstanding As at March 31, 2021	Balance Outstanding As at March 31, 2020
			₹	₹ in lakhs	₹ in lakhs
5,000	10.75%	March 5, 2023#	81,250	2,790.34	4,003.68
33,20,000	10.00%	May 15, 2023	100	3,424.85	3,418.39
33,20,000	9.35%	May 15, 2023	100	3,415.34	3,408.03
33,30,000	9.80%	May 15, 2023	100	3,430.29	3,422.63
250	8.90%	September 7, 2023#	10,00,000	2,083.92	-
5,500	10.00%	December 26, 2024*	1,00,000	-	5,463.15
2,500	10.00%	January 24, 2025*	1,00,000	-	2,474.34
2,000	10.00%	February 26, 2025*	1,00,000	-	1,983.09
5,000	10.00%	June 20, 2025	1,00,000	4,981.44	4,977.04
12,500	10.00%	July 20, 2025*	1,00,000	-	12,440.76
12,500	10.00%	August 20, 2025	1,00,000	12,451.75	12,441.69
1,01,00,000	10.36%	November 3, 2025	100	10,440.46	10,422.16
Total				**43,018.39**	**64,454.96**

Notes:

(i) Redeemable Non-Convertible Debentures are secured by hypothecation of specified term loans amounting to ₹51,314.08 lakhs as at March 31, 2021 (March 31, 2020 - ₹70,156.75 lakhs) and specified immovable property amounting to ₹64.57 lakhs as at March 31, 2021 (March 31, 2020 - ₹64.57 lakhs).

(ii) Debentures issued by the subsidiary aggregating to ₹4,895.83 lakhs as at March 31, 2021 (March 31, 2020 - ₹4,062.50) has been guaranteed by Aptus Value Housing Finance India Limited, the Holding Company.

(iii) The Group has not defaulted in the repayment of borrowings and interest during any of the years presented.

Repayable on quarterly basis, other NCDs are repayable as bullet payments on the due date of redemption.

* During the year ended March 31, 2021, the Holding Company has made an early redemption of debentures.

Note: 13 Borrowings (Other than Debt Securities)

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured - At Amortised cost (Within India)		
Term loans		
- Scheduled banks	1,31,391.89	98,746.63
- Other Financial Institutions	57,720.37	28,237.19
Securitisation Loans	15,166.79	9,081.14
Working Capital Loans	3,500.00	978.25
Total	**2,07,779.05**	**1,37,043.21**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 13 Borrowings (Other than Debt Securities) (Contd..)

(a) Terms of repayment and tenure of term loans are as follows:

₹ in lakhs

Rate of Interest	Tenure	Balance Outstanding As at March 31, 2021	Balance Outstanding As at March 31, 2020
5.05%	1 year	3,209.80	-
8.00%-9.00%	2- 5 years	6,905.85	-
9.00%-10.00%		7,307.97	3,447.21
10.00%-11.00%		2,482.67	7,233.95
7.00%-8.00%	5- 7 years	1,778.87	-
8.00%-9.00%		44,850.02	4,959.42
9.00%-10.00%		16,461.65	22,802.77
10.00%-11.05%		207.89	20,684.64
5.85%-6.00%	7-10 years	41,980.43	-
6.00%-7.00%		2,826.00	-
7.00%-8.00%		330.63	13,543.30
8.00%-9.00%		41,685.93	3,626.69
9.00%-10.00%		11,782.72	36,678.82
10.00%-11.00%		-	3,913.84
6.90%-7.00%	> 10 years	7,152.24	-
8.00%-9.00%		149.60	8,076.87
9.00%-10.00%		-	183.52
11.00%-11.15%		-	1,832.79
Total		**1,89,112.26**	**1,26,983.82**

(b) Terms of repayment and tenure of securitisation loans are as follows:

₹ in lakhs

Rate of Interest	Tenure	Balance Outstanding As at March 31, 2021	Balance Outstanding As at March 31, 2020
7.50%-8.00%	5-7 years	9,110.56	-
10.00%-11.00%		6,056.23	9,081.14
Total		**15,166.79**	**9,081.14**

Notes:

(i) Term loans from scheduled banks and other financial institutions are secured by hypothecation of specified term loans amounting to ₹2,25,680.53 lakhs as at March 31, 2021 (March 31, 2020 - ₹1,58,438.61 lakhs).

(ii) The Group has not defaulted in the repayment of borrowings and interest during any of the years presented.

(iii) Term Loans from other financial institution (National Housing Bank) aggregating to ₹9,295.50 lakhs (March 31, 2020 - ₹ 11,274.82 lakhs) has been guaranteed by the promoter Mr. M Anandan.

(iii) Loans aggregating to ₹16,779.57 lakhs as at March 31, 2021 (March 31, 2020 - ₹10,721.11 lakhs) has been guaranteed by Aptus Value Housing Finance India Limited, the Holding Company.

(iv) Working Capital loans have been availed at Interest rate of 8.00-8.15% p.a and are secured by hypothecation of specified term loans amounting to ₹4,029.25 lakhs as at March 31, 2021 (March 31, 2020 - ₹1,170.22 lakhs).

(v) The secured term loans are availed from various scheduled banks and other financial institutions. These loans are repayable as per the individual contracted terms in one or more instalments.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 14 Other financial liabilities

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost		
Advances from customers	43.62	25.01
Remittances Payable - Securitised Assets	22.31	41.68
Accrued employee benefits	568.25	399.23
Other payables	700.58	58.32
Total	**1,334.76**	**524.24**

Note: 15 Current tax liabilities (Net)

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Income Tax (net) (Refer note (i) below)	444.89	583.46
Total	**444.89**	**583.46**
(i) Net of Advance Tax	**21,596.44**	**13,746.40**

Note: 16 Provisions

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (Refer Note 30)		
Provision for gratuity	164.24	126.64
Provision for leave encashment	159.02	114.37
Provisions for Undrawn commitments	6.92	11.42
Total	**330.18**	**252.43**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 16.1 Loan commitment

16.1.1 An analysis of changes in the gross carrying amount is as follows

₹ in lakhs

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure	3,493.69	1,555.84	1.00	5,050.53	4,987.52	-	-	4,987.52
New exposure	10,908.94	-	-	10,908.94	4,916.88	-	-	4,916.88
Exposure derecognised or matured/lapsed (excluding write off)	(4,491.29)	(334.21)	(1.00)	(4,826.50)	(4,853.87)	-	-	(4,853.87)
Transfers to Stage 1	1,324.34	(1,324.34)	-	-	-	-	-	-
Transfers to Stage 2	(185.43)	185.43	-	-	(1,555.84)	1,555.84	-	-
Transfers to Stage 3	-	(4.00)	4.00	-	(1.00)	-	1.00	-
Gross carrying amount closing balance	**11,050.25**	**78.72**	**4.00**	**11,132.97**	**3,493.69**	**1,555.84**	**1.00**	**5,050.53**

* The Gross carrying amount disclosed in the table above excludes Loans sanctioned pending any disbursements to new borrowers amounting to ₹4,854.66 lakhs as at March 31, 2021 (March 31, 2020 - ₹11,060.76 lakhs) which is included in Note 29.

16.1.2 Reconciliation of ECL balance is given below:

₹ in lakhs

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure	1.34	10.03	0.05	11.42	1.67	-	-	1.67
New exposure	5.63	-	-	5.63	11.42	-	-	11.42
Exposure derecognised or matured/lapsed (excluding write off)	(9.51)	(0.88)	0.26	(10.13)	(1.67)	-	-	(1.67)
Transfers to Stage 1	8.45	(8.45)	-	-	-	-	-	-
Transfers to Stage 2	(0.23)	0.23	-	-	(10.03)	10.03	-	-
Transfers to Stage 3	-	(0.02)	0.02	-	(0.05)	-	0.05	-
Gross carrying amount closing balance	**5.68**	**0.91**	**0.33**	**6.92**	**1.34**	**10.03**	**0.05**	**11.42**

Note: 16.2 Internal rating grade

The internal rating grade is assigned based on the ageing (Days Past Due - DPD) of the loans viz., Low risk (DPD of 0 to 30 days); Medium risk (DPD of 31 up to 90 days); High risk (DPD of 90 days and above)

₹ in lakhs

Grade	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Low Risk	11,050.25	8.04	-	11,058.29	3,493.69	1,551.84	-	5,045.53
Medium Risk	-	70.68	-	70.68	-	4.00	1.00	5.00
High Risk	-	-	4.00	4.00	-	-	-	-
Total	**11,050.25**	**78.72**	**4.00**	**11,132.97**	**3,493.69**	**1,555.84**	**1.00**	**5,050.53**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 17 Other non-financial liabilities

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues	229.12	178.02
Deferred Income	37.64	-
Total	**266.76**	**178.02**

Note: 18 Equity Share capital (Refer Note 44(i))

₹ in lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
(i) Authorised share capital				
Equity shares of ₹10 each	10,60,00,000	10,600.00	10,60,00,000	10,600.00
(ii) Issued, Subscribed				
Equity shares of ₹10 each - Fully paid-up	9,47,83,258	9,478.33	9,43,63,258	9,436.33
Equity shares of ₹10 each - Partly paid-up (₹1 each)	15,00,000	15.00	15,00,000	15.00
Total	**9,62,83,258**	**9,493.33**	**9,58,63,258**	**9,451.33**

The Board of Directors of the Holding Company in its meeting held on May 05, 2021 and shareholders in the Extraordinary General Meeting held on May 06, 2021 approved the sub-division of shares from ₹10 per share to ₹2 per share (Also refer Note 44(i)).

Notes:

(a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Opening Balance	Fresh issue	ESOP	Closing Balance
Equity shares				
Year ended March 31, 2021				
- Number of shares	9,58,63,258	-	4,20,000	9,62,83,258
- Amount (₹ in lakhs)	9,451.33	-	42.00	9,493.33
Year ended March 31, 2020				
- Number of shares	7,87,82,637	1,67,08,121	3,72,500	9,58,63,258
- Amount (₹ in lakhs)	7,878.26	1,535.82	37.25	9,451.33

(b) During the year ended March 31, 2021, pursuant to Aptus Employees Stock Option Scheme (ESOP) 2015, the Board of Directors allotted 3,45,000 fully paid up equity shares of ₹10 each at a premium of ₹65 each and 75,000 fully paid up equity shares of ₹ 10 each at a premium of ₹120 each to the employees of the Company vide circular resolution dated December 02, 2020.

(c) During the year ended March 31, 2020, the Company has allotted 1,52,08,121 fully paid-up equity shares of ₹10 each at a premium of ₹516.03 per share and 15,00,000 partly paid-up equity shares of ₹10 each (Paid-up to the extent of ₹1 per share) on preferential basis. The said allotment has been approved by the Board of Directors at its meeting held on August 8, 2019 and by the shareholders in the Extraordinary General Meeting held on August 19, 2019 respectively (Refer Note 44(ii)).

(d) During the year ended March 31, 2020, pursuant to Aptus Employees Stock Option Scheme (ESOP) 2015, the Board of Directors allotted 3,35,000 fully paid up equity shares of ₹10 each at a premium of ₹65 each and 37,500 fully paid up equity shares of ₹10 each at a premium of ₹120 each to the employees of the Company vide circular resolution dated October 14, 2019.

(e) Terms/right attached to Equity Shares:

The Holding company has only one class of equity shares having a par value of ₹10 each. Each holder is entitled to one vote per equity share. Dividends proposed by the Board of Directors, if any is subject to the approval of the shareholders at the Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Holding company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Notes: (Contd..)

(f) Details of shares held by each shareholder holding more than 5% shares:

₹ in lakhs

Class of shares / Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of Shares held	% holding in that class of shares	Number of Shares held	% holding in that class of shares
M Anandan	1,92,32,833	19.98%	1,92,32,833	20.06%
Padma Anandan	50,00,000	5.19%	50,00,000	5.22%
Westbridge Cross Over Fund LLC	3,43,45,951	35.67%	3,43,45,951	35.83%
JIH II LLC	83,70,924	8.69%	82,72,010	8.63%

Note: There are no shares held by Holding / Ultimate holding company and / or their subsidiaries / associates.

(g) Shares reserved for issue under options:

Refer Note 40 for details of shares reserved for issue under options.

Note: 19 Other Equity

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium reserve	1,16,276.43	1,15,856.61
Employee Stock Options Reserve	72.86	173.81
Statutory Reserve under Section 29C of National Housing Bank (NHB) Act, 1987 (Statutory Reserve - I)	1,885.20	1,058.38
Special Reserve under 36(1)(viii) of Income-tax Act, 1961	13,233.29	9,705.26
Statutory Reserve under Section 45-IC of Reserve Bank of India Act, 1934 (Statutory Reserve - II)	1,785.39	795.94
Impairment Reserve	761.93	90.26
Retained Earnings	54,467.19	33,788.67
Remeasurement gain / (loss) on defined benefit plan	(30.47)	(19.22)
Total	**1,88,451.82**	**1,61,449.71**

19.1 Movement in Other Equity

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Securities premium reserve (Refer Note 19.2.1)		
Balance at the beginning of the year	1,15,856.61	37,449.71
Add : Premium on shares issued during the year	314.25	78,741.22
Add : Transfer from Employee Stock Options Reserve on ESOP exercised during the year	105.57	47.18
Less : Share Issue Expenses	-	(381.50)
Balance at the end of the year	**1,16,276.43**	**1,15,856.61**
(b) Employee Stock Options Reserve (Refer Note 19.2.2 & Note 40)		
Balance at the beginning of the year	173.81	201.78
Add: Share based payments to employees during the year	4.62	19.21
Less: Transfer to Securities Premium on options exercised during the year	(105.57)	(47.18)
Balance at the end of the year	**72.86**	**173.81**
(c) Statutory Reserve under Section 29C of National Housing Bank (NHB) Act, 1987 (Refer Note 19.2.3)		
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	1,058.38	72.35
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the NHB Act, 1987	9,705.26	7,065.22

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

19.1 Movement in Other Equity (Contd..)

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Addition/Appropriation/withdrawal during the year		
Add: a) Amount transferred u/s 29C of NHB Act, 1987	826.82	986.03
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	3,528.03	2,640.04
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of provision u/s 29 C of NHB Act 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	1,885.20	1,058.38
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory reserve u/s 29C of the NHB Act, 1987	13,233.29	9,705.26
	15,118.49	**10,763.64**
(d) Statutory Reserve under Section 45-IC of Reserve Bank of India Act, 1934 (Refer Note 19.2.4)		
Balance at the beginning of the year	795.94	198.68
Add: Transfer from retained earnings during the year	989.45	597.26
Balance at the end of the year	**1,785.39**	**795.94**
(e) Impairment Reserve (Refer Note 19.2.5 & Note 43)		
Balance at the beginning of the year	90.26	-
Add: Transfer from retained earnings during the year	671.67	90.26
Balance at the end of the year	**761.93**	**90.26**
(f) Retained Earnings (Refer Note 19.2.6)		
Balance at the beginning of the year	33,788.67	17,000.99
Add: Profit for the year	26,694.49	21,101.27
Less: Transfer to Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 (Refer Note 19.2.3)	(3,528.03)	(2,640.04)
Less: Transfer to Special reserve u/s 29C of the NHB Act, 1987 (Refer Note 19.2.3)	(826.82)	(986.03)
Less: Transfer to Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934 (Refer Note 19.2.4)	(989.45)	(597.26)
Less: Transfer to Impairment reserve (Refer Note: 19.2.5)	(671.67)	(90.26)
Balance at the end of the year	**54,467.19**	**33,788.67**
(g) Remeasurement gain / (loss) on defined benefit plan		
Balance at the beginning of the year	(19.22)	(7.73)
Other Comprehensive Income for the year	(11.25)	(11.49)
Balance at the end of the year	**(30.47)**	**(19.22)**
Total	**1,88,451.82**	**1,61,449.71**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

19.2 Nature and purpose of reserves:

19.2.1 Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013. Securities premium reserve is utilised to the extent of ₹381.50 lakhs on account of expenses incurred for the issue of Equity shares during the year ended March 31, 2020, in line with Section 52 of the Companies Act 2013.

19.2.2 Employee Stock Options Reserve

The amount represents reserve created to the extent of granted options based on the Employees Stock Option Schemes. Under Ind AS 102, fair value of the options granted is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service. Also refer note 40.

19.2.3 Statutory Reserve under Section 29C of National Housing Bank (NHB) Act, 1987 (Statutory Reserve - I)

As per Section 29C(1) of the National Housing Bank Act, 1987, the Holding Company is required to transfer at least 20% of its net profit after tax every year to a reserve before any dividend is declared. For this purpose, any Special Reserve created by the Holding Company under Section 36(1)(viii) of the Income-tax Act, 1961, is considered to be an eligible transfer. During the year ended March 31, 2021, the Company has transferred ₹3,528.03 lakhs (March 31, 2020 - ₹2,640.04 lakhs) in terms of section 36(1)(viii) to the Special Reserve.

The Holding Company has transferred an amount of ₹826.82 lakhs during the year ended March 31, 2021 (March 31, 2020 - ₹ 986.03 lakhs) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987. Total amount clearly earmarked for the purposes of Statutory Reserve u/s 29C is ₹12,906.87 lakhs (March 31, 2020 - ₹8,551.97 lakhs) out of which ₹1,885.20 lakhs (March 31, 2020 - ₹1,058.38 lakhs) is distinctly identifiable above and the balance of ₹9,984.86 lakhs (March 31, 2020 - ₹ 7,493.59 lakhs) is included in the Special Reserve created u/s 36(1)(viii) of the Income-tax Act, 1961.

The Holding Company has resolved not to make withdrawals from the Special reserve created under Section 36(1)(viii) of the Income-tax Act, 1961.

19.2.4 Statutory Reserve under Section 45-IC of Reserve Bank of India Act, 1934 (Statutory Reserve - II)

Statutory reserve represents the reserve created as per Section 45-IC of the Reserve Bank of India Act, 1934, pursuant to which a Non-Banking Financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss account, before any dividend is declared.

19.2.5 Impairment Reserve

In terms of the requirement as per RBI notification no. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17 February 2021, Housing Finance Companies (HFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). Accordingly the Parent Company has transferred such shortfall amount to Impairment Reserve. No withdrawal from the reserve is permitted without prior permission from the Department of Supervision, RBI.

In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). Accordingly the Subsidiary Company has transferred the shortfall amount to Impairment Reserve. No withdrawal from the reserve is permitted without prior permission from the Department of Supervision, RBI.

19.2.6 Retained earnings

Retained earnings are the profits/(loss) that the Group has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date. The amount that can be distributed by the Group as dividends to its Equity Shareholders is determined based on the financial statements of the Group and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported are not distributable in entirety and includes non-distributable items including unrealised gains, notional gains and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value, etc.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 20 Revenue from operations

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest Income		
On financials assets measured at amortised cost		
- Interest on term loans	60,931.76	46,759.63
- Interest on fixed deposits with banks	1,457.10	1,704.07
Total	**62,388.86**	**48,463.70**
(b) Net gain on fair value changes		
Investment in mutual funds measured at FVTPL - trading portfolio		
- Realised	52.74	313.51
- Unrealised	23.34	-
Total	**76.08**	**313.51**
(c) Fees and commission Income (Refer Note 21A)	1,196.46	1,196.23
Total	**63,661.40**	**49,973.44**

Note: 21 Other income

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Charges for Marketing / Display	1,862.10	2,321.35
Other Non Operating Income	0.65	18.03
Total	**1,862.75**	**2,339.38**

21.1 Revenue from contracts with customers

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Fees and commission Income *	1,196.46	1,196.23
Charges for Marketing / Display	1,862.10	2,321.35
Total Revenue from contracts with customers	**3,058.56**	**3,517.58**
* comprises of charges collected from the customers in the nature of Preclosure charges, Cheque dishonour charges and other charges as applicable.		
Timing of Revenue recognition		
Over a period of time	1,862.10	2,321.35
At a point in Time	1,196.46	1,196.23
Geographical markets		
In India	3,058.56	3,517.58
Outside India	-	-
Contract Balances		
Opening balance of contract liabilities	-	-
Closing balance of contract liabilities	-	-
Opening balance of contract assets	17.74	64.79
Closing balance of Contract assets	125.10	17.74

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

Note: 22 Finance costs

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on Financial liabilities (measured at Amorised cost)		
- Debt Securities	6,266.27	7,612.89
- Borrowings (Other than Debt Securities)	14,315.11	10,732.90
- Others	72.01	109.12
Total	**20,653.39**	**18,454.91**

Note: 23 Employee benefits expense

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, Bonus and Commission	6,439.42	5,705.82
Employee Stock options expense (Refer Note 40)	4.62	19.21
Contributions to provident and other funds (Refer Note 30.1)	493.55	435.83
Gratuity expense (Refer Note 30.2)	30.46	23.90
Staff welfare expenses	170.29	295.72
Total	**7,138.34**	**6,480.48**

Note: 24 Impairment of Financial Instruments

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Expected Credit Loss Expense		
- On terms loans measured at amortised cost	586.31	274.26
- On undrawn commitment at amortised cost	(4.50)	9.75
Total	**581.81**	**284.01**

Note: 25 Other expenses

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent expense	-	72.77
Repairs and maintenance		
- Computers	28.54	22.60
- Others	5.22	3.68
Insurance	8.88	7.22
Information Technology expenses	61.70	53.10
Rates and taxes	324.67	324.41
Communication Costs	140.56	119.53
Travelling and conveyance	267.19	305.05
Office expenses	368.99	327.92
Printing and stationery	64.21	71.93
Commission to Directors	58.83	28.50
Sitting fees to non-whole time directors	11.55	9.65
Charges paid to rating agencies	80.67	91.89
Electricity Charges	33.51	33.93
Bank charges	34.38	23.07
Advertisement and publicity	9.78	15.13
Legal and professional	162.74	143.01
Auditor's fees and expenses (Refer Note 25.1)	45.85	36.58
Corporate Social Responsibility Expenditure (Refer Note 36)	338.49	69.72
Miscellaneous expenses	27.31	24.16
Total	**2,073.07**	**1,783.85**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

25.1 Details of Holding Company Auditor's fees and expenses

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) As Auditors:		
Statutory Audit fee	22.00	22.00
Tax Audit	1.00	1.00
Limited Review fee	6.00	6.00
Others	12.60	3.50
Reimbursement of expenses	0.25	0.22
Sub-Total	**41.85**	**32.72**

Note: Excludes remuneration to auditors for services in connection with proposed initial public offer of equity shares of the Company, which is included in other advances (Refer Note 11).

25.2 Details of Subsidiary Auditor's fees and expenses

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As auditors:		
Statutory Audit fee (including regulatory certificates)	3.00	3.00
Tax Audit	0.75	0.75
Reimbursement of expenses	0.25	0.11
Sub-Total	**4.00**	**3.86**

Note: 26 Income tax expense

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax expense	8,266.66	6,015.39
Tax relating to previous years	(28.74)	58.86
Deferred tax charge / (credit)	(423.26)	(2,446.53)
Total	**7,814.66**	**3,627.72**

26.1 Reconciliation of Effective tax rate

The income tax expense for the year can be reconciled to the accounting profit/ (loss) as follows:

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Profit before tax	34,509.15	24,728.99
(B) Enacted tax rates in India (including surcharge and cess)	25.17%	25.17%
(C) Income tax on profit before tax based on the enacted rate	8,685.26	6,223.79
(D) Other than temporary differences		
- Effect of change in tax rate	-	(159.89)
- Effect of income that is exempt from taxation	-	(40.92)
- Effect of inadmissible expenses	154.84	45.25
- Effect of admissible deductions	(996.70)	(702.99)
- Effect of reversal of opening balance of deferred tax liability on Special Reserve created u/s 36(1)(viii) of Income Tax, Act	-	(1,796.38)
(E) Income tax expense recognised in Profit and Loss	**7,843.40**	**3,568.86**

The income tax rate used for the above reconciliations are the corporate tax rate payable by the Group in India on taxable profits under the Income-tax Act, 1961.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

26.2 The Group has elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Group has recognised provision for income tax for the year ended March 31, 2020 basis the rate provided in the said section and re-measured its opening balance of deferred tax liabilities ("DTL") (net) as at April 1, 2019 and has reversed DTL of ₹159.89 lakhs to the statement of profit and loss.

26.3 During the year ended March 31, 2020, the Holding Company has reversed deferred tax liabilities of ₹1,796.38 lakhs created in earlier years, on Special Reserve created under section 36(1)(viii) of the Income Tax Act, on the basis of a resolution of the Board of Directors of the Holding Company that there is no intention to make withdrawals from such Special Reserve.

Note: 27

27.1 "i) Matters wherein management has concluded the Group's liability to be probable have accordingly been provided for in the books. Also refer note 16.

ii) Matters wherein management has concluded the Group's liability to be possible have accordingly been disclosed under Note 27.2 Contingent liabilities below.

iii) Matters wherein management is confident of succeeding in these litigations and have concluded the Group's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims, in different stages of process."

27.2 Contingent Liabilities

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Corporate undertakings for securitisation of receivables for which the outflow would arise in the event of a shortfall, if any, in the cashflows of the pool of the securitised receivables. (Refer note (i) below)	55.54	302.52

Note:

(i) In respect of these undertakings, management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Group's financial condition.

(ii) The Group does not have any pending litigations which would impact its financial position.

Note: 28 Micro, Small and Medium Enterprises

Based on the extent of information available with the Management, there are no transactions with Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) during the year ended March 31, 2021 and March 31, 2020. This has been relied upon by the Auditors.

Note: 29 Commitments

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Loans sanctioned to Borrowers pending disbursement	15,987.63	16,111.29
Total	**15,987.63**	**16,111.29**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Disclosures under Accounting Standards

Note: 30 Employee benefit plans

30.1 Defined contribution plans

The Group makes Provident Fund contributions for qualifying employees to the Regional Provident Fund Commissioner. Under the Scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹370.49 lakhs (March 31, 2020 - ₹306.24 lakhs) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to the scheme by the Group are at rates specified in the rules of the scheme.

30.2 Defined benefit plans

The Group provides for gratuity, a defined benefit plan (the "gratuity plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's last drawn salary and years of employment with the Holding Company. The Holding Company does not have a funded gratuity scheme for its employees.

The Group is exposed to various risks in providing the above gratuity benefit such as: interest rate risk, longetivity risk and salary risk.

Interest risk: A decrease in the bond interest rate will increase the plan liability.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary escalation risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Gratuity provision has been made based on the actuarial valuation done as at the year end using the Projected Unit Credit method. The details of actuarial valuation as provided by the Independent Actuary is as follows:

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Change in defined benefit obligations during the year		
Present value of obligation as at beginning of the year	126.64	94.96
Current service cost	23.99	17.82
Interest cost	6.47	6.08
Benefits paid	(7.90)	(7.57)
Actuarial (gains) / losses	15.04	15.35
Present value of obligation at end of the year	**164.24**	**126.64**
Change in fair value of assets during the year		
Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Actual Company Contributions	-	-
Actuarial (gains) / losses	-	-
Plan Assets at the end of the year	**-**	**-**
Liability recognized in the Balance Sheet		
Present value of obligation	164.24	126.64
Fair value of Plan Assets	-	-
Net Liability recognized in the Balance Sheet	**164.24**	**126.64**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 30.2 (Cond..)

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Expenses Recognised in the Statement of Profit and Loss:		
Current service cost	23.99	14.10
Past service cost	-	-
Net Interest on Net Defined Benefit Obligations	6.47	5.05
Expenses recognized in the statement of profit and loss	**30.46**	**19.15**
Amount Recognized for the current year in the Statement of Other Comprehensive Income [OCI]		
Actuarial (gain)/loss on Plan Obligations	15.04	15.35
Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss	-	-
Amount recognized in OCI for the current year	**15.04**	**15.35**
Actual return on Plan Assets	**-**	**-**

The key assumptions used in the actuarial valuation as provided by independent actuary are as follows:

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	4.79%	5.28%
Future Salary Increase	5.00%	5.00%
Attrition rate	8% to 46%	8% to 46%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate Table	Indian Assured Lives Mortality (2012-14) Ultimate Table

Notes:

1. The estimate of the future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The following table summarizes the impact on defined benefit obligation arising due to increase / decrease in key actuarial assumptions by 50 basis points:

As at March 31, 2021

Defined Benefit Obligation	Discount rate	Salary increase rate
Impact of decrease	3.15	(3.25)
Impact of increase	(3.03)	3.35

As at March 31, 2020

Defined Benefit Obligation	Discount rate	Salary increase rate
Impact of decrease	2.45	(2.51)
Impact of increase	(2.36)	2.59

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 30.2 (Cond..)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of-the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Additional disclosures required under Ind AS 19

Particulars	As at March 31, 2021	As at March 31, 2020
Average Duration of Defined Benefit Obligations (in years)	4.60	4.40
Projected undiscounted expected benefit outgo (mid year cash flows) (₹ in lakhs)		
Year 1	41.70	36.62
Year 2	23.24	16.20
Year 3	24.25	16.37
Year 4	21.60	15.73
Year 5	16.07	13.67
Year 6 to 10	56.86	45.47
Expected Benefit Payments for the next annual reporting period (₹ in lakhs)	41.70	36.62

30.3 Compensated absences

The key assumptions used in the actuarial valuation as provided by independent actuary are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	4.79%	5.28%
Future Salary Increase	5.00%	5.00%

30.4 The Code of Social Security, 2020 (the "Code") relating to employee benefits during employment and post-employment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders, which are under consideration by the Ministry. The Group will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

Note: 31 Earnings and Expenditure in foreign currency - Nil (March 31, 2020: Nil)

Note: 32 Segment Reporting:

The Chairman and Managing Director of the Group takes decision in respect of allocation of resources and assesses the performance basis the report/ information provided by functional heads and are thus considered to be CODM.

The Group operates under the principal business segment viz. "providing long term housing finance, loans against property and refinance loans". CODM views and monitors the operating results of its single business segment for the purpose of making decisions about resource allocation and performance assessment. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the consolidated financial statements. The Group's operations are predominantly confined in India.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2021

Note: 33 Related party transactions

33.1 Details of related parties:

Description of relationship	Names of related parties
Key Management Personnel (KMP)	Mr. M Anandan, Chairman & Managing Director
	Mr. P Balaji, Chief Financial Officer
	Mr. Sanin Panicker, Company Secretary (from August 11, 2020)
	Ms. Jyoti Suresh Munot, Company Secretary (up to August 10, 2020)
	Mr. Shailesh J Mehta, Non-executive Director
	Mr. K M Mohandass, Independent Director
	Mr. S Krishnamurthy, Independent Director
	Mr. Krishnamurthy Vijayan, Independent Director
	Mr. K P Balaraj, Nominee Director
	Mr. Suman Bollina, Non-executive Director
	Mr. Sumir Chadha, Nominee Director (from November 05, 2019)
	Ms. Mona Kachhwaha, Non-executive Director (from May 30, 2020)
	Mr. V G Kannan, Independent Director (from March 09, 2021)
Individuals having Significant Influence	Mr. M Anandan, Chairman & Managing Director
Entities having Significant Influence	Westbridge Cross Over Fund LLC
Wholly owned Subsidiary	Aptus Finance India Private Limited

Note: Related party relationships are as identified by the Management and relied upon by the Auditors.

33.2 Details of related party transactions for the year

₹ in lakhs

Transactions during the year	Names of related parties	Year ended March 31, 2021	Year ended March 31, 2020
Remuneration *	Mr. M Anandan		
	- Salary	400.20	350.40
	- Commission	200.00	150.00
	- Others	0.92	2.72
Director commission and sitting fee	Mr. Shailesh J Mehta		
	- Commission	7.50	4.50
	- Sitting fee	1.20	1.00
Director commission and sitting fee	Mr. K M Mohandass		
	- Commission	11.50	6.50
	- Sitting fee	3.80	2.80
Director commission and sitting fee	Mr. S Krishnamurthy		
	- Commission	11.50	6.50
	- Sitting fee	3.80	3.25
Director commission and sitting fee	Mr. Krishnamurthy Vijayan		
	- Commission	7.50	4.50
	- Sitting fee	1.00	1.60
Director commission and sitting fee	Mr. Suman Bollina		
	- Commission	11.50	6.50
	- Sitting fee	1.05	1.00

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

33.2 Details of related party transactions for the year (contd.)

₹ in lakhs

Transactions during the year	Names of related parties	For the year ended March 31, 2021	For the year ended March 31, 2020
Director commission and sitting fee	Ms. Mona Kachhwaha		
	- Commission	7.50	-
	- Sitting fee	0.50	-
Director commission and sitting fee	Mr. V G Kannan		
	- Commission	7.50	-
	- Sitting fee	-	-

₹ in lakhs

Transactions during the year	Names of related parties	For the year ended March 31, 2021	For the year ended March 31, 2020
Remuneration *	Mr. P Balaji		
	- Salary	95.79	88.68
Remuneration *	Mr. Sanin Panicker		
	- Salary	9.10	-
Remuneration *	Ms. Jyoti Suresh Munot		
	- Salary	0.59	1.63
Rent paid	Mr. M Anandan	7.64	7.28
Proceeds from Issue of partly paid-up shares	Mr. M Anandan	-	15.00

₹ in lakhs

Balances as at year end	Names of related parties	As at March 31, 2021	As at March 31, 2020
Personal guarantee given for Borrowings taken by the Holding Company as at year end	Mr. M Anandan	9,295.50	11,274.82

Notes:

* As the future liabilities of gratuity and leave encashment are determined on actuarial basis for the entities of the Group, the amounts pertaining to key managerial personnel is not separately ascertainable and therefore not included above.

Note: 34 Financial Instruments

34.1 Capital management

The Group actively manages its capital to meet regulatory norms and current and future business needs, considering the risks in its businesses, expectations of rating agencies, shareholders and investors, and the available options of raising capital. Its capital management framework is administered by the risk committee of the Group. There has been no change in objectives, policies or processes for managing capital.

The Holding Company is subject to the capital adequacy requirements of the National Housing Bank ('NHB') / Reserve Bank of India ('RBI'). As per the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021, the Holding Company is required to maintain a minimum ratio of total capital to risk adjusted assets as determined by a specified formula, at least half of which must be Tier 1 capital, which is generally shareholders' equity.

The Holding Company has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by NHB/RBI.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities.

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Below is the Capital Risk Adequacy Ratio maintained and calculated as per NHB / RBI guidelines in the respective year by the Holding Company and as per regulatory return filed with NHB in the respective years.

	31-Mar-21	31-Mar-20
Tier I Capital	1,86,138.43	1,61,977.01
Tier II Capital	(376.22)	484.20
Total Capital	1,85,762.21	1,62,461.21
Risk Weighted assets	**2,52,280.98**	**1,96,937.30**
Capital Adequacy Ratio	73.63%	82.49%
Tier I Capital	73.78%	82.25%
Tier II Capital	-0.15%	0.25%

34.2 Categories of Financial Instruments

₹ in lakhs

Particulars	As at March 31, 2021 Measured at			As at March 31, 2020 Measured at		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Cash and Cash equivalents	-	-	42,273.99	-	-	48,403.41
Bank Balance other than cash and cash equivalents	-	-	1,506.07	-	-	11,864.24
Loans	-	-	3,98,980.01	-	-	3,11,708.86
Investments	5,275.22	-	-	-	-	-
Other Financial assets	-	-	1,162.15	-	-	267.68
Total Financial Assets	**5,275.22**	**-**	**4,43,922.22**	**-**	**-**	**3,72,244.19**
Financial liabilities						
Trade Payables	-	-	188.36	-	-	68.66
Debt Securities	-	-	43,018.39	-	-	64,454.96
Borrowings (Other than Debt Securities)	-	-	2,07,779.05	-	-	1,37,043.21
Lease Liabilities	-	-	709.05	-	-	666.36
Other Financial Liabilities	-	-	1,334.76	-	-	524.24
Total Financial liabilities	**-**	**-**	**2,53,029.61**	**-**	**-**	**2,02,757.43**

34.3 Fair Value Measurements

Fair Value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosure are required in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard.

(a) Fair Value of financial instruments recognised and measured at fair value

₹ in lakhs

Particulars	As at March 31, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments	5,275.22	-	-	5,275.22	-	-	-	-

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(b) Fair value of financial instruments not measured at fair value

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities without a specific maturity. Such amounts have been classified as Level 3 except for cash and cash equivalents and bank balances other than cash and cash equivalents which have been classified as Level 1.

Loans

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Where such information is not available, the Group uses historical experience and other information used in its collective impairment models.

Fair values of lending portfolios are calculated using a portfolio-based approach. The Group then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

Debt securities & Borrowings other than debt securities

The fair values of Debt Securities and Borrowings other than Debt securities are estimated by discounted cash flow models that incorporate interest cost estimates considering all significant characteristics of the borrowing. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

₹ in lakhs

Particulars	As at March 31, 2021					As at March 31, 2020				
	Carrying Value	Fair Value hierarchy				Carrying Value	Fair Value hierarchy			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial assets										
Cash and cash equivalents	42,273.99	42,273.99	-	-	42,273.99	48,403.41	48,403.41	-	-	48,403.41
Bank Balance other than cash and cash equivalents	1,506.07	1,506.07	-	-	1,506.07	11,864.24	11,864.24	-	-	11,864.24
Loans	3,98,980.01	-	-	4,07,295.87	4,07,295.87	3,11,708.86	-	-	3,17,669.36	3,17,669.36
Investments	5,275.22	5,275.22	-	-	5,275.22	-	-	-	-	-
Other Financial assets	1,162.15	-	-	1,162.15	1,162.15	267.68	-	-	267.68	267.68
Total Financial Assets	**4,49,197.44**	**49,055.28**	**-**	**4,08,458.02**	**4,57,513.30**	**3,72,244.19**	**60,267.65**	**-**	**3,17,937.04**	**3,78,204.69**
Financial liabilities										
Trade Payables	188.36	-	-	188.36	188.36	68.66	-	-	68.66	68.66
Debt Securities	43,018.39	-	-	42,735.53	42,735.53	64,454.96	-	-	63,849.58	63,849.58
Borrowings (Other than Debt Securities)	2,07,779.05	-	-	2,14,711.43	2,14,711.43	1,37,043.21	-	-	1,39,561.94	1,39,561.94
Lease Liabilities	709.05	-	-	709.05	709.05	666.36	-	-	666.36	666.36
Other financial liabilities	1,334.76	-	-	1,334.76	1,334.76	524.24	-	-	524.24	524.24
Total Financial Liabilities	**2,53,029.61**	**-**	**-**	**2,59,679.13**	**2,59,679.13**	**2,02,757.43**	**-**	**-**	**2,04,670.79**	**2,04,670.79**

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34.4 Market risk management

Market Risk is the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market place, in particular, changes in interest rates, exchange rates and equity. In line with the regulatory requirements, the Group has in place a Board approved Market Risk Management and ALM policy in place. The Policy provides the framework for assessing market risk, in particular, tracking of events happening in market place, changes in policies / guidelines of government and regulators, exchange rate movement, equity market movements, money market movements etc.

34.5 Interest rate risk management

Interest rate risk is managed through ALM policy framed by the Group. The ALM policy is administered through the ALCO (Asset Liability Management Committee) which monitors the following on a monthly basis:

- Borrowing cost of the Group as on a particular date

- Interest rate scenario existing in the market

- Gap in cash flows at the prevalent interest rates

- Effect of Interest rate changes on the Gap in the cash flows

- Fixing appropriate interest rate to be charged to the customer based on the above factors

Interest rate sensitivity analysis

The sensitivity analysis below has been determined for borrowings where interest rates are variable, assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

₹ in lakhs

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			0.50% increase	0.50% decrease
Sensitivity analysis as at March 31, 2021				
Loans	3,98,980.01	4,07,295.87	4,00,590.19	4,14,237.12
Debt Securities	43,018.39	42,735.53	42,240.76	43,237.86
Borrowings (Other than Debt Securities)	2,07,779.05	2,14,711.43	2,12,793.80	2,18,287.85
Sensitivity analysis as at March 31, 2020				
Loans	3,11,708.86	3,17,669.36	3,15,105.62	3,21,126.34
Debt Securities	64,454.96	63,849.58	62,684.00	65,042.33
Borrowings (Other than Debt Securities)	1,37,043.21	1,39,561.94	1,37,842.23	1,40,828.19

34.6 Credit risk

Credit risk in the Group arises due to default by customers on their contractual obligations which results to financial losses. Credit Risk is a major risk in the Group and the Group's asset base comprises loans for affordable housing and loans against property. Credit Risk in the Group stems from outright default due to inability or unwillingness of a customer to meet commitments in relation to lending, settlement and other financial transactions. The essence of credit risk assessment in the Group pivots around the early assessment of stress, either in a portfolio or an account, and taking appropriate measures.

34.6.1 Credit risk management

Credit risk in the Group is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Board approved credit policies and procedures mitigate the Group's prime risk which is the default risk. There is a Credit Risk Management Committee in the Group for the review of the policies, process and products on an ongoing basis, with approval secured from the Board as and when required. There is a robust Credit Risk Management set-up in the Group at various levels.

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1. There are Credit teams to ensure implementation of various policies and processes through random customer visits and assessment, training of branch staff on application errors, liaison with other institutions to obtain necessary information/loan closure documents, as the case may be, and highlight early warning signals and industry developments enabling pro-active field risk management.
2. The credit sanction is done through a delegation matrix where credit sanctioning powers are defined for respective levels.
3. Portfolio analysis and reporting is used to identify and manage credit quality and concentration risks.
4. Credit risk monitoring for the Group is broadly done at two levels: account level and portfolio level. Account monitoring aims to identify weak accounts at an incipient stage to facilitate corrective action. Portfolio monitoring aims towards managing risk concentration in the portfolio as well as identifying stress in certain occupations, markets and states.

34.6.2 Significant increase in credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group measures the loss allowance based on lifetime rather than Stage 1 (12-month) Expected Credit Loss (ECL). Pending the adoption of scoring models to assess the change in credit status at an account level and at portfolio level, the Group has adopted SICR (Significant Increase in Credit risk) criteria based on Days Past Due (DPD).The following table lists the staging criteria used in the Group: Staging Criterion

Stage-1: 0 up to 30 days past due

Stage-2: 31 up to 90 days past due

Stage-3: 90 and above days past due

Stage 2 follows the rebuttable presumption stated in Ind AS 109, that credit risk has increased significantly since initial recognition no later than when contractual payments are more than 30 days past due.

The Group also considers other qualitative factors and repayment history and considers guidance issued by the Institute of Chartered accountants of India (ICAI) for staging of advances to which moratorium benefit has been extended under the COVID regulatory package issued by RBI and as approved by the Board.

34.6.3 Measurement of ECL

The key inputs used for measuring ECL on term loans issued by the Group are:

Probability of default (PD): The PD is an estimate of the likelihood of default over a given time horizon (12 Month). It is estimated as at a point in time. To compute Expected Credit Loss (ECL) the portfolio is segregated into 3 stages viz. Stage 1, Stage 2 and Stage 3 on the basis of Days Past Dues. The Group uses 12 month PD for the stage 1 borrowers and lifetime PD for stage 2 and 3 to compute the ECL.

Loss given default (LGD): LGD is an estimation of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from eligible collateral.

Exposure at default (EAD): EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date including expected drawdowns on committed facilities.

Probability of Default

To arrive at Probability of Default, 'Vintage Analysis' was done considering monthly defaults of borrower since origination. The analysis considered Monthly Default Rates starting from inception until the end of observation period i.e. March 2021 to calculate default rates for each vintage month. Cumulative PD was calculated from the marginal PDs for each vintage month. Simple Average and Weighted Average PD was computed for each Month on Book (MOB) period starting from MOB 0 until MOB "n" (end of observation period). The Group has used Simple average to eliminate the bias that can be possible due to weighted average effect.

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Loss Given Default

LGD was calculated using First time NPA (FTN) date and recovery data for each of these FTN dates. FTN date was taken from inception until March 2021. For each pool, recovery data was mapped to the subsequent months until March 2021 from the respective default month i.e. recovery data was retrieved and plotted against the flow of month i.e. Months on Book MOB 0, MOB 1, MOB 2, MOB 3 till MOB (n) against each default month. Considering time value of money, recoveries in each month was discounted to arrive at the value as of FTN date. Average Interest Rates charged for each disbursement year was used as the Effective Interest Rates (EIR) for the loans.

Marginal Recovery rates was computed for each month as Discounted Recovery amount for a given month divided by the total outstanding amount for the given FTN date. Cumulative recovery rates were computed for each FTN date and LGD for corresponding FTN date was computed by using the formula (1- Recovery Rate). Weighted average LGD was computed for the entire observation period, weights being the total outstanding amount for each FTN date.

Exposure at Default :

EAD is the total outstanding balance at the reporting date including principal and accrued interests at the reporting date. EAD calculation for all portfolios is as under:

Stage 1 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].

Stage 2 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].

Stage 3 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].

Credit Conversion Factor (CCF) for undrawn portion has been taken at 100% based on historical experience and other information available with the Group.

The Group measures ECL as the product of PD , LGD and EAD estimates for its Ind AS 109 specified financial obligations.

Credit Risk Concentration

In order to manage concentration risk, the Group, considering the regulatory limits, focuses on maintaining a diversified portfolio across housing loans and loans against property. An analysis of the Group's credit risk concentrations is provided in the following tables which represent gross carrying amounts of each class.

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Loans (at amortised cost) - Gross amount		
Concentration by products		
Housing Loans	2,06,848.94	1,63,579.26
Loans against property (including Loans subordinated as Credit Enhancements for assets de-recognised)	1,93,547.53	1,48,959.76
Total Advances	**4,00,396.47**	**3,12,539.02**

34.6.4 The tables below analyse the movement of the loss allowance during the year per class of assets.

₹ in lakhs

Loss allowance on Loans at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at March 31, 2021	433.05	224.38	759.03	1,416.46
Loss allowance as at March 31, 2020	144.90	93.14	592.12	830.16
Movement for the year ended March 31, 2021	288.15	131.24	166.91	586.30

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The table below provides an analysis of the gross carrying amount of Loans by past due status.

₹ in lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Gross carrying	Loss allowance	Gross carrying	Loss allowance
Receivables under Financing Activities - Gross amount				
0 up to 30 days	3,61,644.08	466.33	2,97,913.02	237.97
31 up to 90 days	36,017.27	179.20	10,341.24	39.70
90 days and above	2,735.13	770.93	4,284.76	552.49
Total	**4,00,396.48**	**1,416.46**	**3,12,539.02**	**830.16**

34.6.5 Collateral held as security and other credit enhancements

The Group holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are associated with are listed in the table below.

Particulars	Type of Collateral held
Housing Loans	Mortgage of the immovable property
Loan Against Properties	Mortgage of the immovable property

Although collateral can be an important mitigation of credit risk, it is the Group's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Group obtains first and exclusive charge on all collateral that it obtains for the loans given. The loans are secured by collateral at the time of origination. The value of the property at the time of origination will be arrived by obtaining two valuation reports from in-house valuers.

Immovable Property is the collateral for Housing and non-housing loans. Security Interest in favour of the Group is created by Mortgage through deposit of title deed which is registered wherever required by law.

The Group does not obtain any other form of credit enhancement other than the above. All the Group's term loans are secured by way of tangible Collateral.

Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

34.6.6 Offsetting financial assets and financial liabilities

The Group has not recognised any financial asset or liability on a net basis.

34.7 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

Exposure to liquidity risk

The Group manages and measures liquidity risk as per its ALM policy and the ALCO (Asset Liability Management Committee) is responsible for managing the liquidity risk. The Group not only measures its current liquidity position on an ongoing basis but also forecasts how liquidity position may emerge under different assumptions. The liquidity position is tracked through maturity or cash flow mismatches across buckets spanning all maturities.

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34.7.1 Following are the contractual maturities of financial liability/financial assets at the reporting date. Loans, debt securities and borrowings include estimated interest receipts / payments.

₹ in lakhs

As at March 31, 2021	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Financial assets											
Cash and cash equivalents	40,724.19	1,557.43	-	-	-	-	-	-	-	-	42,281.62
Bank Balance other than cash and cash equivalents	-	-	-	-	99.34	258.02	773.44	789.51	-	-	1,920.31
Loans	8,070.96	7,675.98	7,673.17	23,004.69	45,937.33	181,651.05	1,73,485.23	1,48,209.19	1,45,045.66	67,261.56	8,08,014.82
Investments	5,275.22	-	-	-	-	-	-	-	-	-	5,275.22
Other Financial assets	896.57	-	-	-	-	264.08	-	-	-	1.50	1,162.15
Total (A)	**54,966.94**	**9,233.41**	**7,673.17**	**23,004.69**	**46,036.67**	**1,82,173.15**	**1,74,258.67**	**1,48,998.70**	**1,45,045.66**	**67,263.06**	**8,58,654.12**
Financial liabilities											
Trade payables	188.36	-	-	-	-	-	-	-	-	-	188.36
Debt Securities	183.93	1,502.19	181.17	1,277.24	3,095.26	36,371.74	12,195.59	-	-	-	54,807.12
Borrowings (Other than Debt Securities)	3,319.57	2,711.90	5,653.55	17,455.92	32,155.66	100,921.70	64,367.95	23,934.47	13,826.89	-	2,64,347.61
Lease Liabilities	36.61	36.61	36.35	104.42	182.46	364.09	33.28	11.09	1.64	-	806.55
Other financial liabilities	1,334.76	-	-	-	-	-	-	-	-	-	1,334.76
Total (B)	**5,063.23**	**4,250.70**	**5,871.07**	**18,837.58**	**35,433.38**	**1,37,657.53**	**76,596.82**	**23,945.56**	**13,828.53**	**-**	**3,21,484.40**
Net Financial Assets (A-B)	**49,903.71**	**4,982.71**	**1,802.10**	**4,167.11**	**10,603.29**	**44,515.62**	**97,661.85**	**1,25,053.14**	**1,31,217.13**	**67,263.06**	**5,37,169.72**

₹ in lakhs

As on March 31, 2020	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Financial assets											
Cash and cash equivalents	48,441.97	-	-	-	-	-	-	-	-	-	48,441.97
Bank Balance other than cash and cash equivalents	10,678.68	-	-	-	251.01	151.85	752.34	-	336.30	-	12,170.18
Loans	5,358.00	4,610.91	5,924.18	17,781.36	35,534.78	140,934.50	135,632.16	118,786.29	122,964.48	77,177.73	664,704.39
Other Financial assets	29.13	-	-	-	-	237.05	-	-	-	1.50	267.68
Total (A)	**64,507.78**	**4,610.91**	**5,924.18**	**17,781.36**	**35,785.79**	**1,41,323.40**	**1,36,384.50**	**1,18,786.29**	**1,23,300.78**	**77,179.23**	**7,25,584.22**
Financial liabilities											
Trade payables	68.66	-	-	-	-	-	-	-	-	-	68.66
Debt Securities	365.07	1,692.11	362.22	1,417.07	3,804.66	14,875.12	30,656.09	42,115.54	-	-	95,287.88
Borrowings (Other than Debt Securities)	2,702.06	2,132.95	5,422.79	9,511.42	19,116.50	72,329.16	46,182.45	17,717.40	6,188.64	118.58	181,421.95
Lease liabilities	33.06	33.09	33.10	104.93	205.95	579.78	100.71	20.20	5.50	-	1,116.32
Other financial liabilities	524.24	-	-	-	-	-	-	-	-	-	524.24
Total (B)	**3,693.09**	**3,858.15**	**5,818.11**	**11,033.42**	**23,127.11**	**87,784.06**	**76,939.25**	**59,853.14**	**6,194.14**	**118.58**	**2,78,419.05**
Net Financial Assets (A-B)	**60,814.69**	**752.76**	**106.07**	**6,747.94**	**12,658.68**	**53,539.34**	**59,445.25**	**58,933.15**	**1,17,106.64**	**77,060.65**	**4,47,165.17**

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34.8 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The Group recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Note: 35 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year after considering the adjustment mentioned in Note 44(i).

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares after considering the adjustment mentioned in Note 44(i).

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit After Tax (A)	26,694.49	21,101.27
Weighted Average Number of Equity Shares (Face Value ₹2 Each) - Basic (B)	48,00,06,701	44,22,54,910
Add: Effect of dilutive potential equity shares		
- Employee stock options	9,62,830	26,06,252
Weighted Average Number of Equity Shares (Face Value ₹2 Each) - Diluted (C)	48,09,69,531	44,48,61,162
Earnings Per Share - Basic (₹) (A / B)	**5.56**	**4.77**
Earnings Per Share - Diluted (₹) (A / C)	**5.55**	**4.74**

Note: 36 Corporate Social Responsibility expenditure:

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Gross amount required to be spent during the year	338.49	210.36
(b) Amount spent during the year		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	116.64	69.72
Excess / (Shortfall) (A-B)*	**(221.85)**	**(140.64)**

* The Group has provided for the shortfall in CSR expenditure as at March 31, 2021.

(i) None of the CSR projects undertaken by the Group falls under the definition of "On-going Projects".

(ii) There is no amount required to be contributed to specified fund u/s 135 (6) by the Group.

Note: 37 Additional Information as required by paragraph 2 of the General Instruction for preparation of Consolidated Financial Statements to Division III-Schedule III to the Companies Act, 2013.

As at March 31, 2021

₹ in lakhs

Name of the entity	Net Assets (i.e total assets less total liabilities)		Share in Profit and Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount (₹ in lakhs)	As a % of Consolidated Profit and loss	Amount (₹ in lakhs)	As a % of Consolidated other comprehensive income	Amount (₹ in lakhs)	As a % of Consolidated Total comprehensive income	Amount (₹ in lakhs)
Parent Company								
Aptus Value Housing Finance India Limited	87.90%	1,73,996.47	81.47%	21,747.23	100.00%	(11.25)	81.46%	21,735.98
Indian Subsidiary								
Aptus Finance India Private Limited	12.10%	23,948.68	18.53%	4,947.26	0.00%	-	18.54%	4,947.26
Total	**100%**	**1,97,945.15**	**100%**	**26,694.49**	**100%**	**(11.25)**	**100%**	**26,683.24**

As at March 31, 2020

₹ in lakhs

Name of the entity	Net Assets		Share in Profit and Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount (₹ in lakhs)	As a % of Consolidated Profit and loss	Amount (₹ in lakhs)	As a % of Consolidated other comprehensive income	Amount (₹ in lakhs)	As a % of Consolidated Total comprehensive income	Amount (₹ in lakhs)
Parent Company								
Aptus Value Housing Finance India Limited	88.88%	1,51,899.62	85.85%	18,114.96	100.00%	(11.49)	85.84%	18,103.47
Indian Subsidiary								
Aptus Finance India Private Limited	11.12%	19,001.42	14.15%	2,986.31	0.00%	-	14.16%	2,986.31
Total	**100%**	**1,70,901.04**	**100%**	**21,101.27**	**100%**	**(11.49)**	**100%**	**21,089.78**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 38 Maturity analysis of assets and liabilities

₹ in lakhs

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	42,273.99	-	42,273.99	48,403.41	-	48,403.41
Bank Balance other than cash and cash equivalents	93.70	1,412.37	1,506.07	10,929.28	934.96	11,864.24
Loans	27,838.82	3,71,141.19	3,98,980.01	17,968.93	2,93,739.93	3,11,708.86
Investments	5,275.22	-	5,275.22	-	-	-
Other Financial assets	896.57	265.58	1,162.15	29.13	238.55	267.68
Non-financial Assets						
Deferred tax assets (Net)	-	1,699.32	1,699.32	-	1,272.26	1,272.26
Property, plant and equipment	-	248.17	248.17	-	326.81	326.81
Intangible assets	-	26.78	26.78	-	36.57	36.57
Right-of-use assets	-	680.69	680.69	-	647.65	647.65
Other non-financial assets	164.19	-	164.19	144.90	-	144.90
TOTAL ASSETS	**76,542.49**	**3,75,474.10**	**4,52,016.59**	**77,475.65**	**2,97,196.73**	**3,74,672.38**
LIABILITIES						
Financial Liabilities						
Trade Payables	188.36	-	188.36	68.66	-	68.66
Debt Securities	2,899.33	40,119.06	43,018.39	1,250.00	63,204.96	64,454.96
Borrowings (Other than Debt Securities)	44,104.56	1,63,674.49	2,07,779.05	25,263.67	1,11,779.54	1,37,043.21
Lease Liabilities	330.27	378.78	709.05	288.59	377.77	666.36
Other financial liabilities	1,334.76	-	1,334.76	524.24	-	524.24
Non-Financial Liabilities						
Current tax liabilities (Net)	444.89	-	444.89	583.46	-	583.46
Provisions	-	330.18	330.18	-	252.43	252.43
Other non-financial liabilities	266.76	-	266.76	178.02	-	178.02
TOTAL LIABILITIES AND EQUITY	**49,568.93**	**2,04,502.51**	**2,54,071.44**	**28,156.64**	**1,75,614.70**	**2,03,771.34**
NET ASSETS / (LIABILITIES)	**26,973.56**	**1,70,971.59**	**1,97,945.15**	**49,319.01**	**1,21,582.03**	**1,70,901.04**

Note: 39 Change in liabilities arising from financing activities

₹ in lakhs

	01-Apr-20	Cash flows	Other *	31-Mar-21
Debt securities	64,454.96	(21,666.67)	230.10	43,018.39
Borrowings (other than debt securities)	1,37,043.21	71,216.22	(480.38)	2,07,779.05
Lease liabilities	666.36	(414.73)	457.42	709.05
Total liabilities from financing activities	**2,02,164.53**	**49,134.82**	**207.14**	**2,51,506.49**

	01-Apr-19	Cash flows	Other *	31-Mar-20
Debt securities	70,138.48	(5,937.50)	253.98	64,454.96
Borrowings (other than debt securities)	89,830.49	47,217.13	(4.41)	1,37,043.21
Lease liabilities	-	(325.23)	991.59	666.36
Total liabilities from financing activities	**1,59,968.97**	**40,954.40**	**1,241.16**	**2,02,164.53**

* Other column includes the effect of interest accrued but not paid on borrowing, amortisation of processing fees, recognition of liabilities on account of new lease etc.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 40 Share-based payments (Refer Note 44(iii))

Employee share option plan

40.1 Details of the employee share option plan

a) In the Annual General Meeting held on August 7, 2015, the shareholders approved the issue of up to 18,00,000 options under the Scheme titled "Aptus Employees Stock Option Scheme 2015" (hereinafter referred to as Aptus ESOS, 2015).

The scheme allow the issue of options to employees of the Holding Company. Each option comprises one underlying equity share.

As per the Scheme, the Nomination and Remuneration Committee ("The Committee") grants the options to the employees deemed eligible and also governs the operation of the scheme.

The difference between the fair price of the the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

b) Employee stock options details as on the balance sheet date:

Particulars	Grant 7 under Aptus ESOS 2015	Grant 8 under Aptus ESOS 2015
Date of Grant	07-Aug-15	17-May-17
Date of Board approval	August 07, 2015	May 17, 2017
Date of shareholders approval	August 07, 2015	August 07, 2015
Number of options granted	15,00,000	1,50,000
Method of settlement	Equity	Equity
Vesting period	31.03.2016 to 31.03.2019	31.03.2018 to 31.03.2021
Manner of vesting	In a graded manner over a 4 year period with 25% of the grants vesting in each year	
Exercise price per option (in ₹)	75.00	130.00
Price of Underlying share at the time of the Option Grant (in ₹)	56.26	111.02

c) Movement in share options during the year are as follows:

Particulars	Grant 7 under Aptus ESOS 2015	Grant 8 under Aptus ESOS 2015	Total
Options outstanding as at April 1, 2019	9,10,000	1,50,000	10,60,000
Add: Options granted during the year	-	-	-
Less: Options forfeited/lapsed during the year	-	-	-
Less: Options exercised during the year	(3,35,000)	(37,500)	(3,72,500)
Options outstanding as at March 31, 2020	5,75,000	1,12,500	6,87,500
Add: Options granted during the year	-	-	-
Less: Options forfeited/lapsed during the year	-	-	-
Less: Options exercised during the year	(3,45,000)	(75,000)	(4,20,000)
Options outstanding as at March 31, 2021	2,30,000	37,500	2,67,500

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

40.2 Fair value of share options granted

During the year ended March 31, 2018, 1,50,000 shares were granted under the Aptus ESOS 2015 scheme. The fair value of options have been estimated on the date of the grant using Black-Scholes model by an external firm of Chartered Accountants. The key assumptions used in the model for calculating fair value are as below:

Assumptions	Date of Grant	
	August 07, 2015	May 17, 2017
Risk Free Interest Rate	8.04% to 8.26%	7.21% to 7.73%
Expected Life (in years)	2.65 to 5.65	3 to 6
Expected Annual Volatility of Shares	43.15%	35.99%
Expected Dividend Yield	0%	0%
Price of Underlying share at the time of the Option Grant	56.26	111.02
Fair Value of the Option (₹)		
1st Stage	13.61	29.67
2nd Stage	17.21	36.87
3rd Stage	20.60	43.37
4th Stage	23.64	49.29

40.3 Expense arising from share based payment transaction recognized in profit or loss statement as employee benefit expense are as follows:

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employee benefit expense	4.62	19.21

Note: 41 Leases

The Group has lease contracts for buildings used for the branches. Leases of such assets generally have lease terms between 3 and 9 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases for buildings with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the year:

Movement of Lease Liability

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	666.36	-
Add: Additions during the year	385.41	901.45
Add / Less: Accretion of Interest	72.03	90.14
Less: Payments during the year	(414.73)	(325.23)
Closing Balance	709.07	666.36
Current	349.11	277.82
Non Current	359.96	388.54

The incremental borrowing rate for lease liabilities is 10% p.a.

The maturity analysis of lease liabilities are disclosed in Note 34.7.1.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

The following are the amounts recognised in the Statement of profit and loss:

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation expense of right-of-use assets	352.37	278.77
Interest expense on lease liabilities	72.03	90.14
Expense relating to short-term leases (included in other expenses)	-	72.77
Total	**424.40**	**441.68**

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Total cash outflow for leases	**414.73**	**325.23**

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Note: 42 Transferred financial assets that are not derecognised

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:

The Group has Securitised certain loans, however the Group has not transferred substantially all risks and rewards, hence these assets have not been de-recognised.

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of transferred assets measured at amortised cost	18,759.40	10,878.97
Carrying amount of associated liabilities measured at amortised cost	15,166.79	9,081.14
Fair value of assets	18,798.22	10,964.42
Fair value of associated liabilities	15,166.79	9,081.14
Net position at Fair Value	3,631.43	1,883.28

Note: 43 Disclosure pursuant to RBI notification no. RBI/2020-21/60 DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated October 22, 2020 and RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards

RBI has issued Notification no. RBI/2020-21/60 DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated October 22, 2020 and RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 in respect of recognition of impairment on financial instruments starting from financial year 2020-21 for Housing Finance Companies and from financial year 2019-20 for Non-Banking Finance Companies. The Group has complied with the requirements of Ind AS and the guidelines and policies approved by the Board in this regard.

Any shortfall in ECL provision compared to the requirements as per IRAC norms are apportioned by the Group to Impairment Reserve at reporting periods. Such balance can be utilised / withdrawn by the Group only with prior permission of the Reserve Bank of India as per the said Circular. The shortfall in ECL provision compared to IRACP requirement as at March 31, 2021 is ₹453.11 lakhs. The balance in the impairment reserve as at March 31, 2021 is ₹761.93 lakhs (Refer Note 19.1 and Note 19.2.5).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Note: 43 (Contd..)

As at March 31, 2021

₹ in lakhs

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,57,619.75	433.05	3,57,186.70	1,207.02	(773.97)
	Stage 2	40,014.76	224.38	39,790.38	139.95	84.43
	Stage 3	-	-	-	-	-
Subtotal		**3,97,634.51**	**657.43**	**3,96,977.08**	**1,346.97**	**(689.54)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,753.35	141.68	1,611.67	241.89	(100.21)
Doubtful - up to 1 year	Stage 3	701.81	305.88	395.93	153.98	151.90
1 to 3 years	Stage 3	293.68	296.32	(2.64)	118.50	177.82
More than 3 years	Stage 3	13.12	15.15	(2.03)	15.15	-
Subtotal for doubtful		**2,761.96**	**759.03**	**2,002.93**	**529.52**	**229.51**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**2,761.96**	**759.03**	**2,002.93**	**529.52**	**229.51**
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	10,270.29	5.68	10,264.61	-	5.68
	Stage 2	78.71	0.90	77.81	-	0.90
	Stage 3	4.00	0.34	3.66	-	0.34
Subtotal		**10,353.00**	**6.92**	**10,346.08**	**-**	**6.92**
Total	Stage 1	3,67,890.04	438.73	3,67,451.31	1,207.02	(768.29)
	Stage 2	40,093.47	225.28	39,868.19	139.95	85.33
	Stage 3	2,765.96	759.37	3.66	529.52	229.85
	Total	**4,10,749.47**	**1,423.38**	**4,07,323.16**	**1,876.49**	**(453.11)**

Note: 44 Events after reporting period

(i) The Board of Directors of the Holding Company in its meeting held on May 05, 2021 and shareholders in the Extraordinary General Meeting held on May 06, 2021 approved the sub-division of shares from ₹10 per share to ₹2 per share. The number of shares used for the calculation of earnings per share, and the earnings per share in Note 35 (including that in the comparative periods), have been adjusted for pursuant to Paragraph 64 of Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013. No other adjustments are made in the Consolidated Financial Statements on account of the share split.

(ii) The Board of Directors of the Holding Company in its meeting held on May 05, 2021 has made the first and final call of ₹525.03 per share on the 15,00,000 equity shares allotted to Mr. M Anandan, Chairman and Managing Director. No adjustments are made in the Consolidated Financial Statements for these calls made by the Company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

(iii) The Board of Directors of the Holding Company in its meeting held on November 12, 2020 approved the Aptus Employee Stock Option Scheme, 2021 ("ESOS 2021") with such number of options which shall not exceed 1,00,00,000 options. The shareholders in the Extraordinary General Meeting held on May 06, 2021 approved the ESOS 2021 with such number of options which shall not exceed 1,00,00,000 options. No adjustments are made in the Consolidated Financial Statements on account of this proposed new ESOP Scheme.

(iv) Based on the approval of the Board of Directors of the Company in their meeting held on May 12, 2021, the Company has filed the draft red herring prospectus dated May 14, 2021 with the Securities and Exchange Board of India, pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended in connection with the initial public offering of equity shares of ₹2 each of the Company and offer for sale by the selling shareholders of the Company.

Note: 45 Comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / presentation.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : June 24, 2021

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Limited

M Anandan
Chairman & Managing Director
DIN: 00033633

K M Mohandass
Director
DIN: 00707839

P Balaji
Chief Financial Officer

Sanin Panicker
Company Secretary
Membership No: A32834

Place : Chennai
Date : June 24, 2021

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Disclaimer: Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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