

# HOME FINANCE 2.0

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Just like an app or a software, even organisations need an upgrade from time to time to improve. In FY20, we underwent one such upgrade . From the brand name itself to business processes, risk management systems , loan book quality and a relentless focus on digital based transactions for efficiency, scale and convenience; everything underwent an upgrade. The foundation laid in the past year has also shown results in the form of a credit rating upgrade and upgrade in people and process skills across the organisation

*As Paulo Coelho says, “When we strive to become better than we are, everything around us becomes better too.”*

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# Corporate Information

Board of Directors	Banks/FIs	
Mr. Motilal Oswal – Chairman & Non-Executive Director Mr. Raamdeo Agarawal – Non-Executive Director Mr. Navin Agarwal – Non-Executive Director Mr. Sanjaya Kulkarni – Independent Director Mrs. Rekha Shah – Independent Director	Axis Bank	Karnataka Bank
	Bajaj Finance Ltd	Lakshmi Vilas Bank
	Abu Dhabi Commercial Bank PJSC	Oriental Bank of Commerce
	Bank of Baroda	Punjab National Bank
	Bank of India	RBL Bank
	Bank of Maharashtra	SBM Bank (India) Limited
	Canara Bank	South Indian Bank
	DCB Bank	State Bank of India
	Federal Bank	Syndicate Bank
	HDFC Bank	Union Bank of India
	ICICI Bank	United Bank
	IDBI Bank	Yes Bank
	Indian Overseas bank	IndusInd Bank
Details of the Committees of the Board		
<b>AUDIT COMMITTEE</b> Mr. Sanjaya Kulkarni - Chairman Mr. Motilal Oswal - Member Mrs. Rekha Shah - Member		
<b>NOMINATION AND REMUNERATION COMMITTEE</b> Mr. Sanjaya Kulkarni - Chairman Mr. Motilal Oswal - Member Mrs. Rekha Shah - Member		
<b>STAKEHOLDERS RELATIONSHIP COMMITTEE</b> Mr. Motilal Oswal - Chairman Mr. Raamdeo Agarawal - Member Mr. Navin Agarwal - Member		
<b>CORPORATE SOCIAL RESPONSIBILITY COMMITTEE</b> Mr. Sanjaya Kulkarni - Chairman Mr. Motilal Oswal - Member Mr. Navin Agarwal - Member		
<b>RISK MANAGEMENT COMMITTEE</b> Mr. Motilal Oswal - Chairman Mr. Raamdeo Agarawal - Member Mr. Navin Agarwal – Member		
Chief Executive Officer		
Mr. Vijay Kumar Goel		
Chief Financial Officer		
Mr. Shalibhadra Shah		
Registered & Corporate Office		
Motial Oswal Tower, Rahimtullah Sayani Road, Opposite Parel St Depot, Prabhadevi, Mumbai- 400 025		
	Statutory Auditor	
	M/s. Walker Chandiok & Co. LLP, Chartered Accountants,	
	Internal Auditor	
	M/s. Aneja Associates	
	Debenture Trustees	
	<b>MILESTONE TRUSTEESHIP SERVICES PVT. LTD.</b> CoWrks Worli, PS 56, 3rd Floor, Birla Centurion, Century Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 030 Direct: +91 22 62886119, Mobile: +91 9029969213 Website: www.milestonetrustee.in	
	<b>BEACON TRUSTEESHIP LIMITED</b> 4 C&D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (E), Mumbai - 400 051. Direct: 022 26558759; Mobile: 8999389079 Website: www.beacontrustee.co.in	

# Message from Chairman



## Dear Shareholders,

The nature of FY20 remained volatile and challenging as global event like outburst of pandemic Covid-19 in 4th quarter of FY20 has push back entire world economy in threat of one of the worst recession. NBFC industry was trying to overcome from FY19 liquidity crisis which was started after IL&FS default. However, fall of one of the largest private sector bank has further aggravated the problem and led to slowdown in Industry till 9MFY20. Last quarter of fiscal year is considered as strongest quarter for the Industry; however due to outburst of Corona virus, India also has to implement over a month lockdown. This has resulted into biggest set-back for HFC Industry as disbursement halted, collection moderated and bleak visibility for FY21.

However, Government and RBI have taken several measures to ease out impact on individual and corporate borrowers. One of the key measures was allowing 3 month moratorium on EMI payment for all borrowers. Moreover, i expect there would be number of measures would be announced by government and regulator to safeguard and boost HFC/NBFC Industry to come over of this crisis.

Structurally, the potential for housing segment growth continues to remain robust with favourable demographical drivers like urbanization, nuclearisation of families, rising disposable income and working age population. Affordable housing space, in which we operate in, continued to emerge out as a winner even in the midst of liquidity crisis. Although, GST, RERA and demonetization had some short-term impacts on the growth, the overall implementation has brought transparency and accountability amongst the consumers. Smoothing of liquidity issues, easing of pandemic and likely positive regulatory measures will bring sweet spots back for the housing finance space.

Our efforts during the year were concentrated in strengthening our organisation in terms of processes, systems, manpower, culture and structure to create foundation for strong and sustainable growth. In order to make these necessary changes we adopted a conservative approach in our disbursements which stood at ` 190 crores in FY20. The loan book stood at ` 3,667 crores across 47,900 families as of March 2020. From the learnings of the past, we have now been able to establish mutually exclusive verticals of sales, credit, collection and legal. We now have an in-house collection team of 450+ officers. We have strengthened legal unit to pursue legal actions aggressively such as SARFAESI, section 138 and arbitration cases. MOHFLs strengthening of its underwriting, systems and processes resulted in robust performance of new loan book sourced from April'2018 onwards.

MOHFL also received credit rating upgrade amid challenging environment based on several positive changes undertaken. CRISIL has upgraded MOHFL's rating to AA- (stable) from earlier A+ (stable).

To overcome from legacy issues of asset quality this year we decided to sold out pool of NPA to ARC. In FY20 we have sold assets worth of ` 595 cr to Phoenix ARC for consideration of ` 293 cr this has resulted in significant reduction of the GNPA & NNPA ratios to 1.81% and 1.36% respectively. This lower NPL's has helped in boosting lenders' confidence and bringing down cost of funds.

The company is now fully profitable for FY20 and going ahead also it will continue to deliver profitable growth.

I believe the year gone by has been an experience with avalanche of learnings which has helped us to build a strong foundation for sustainable growth. I sincerely thank all the employees for their utmost commitment towards employer in the thick and thin of the journey. I also thank all the stake-holders who have shown support and rendered well-wishes for the company. I have no doubts that the new financial year will bring its own challenges and opportunities and that this fine team will be up and running to face them.



**Motilal Oswal**  
**CHAIRMAN**

# Board Of Directors



## **MR. MOTILAL OSWAL**

### **Chairman and Non-Executive Director**

Mr. Motilal Oswal is the Chairman and Managing Director of Motilal Oswal Financial Services Limited (MOFSL). He is a Chartered Accountant and started the business along with co-promoter, Mr. Raamdeo Agarawal in 1987. For his work and contribution to the capital markets, Mr. Motilal Oswal has been felicitated with several awards.



## **MR. RAAMDEO AGARAWAL**

### **Non-Executive Director**

Mr. Raamdeo Agarawal is the Joint Managing Director of MOFSL. Mr. Agarawal is the man behind the strong research capabilities at MOFSL. Mr. Agarawal specialises in equity research. He has been authoring the annual Motilal Oswal Wealth Creation Study since 1996. He was also conferred with the 'Special contribution to Indian Capital Market Award' by Zee Business in 2011.



## **MR. NAVIN AGARWAL**

### **Non-Executive Director**

Mr. Navin Agarwal is a CA, ICWA, CS and CFA by qualification. He has been with MOFSL since 2000. He has been instrumental in building a market-leading position for the Group in Institutional Broking.



### **MR. SANJAYA KULKARNI**

#### **Independent Director**

Mr. Sanjaya Kulkarni is an engineer from IIT Mumbai and has done MBA from IIM Ahmedabad. He has over 40 years of experience in banking and financial services industry. He is presently an advisor and an investment committee member of the private equity funds and the real estate funds of Motilal Oswal group.



### **MS. REKHA SHAH**

#### **Independent Director**

Ms. Rekha Shah is the founder of Analyze N Control, which is actively involved in providing solutions w.r.t. Process Automation, Compliance, Surveillance and AML Risk Management to the Broking Industry. She has done her Business Management from one of the leading Business Schools of India, JBIMS (Jamnalal Bajaj Institute of Management Studies). Further, she also holds a graduation degree from Narsee Monjee College of Commerce and Economics, University of Mumbai and possess an enriched experience of more than 18 years in Broking Industry. She worked with various well known Indian business houses like Tata Group, Intermediaries such as Vadodara Stock Exchange, UTI Securities (erstwhile), Kotak Securities, JM Morgan Stanley (erstwhile), etc. and has also given training sessions.

# Our Journey

- CRISIL has upgraded MOHFL's rating to AA- (stable outlook) from earlier A+ (stable) based on several positive changes undertaken.
- Sold NPA pool to ARC resulted into significant reduction into NPAs
- MOHFL has shifted to in-house developed software called "Loan Origination System" (LOS) and "Loan Management System" (LMS).
- We are able to execute "Business Continuity Plan" in tough times like lockdown with limited impact on business. Robustness of our IT system has been tested during this time and all stakeholders are benefitted from this.
- Management team with senior leaders having rich experience and expertise is in place.
- Profitability is back in FY20 after taking one time provisioning hit in FY19
- Liability mobilization at competitive rates

2020

- New MD & CEO with Chief Business Officer onboarded
- Senior Management Team with all functional heads (Risk, Credit, Technical, Legal, Collections) in place.
- Majority of stress recognition and higher provisioning done.
- Name changed from Aspire Home Finance to 'Motilal Oswal Home Finance' with effect from 28th May, 2019
- Awarded the Customer Excellence Award at the India CX SUMMIT & AWARDS, 2019.
- Awarded "Digital Excellence in Urban Finance" at the Digital Customer Excellence Awards, 2019
- Loan book of ` 4,357 crore with 52,000+ live accounts.
- Capital Infusion of ` 200 crore in FY19, taking the total cumulative Capital Infusion to ` 850 crore.

2019

2018

- Collection and legal team in place
- ` 4,863 crs loan book
- Capital infusion by MOFSL of ` 150 crores

MOTILAL  
OSWAL  
HOME FINANCE



**2014**

- Commencement of Business operations from 22nd May post receiving Certificate of
- Registration from the National Housing Bank
- First disbursement booked in June 2014 at Akola branch
- Loan book crosses ` 50 crs
- Rated "A/Stable" by CRISIL for ` 100 crs of NCDs. Issued ` 50 crs of NCDs
- Rated A1+ by ICRA for ` 50 crs of CPs. ` 50 crs of CPs issued
- First term loan drawdown

**2015**

- Presence across 14 locations
- Total staff: 160 employees
- Loan book at ` 357 crs with 3565 live accounts
- Year end PAT at ` 2.18 crs CRISIL upgrades rating for long term borrowings from "A/Stable" to "A+/Stable"

**2016**

- Awarded "Finnoviti 2016" for MALA program
- Rating Upgrade by ICRA to AA- Loan Book at ` 2,088 crs with 20,935 live accounts
- Present at 51 locations with Staff Count of ~500
- PAT for year at ` 39.99 crs
- Apr - June 2016
- Received Fast 50 Brands 2016 award by WCRC
- Presence extended to 62 Locations with staff count of more than 600 Loan book of ` 2,492 crs and 25,134 live accounts
- First quarter profit at ` 13.40 crs

**2017**

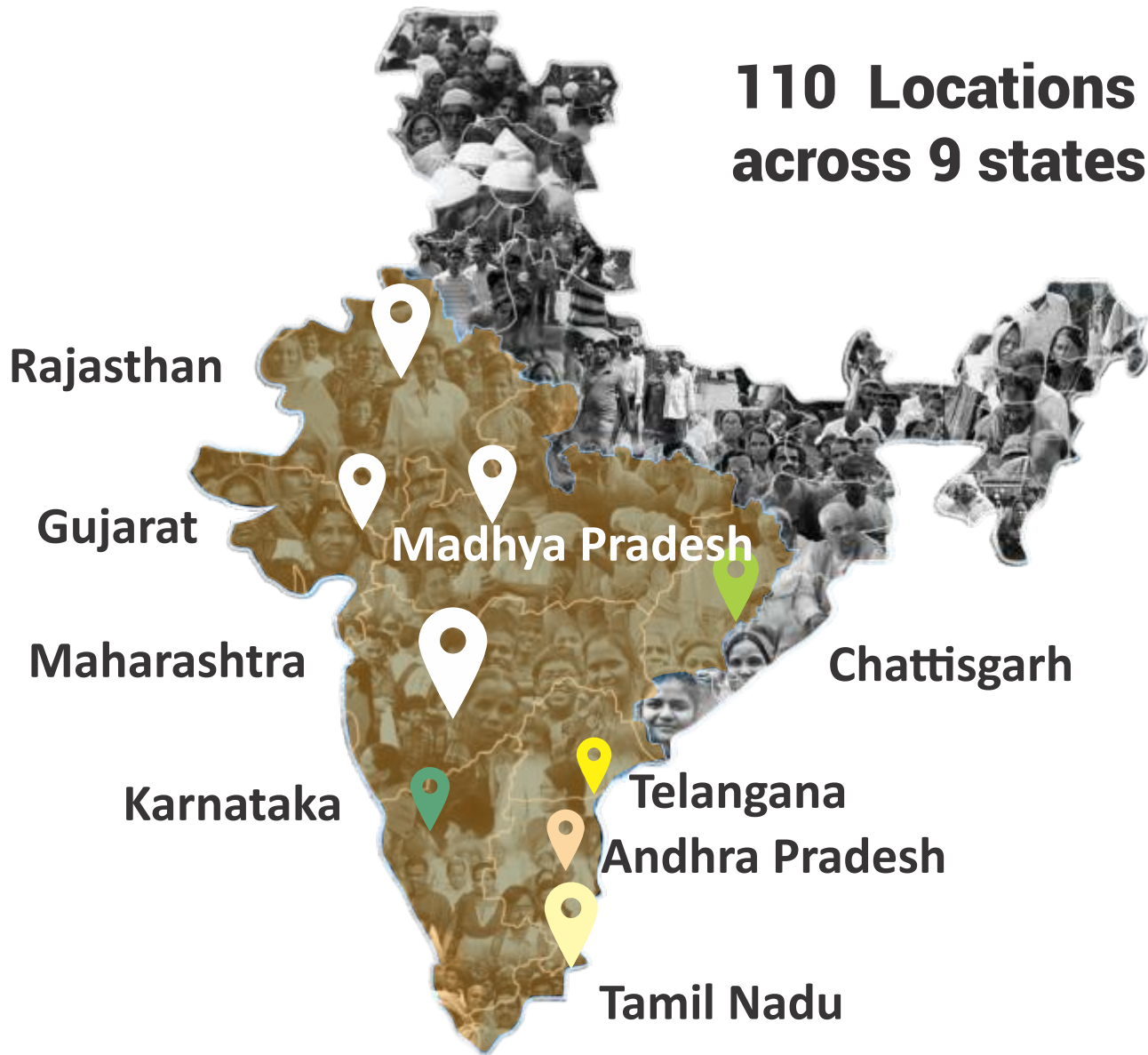
- Awarded second prize for Best Performing Primary Lending Institution under CLSS for EWS/LIG by Ministry of Housing and Urban Poverty Alleviation.
- Awarded "The Innovative Marketing Practices Award" & the Innovative Product and Services Award" at 7th National Conference and Game Changers Awards, 2017.
- Expanded to 6 new states with a presence 121 locations with staff count of 1049.
- Provided subsidy to 1348 customers cumulatively under CLSS scheme of PMAY
- Loan book of ` 4,165 crs with 46,142 live accounts

# Key Strategic Initiatives

## Pursuing High Quality Growth

- ▶ Rich understanding from 60,000 accounts
- ▶ Complete structure of regional/ cluster credit managers reporting to national credit head, along with independent business legal/valuation/technical teams
- ▶ Focus on Self Employed Assessed Income along-with Salaried.
- ▶ 85% of the customers reside in self occupied homes
- ▶ Focus on Self-construction (lower delinquency) loans as compared to new purchase
- ▶ No Builder Loans, no plot loans, and no plot + construction loans
- ▶ Focus on only completed properties (Minimum construction stage to be at 85%)
- ▶ 100% Direct Sourcing Model
- ▶ Focus on improving TAT and enhancing customer delight
- ▶ Risk audit of 100% files by real-time risk team (RTRM)
- ▶ Digitization and automation is the way-forward
- ▶ Robust collection and rigorous legal to be the back-bone of business
- ▶ Enhanced risk control and EWS model for the company
- ▶ Diversified liability mix with strong Asset Liability Management (ALM)

# Our Presence



# Key Highlights

- ▶ CRISIL has upgraded MOHFL's rating to AA- (stable outlook) from earlier A+ (stable). MOHFL has received this credit rating upgrade amid challenging environment based on several positive changes undertaken.
- ▶ Senior management team with all key function heads is now in place.
- ▶ We have Independent Sales, Credit, Collection & Operations : 1184 employees ( Sales : 381, Collections : 457, Credit : 93 & Ops/corporate/others: 253 )
- ▶ New book sourced from April'18 validates the new credit policy, with only 3 cases in NPA out of ~5000 loan cases.
- ▶ In FY20 we have sold assets worth of ` 595 cr to Phoenix ARC for consideration of ` 293 cr (50% Haircut). This has also assisted in reduction of the GNPA & NNPA ratios of MOHFL. As of 31<sup>st</sup> March 20 the GNPA & NPA ratios of the company are 1.81% and 1.36% respectively.
- ▶ Cost of borrowing for us has come down by 10bps in FY20 at 10.16% and incremental cost of funds is 100bps lower at 9%.
- ▶ There was strong support from parent (Motilal Oswal Financial Services), total cumulative capital infusion from sponsor at ` 8.5 bn resulting into lower leverage (Debt/Equity ratio) of 3.4x.
- ▶ We have strong Liability Mobilizations from various Banks & Institutions at competitive rates
- ▶ MOHFL has shifted to in-house developed IT platform called "Loan Origination System" (LOS) and "Loan Management System" (LMS). These newly developed systems provides lot of ease of access, operational convenient, efficiency enhancement and fast tracking of processes.

## **Business Performance**

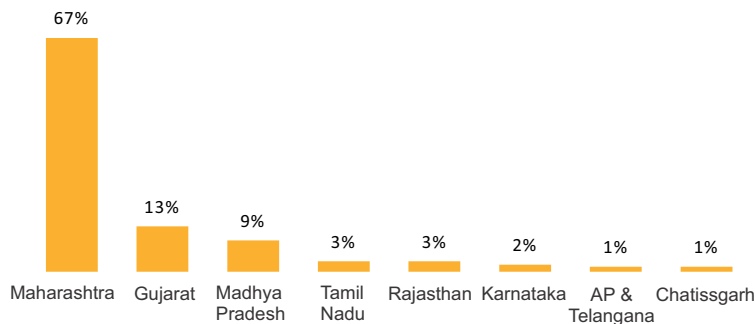
- ▶ Motilal Oswal Home Finance has disbursed ` 190 crores during FY20
- ▶ Average loan size of ` 8.8 lakhs
- ▶ The average tenure of the loan given is 15 years with loan limit of ` 25 lakh
- ▶ Geographical reach across 9 states with 110 branches.
- ▶ Collection team of 450+ members along with robust legal team
- ▶ Catering to 47,900+ families
- ▶ Average LTV of 58% as on 31 March, 2020
- ▶ Total staff counts of 1,184 employees.

## **Financial Performance**

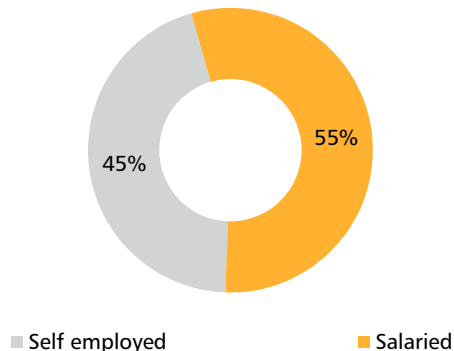
- ▶ Loan book stands at ` 3,667 crores as on 31<sup>st</sup> March, 2020
- ▶ In FY20 MOHFL back in profit ( ` 39 crores) after posting losses in FY19 on account of accelerated provisioning.
- ▶ NIM – 5.3%, Spread – 4.3%
- ▶ GNPA – 1.81% and NNPA – 1.36%
- ▶ Provision coverage – 66%
- ▶ Debt to Equity – 3.4x
- ▶ Cost to Income – 41%
- ▶ Capital adequacy – 47.58%

# Loan Book & Borrowing Analysis

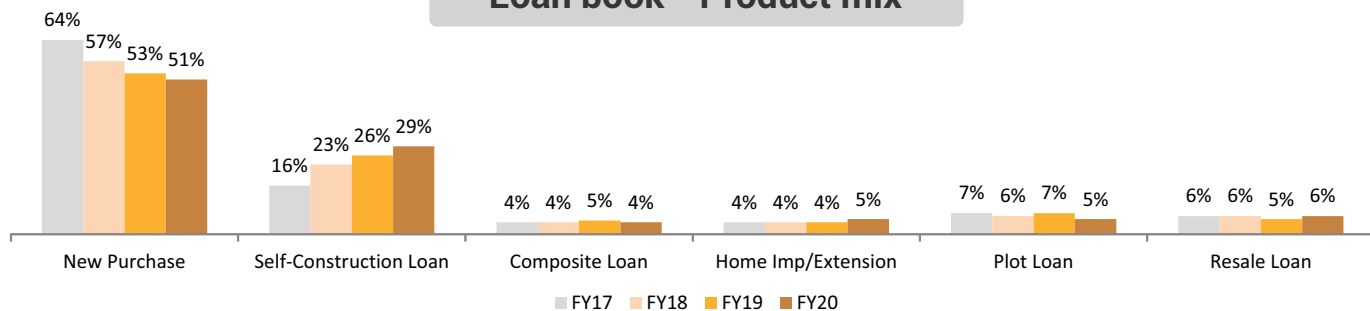
## State wise loan book mix



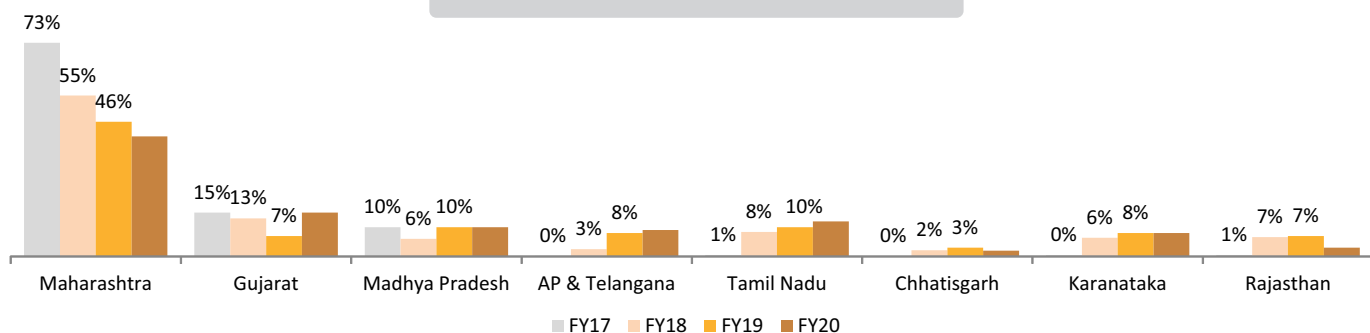
## Balanced customer mix (%)



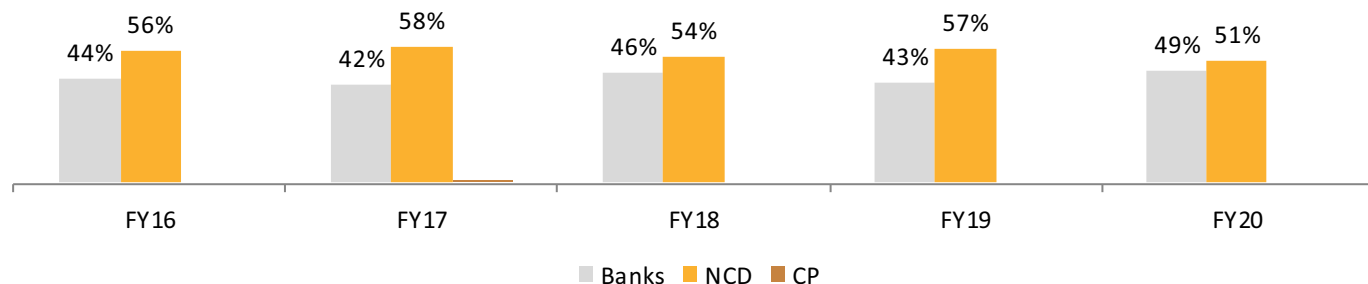
## Loan book - Product mix



## State wise disbursement mix



## Borrowing mix



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# **Management Discussion & Analysis**



# Management Discussion & Analysis

## Indian Economy Overview

The Fiscal Year of 2020 (FY20) witnessed troughs and crests with volatile macro and global sentiments. Global events like pandemic of Corona Virus, significant fall in crude oil prices, US-China trade war concerns had an impact on the markets inducing bearish sentiments. At the Indian macro-economic level, in addition to COVID-19 impact in last quarter of FY20 there are other factors during the year continues to pose challenge to Industry. Factors such as spill-over effects of IL&FS crisis which took place in FY19, sluggish automobile sales, and more recently, fall of one of the prominent largest banks led to overall slowdown in the industry. However, the government and central bank were prompt enough to stabilize the panic in the economy and markets with rescue plans. The government through budget announcements provided a lot of ammunition to RBI to provide monetary stimulus. Despite no further rate cuts, it announced several measures to boost credit growth. They addressed the issue of durable liquidity concerns in the system through Long Term Repo Operations (LTRO). The RBI also removed a mandatory requirement of CRR of 4% for every new loan extended to retail loans for automobiles, residential housing and loans to MSMEs. Government's intent to work on the problems can be ascertained through the various measure such as reduction of corporate tax rate and the new simplified tax slabs for Personal Income Tax. From a global perspective, the US Fed's made aggressive emergency rate cuts by 150 bps in a March month to make interest rate near to zero at 0-0.25% range in response to the economic slowdown caused by outbreak of corona virus. Further, it would buy \$700bn in Treasury and mortgage-backed securities as it attempts to head off a severe slowdown.

RBI action post Covid-19 breakout in India - MPC cut repo rate; announced liquidity infusion and forbearance

- Repo rate reduced by 75 bps from 5.15% to 4.4%, "accommodative" stance retained
- Reverse repo rate reduced by 90 bps; CRR by 100 bps to 3.0%
- Additional liquidity enhancement measures included Targeted Long-Term Repo Operations of ₹ 1.0 trillion and increasing borrowing limit under MSF to 3% of SLR from 2% of SLR
- Announced 3 month moratorium on payments of instalments for term loans, deferring the interest payments of working capital facilities and increasing such facilities through cash credit/overdraft etc. to ease the burden of debt servicing

On the macro-economic front, GDP estimate was at 5% for FY20 as of Feb'2020 which is now having downward risk post lockdown in March. The cumulative Consumer Price Index inflation increased to 6.4% as of March 2020 compared to 3.4% in FY19.

The outlook is now heavily contingent upon the intensity, spread and duration of the pandemic. However, considering current scenario and lockdown of over a month will also have huge impact and recovery period from this pandemic led slowdown would be 9-10 months. FY21 may turn out to be wash-out year for many industries and economies; however India is well placed demographically with various fundamentals in favour. In the coming years India is poised to gradually become the world's youngest workforce after overtaking China. This combined with an increase in productivity will hugely benefit the economy. Structurally, India's long term future outlook remains optimistic.

## Housing Finance Industry Overview

As per ICRA's report, the total outstanding housing credit as on September 2019 stood at ₹ 20.2 lakh crores. Out of the total outstanding credit, Housing Finance Companies (HFCs) and Non-Banking Financial Corporations (NBFCs) contributed ₹ 7 lakh crores. The share of HFCs in the credit portfolio remained consistent at 35% even after slower growth in disbursements. The dip in growth owed to spill-over effects of FY19s' liquidity crisis which continued for major portions of FY20. Also, the HFCs resorted to higher activity in securitisation of assets/portfolio sale outs to maintain the liquidity balance. The stagnant growth in HFCs was opportune by banks which grew their housing portfolio at ~19% till September 2019. On the front of affordable housing finance, the credit growth continued its growth momentum at ~20% till the period of September 2019 showing relatively less impact from liquidity issues. This was majorly due to NHB's liquidity support and robust demand.

Although, the liquidity issues put some brakes on the disbursements by HFCs, the demand side has continued to remain robust with positive consumer sentiments. Government's strong thrust on "Housing for All", introduction of Alternative Investment Fund (AIF) for revival of stalled real estate projects and benefits of Real Estate Regulation & Development Act (RERA) has helped in lifting the trust factor of property consumers. With its stringent preventive and punitive provisions, RERA has put an end to their exploitation by unscrupulous developers by making transactions fair, transparent and secure.



# Management Discussion & Analysis

(Contd..)

On the structural front, the factors like urbanization, migration of population, nuclearisation of families, rising working age population, and the emotions associated with owning a home will continue to aid the growth in the housing finance sector. As per ICRA, over the medium and long term, it is expected the industry to grow in the range of 7-8% driven by growth in affordable housing space and easing out of liquidity concerns. As per CRISIL report, India's Mortgage Penetration Expected to Touch 15% by 2024 from currently ~12.4%.

**Encouraging demand to pull more suppliers:** The government's focus on 'Housing for All by 2022' has been undeterred in the last five years. Also, the housing finance industry has been able to report a growth of 17% CAGR over the last five years. This has made the housing finance space a center for traction with many new players entering the market. The affordable housing space has seen a special traction mainly on account of robust demand, absence of big players and large untapped market. Pradhan Mantri Awas Yojana Urban (PMAY) which was launched in 2015 targeted the creation of 50 million houses by 2022. Under the same, 'Credit Linked Subsidy Scheme' (CLSS) for economically weaker sections and lower income groups, opened the doors for customers who remained away from owning a house. Resultantly, there have been large numbers of new entrants in the market. Of late, Banks too have increased their focus in the retail housing finance space which has increased the competition in ₹ 25-75 lakhs home loan segment of the market. Compared to this, HFCs operating in affordable housing space (sub ₹ 25 lakh loan category) have been growing well and are expected to register CAGR of 30-50% over the next 3-5 year period thereby outpacing the industry.

**Governments' impetus on housing space to further open up the market:** The government continued to focus on adding to more benefits for boosting housing and affordable housing space. The Union government in its budget extended the benefit of availing additional deduction of up to ₹ 1.50 lakh for interest paid on loans for affordable houses by an additional one year till 31 March 2021. The Central government has further tried to incentivise the affordable housing sector by providing a one-year tax holiday extension to real estate developers in the Union Budget 2020. Earlier, the government had announced that a tax holiday will be provided to real estate developers of affordable housing projects till 31 March 2020. This step will certainly boost the supply of affordable houses.

The government implemented cut in GST rates in FY19 after the one which took place in FY18. The GST rate for premium houses was slashed to 5% from 12% whereas for affordable houses, the rates have dropped down to 1% from 8%. Although, there are no benefits of input credit tax for developers under these rates, the overall cuts on the consumer side stands positive.

**Reduction in Tax Rates for Domestic Companies and New Manufacturing Companies.** On September 20, 2019, the Finance Minister announced the Taxation Laws (Amendment) Ordinance 2019 to make certain amendments in the Income Tax Act, 1961 to allow any domestic company an option to pay income tax at the rate of 22% subject to condition that they will not avail any exemption or incentive. The effective tax rate for these companies shall be 25.17% inclusive of surcharge and cess. Also, such companies shall not be required to pay minimum alternate tax.

**Tax Incentives.** The Government has traditionally used tax concessions to promote the housing and housing finance sectors. In the Union Budget for Fiscal 2020, the Government enhanced interest deduction on loans taken until March 31, 2020, for purchase of houses valued up to ₹ 4.5 million to ₹ 0.35 million from ₹ 0.2 million. Other tax benefits available for home loan consumers include: (i) annual interest payments of up to ₹ 200,000 (₹ 300,000 for senior citizens) on housing loans can be claimed as a deduction from taxable income; (ii) principal repayments of up to ₹ 150,000 on a housing loan are allowed as a deduction from gross total income; and (iii) an additional deduction in respect of interest of ₹ 50,000 per annum has been provided exclusively for first-time home buyers, given the property value is up to ₹ 5 million and the loan is up to ₹ 3.5 million.

## Regulator Initiatives

- Regulatory Authority on HFCs Shifted from NHB to the RBI. The Union Budget 2019-2020 announced the transfer of regulatory power on HFCs from NHB to the RBI. This is expected to result in more streamlined regulations and implementation as well as better risk management framework for HFCs. The RBI Act will be amended to give the central bank powers to regulate HFCs.
- This move is expected to ensure there is greater parity in regulations for NBFCs and HFCs.
- Increase in Public Sector Lending Eligibility. The RBI has increased (under the notification released in June 2018) the eligibility for public sector lending ("PSL") in housing loans with a view to converge PSL guidelines with PMAY. The eligibility has been increased from ₹ 2.8 million to ₹ 3.5 million for metropolitan centres and from ₹ 2 million to ₹ 2.5 million for other centres. The cost of dwelling unit has been capped at ₹ 4.5 million in metropolitan centres and at ₹ 3 million in other centres.

# Management Discussion & Analysis

(Contd..)

- **Low Risk Weight and Standard Assets Provisioning on Home Loans.** Since 2013, risk weight for housing loans has been continuously reduced in a progressive manner. As of August 2019, the risk weight for housing loans with a loan-to-value (“LTV”) ratio lower than or equal to 80% is 35% for home loans up to ₹ 7.5 million, while for home loans greater than ₹ 7.5 million with LTV less than or equal to 75%, the risk weight is 50%. In case the LTV for loans up to ₹ 3.0 million is greater than 80%, the risk weight is 50%. The steep reduction in risk weights, from 75% to 125% prior to 2013, indicates the superior experience with the asset quality of housing loans and the comfort of the regulators with the asset class. Lower risk weight has enabled HFCs and banks to lend more against their capital. Furthermore, in June 2017, the RBI lowered the standard assets provisioning on individual housing loans to 0.25% from 0.4% earlier.
- **NHB’s Refinance Schemes to Aid Borrowing Cost for HFCs Catering to Affordable Housing Segment.** While access to the debt markets allows large HFCs to mobilise resources at competitive rates, niche HFCs have benefited from the NHB’s refinance schemes. The NHB runs various schemes under which it refinances banks and HFCs. **Increased Refinancing Limits.** NHB has raised refinancing target from ₹ 240 billion in July 2018 to ₹ 300 billion for July 2019.
- Further, the RBI has increased the ceiling for lending to a single NBFC from 10% to 15% until December 2019. The RBI has also reduced the minimum holding requirement for NBFCs raising funds through securitisation of loans of original maturity above 5 years. The NBFCs will now be allowed to securitise loans after showing six months of repayments against the earlier requirement of 12 months.

## Share of Top 15 States in Housing Loan Outstanding and Loan Disbursement

The housing loan market remains fairly concentrated in top 15 states which account for approximately 93% of the loan outstanding as of March 2019. Maharashtra tops with the overall share of 23% followed by Karnataka (10%), Tamil Nadu (9%), Gujarat (8%) and Telangana (6%). Cumulatively, the top four states account for over half the housing loans outstanding.

### Progress under PMAY since 2014 (Major states)

States	Project Proposals Considered	Investments in Projects (₹ crore)	Central Assistance Sanctioned (₹ crore)	Central Assistance Released (₹ crore)	Houses Sanctioned	Houses grounded for construction	Houses Completed
Andhra Pradesh	932	103,093	30,367	7,665	2,012,101	789,044	330,047
Bihar	447	16,654	4,902	1,879	314,755	161,489	69,827
Chhattisgarh	1,469	10,835	3,877	1,828	256,678	201,095	91,069
Goa	10	197	22	22	986	928	927
Gujarat	1,195	59,874	11,964	7,819	671,903	590,157	403,633
Haryana	538	26,728	4,351	886	271,600	51,051	25,307
Himachal Pradesh	131	556	180	93	10,158	7,985	3,788
Jharkhand	389	12,539	3,018	1,725	199,950	141,702	78,437
Karnataka	2,573	41,015	10,517	3,736	660,901	397,591	176,331
Kerala	454	5,383	2,095	1,274	131,787	104,579	75,026
Madhya Pradesh	1,464	40,508	12,445	6,850	795,071	632,924	327,232
Maharashtra	1,014	112,458	19,219	6,615	1,215,498	526,678	323,965
Odisha	616	5,844	2,430	1,171	155,162	106,253	68,936
Punjab	885	4,601	1,495	534	94,565	51,459	26,657
Rajasthan	396	13,679	3,568	1,528	211,606	122,711	88,280
Tamil Nadu	3,269	40,854	12,036	5,312	777,791	611,527	301,330
Telangana	245	20,981	3,610	1,969	223,214	191,480	105,894
Uttar Pradesh	3,940	69,848	24,461	10,498	1,587,880	1,049,661	499,025
Uttarakhand	191	2,860	756	386	41,477	21,554	14,953
West Bengal	418	20,441	6,498	3,555	417,735	342,853	196,211
<b>Total</b>	<b>20,576</b>	<b>608,947</b>	<b>157,811</b>	<b>65,345</b>	<b>10,050,818</b>	<b>6,102,721</b>	<b>3,206,875</b>

Source: MHUPA as on 31st March, 2020

# Management Discussion & Analysis

(Contd..)

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

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

On the demand side, the Government proposed a credit-linked subsidy capital, which could be as high as 44% (₹ 2,67,000) for a loan of up to ₹ 6,00,000. On December 31, 2016, two new middle income categories were introduced under the scheme, loans of up to ₹ 9,00,000 and ₹ 12,00,000 with subvention of 4% and 3%, respectively. The income eligibility criteria for the two categories are overall household incomes of ₹ 12,00,000 and ₹ 18,00,000, respectively.

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

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

Market Share Growth of HFCs Loses Momentum due to Liquidity Crisis: With tightened liquidity post the IL&FS default in September 2018, HFCs have encountered structural challenges in the form of increased refinancing risk and ALM mismatch, which slowed down disbursements in FY19. HFCs' access to funds from the debt capital markets has also declined considerably, especially for those companies with high negative ALM mismatches. Consequently, several players in the industry have been focusing on managing ALM rather than growing their book. Resultantly, overall credit growth in housing loans for HFCs declined 8% YoY in FY19. Hence, of the total amount of home loan outstanding of ₹ 18.7 trillion as of March 2019, HFCs accounted for 39% share.

**Stable Asset Quality:** As per ICRA's report, the GNPA for all HFCs stood at 1.9% as on September 2019 while the same was 1.6% as on March 2019. On the front of affordable housing space, there has been a rise in GNPA of new –affordable housing HFCs which stands at 4.3%. Increased competition, focus on riskier products like Loans against Property (LAP), Builder loans etc will test the quality of housing credit portfolio. The collection efficiencies were tested during the events like demonetization. However, strong monitoring and control processes employed by HFCs, own contribution of borrowers and end-use monitoring would expect to offset the asset quality concerns.

**Asset Liability Management:** The year witnessed liquidity issues due to spill-over effects of IL&FS default which took place in FY19. The CP borrowings in the overall funding mix of HFCs remained at 6% of the overall borrowings as on September 30, 2019, down from 12% for the same period of FY19. The CP borrowings have largely been refinanced by fixed deposits, the share of which increased from 13% as on September 30, 2018 to 15% as on September 30, 2019 and by securitization, for which the share in the overall borrowing mix increased to 13% from 9% during the same period. While the share of term loans from bank reduced to 23% (September-19) from 27% a year ago, incremental share of funds raised from securitisation/assignments increased from 11% to 19%. Further, the overall bond issuance volumes for HFCs grew by 40% during the period of Oct-18-Sept-19, leading to increase in incremental share from 18% to 23%.

## Outlook:

FY20 witnessed a slight drop in profitability ratios for HFCs owing to lower disbursements and interest spreads. Further, March quarter got impacted due to lockdown in March month. FY21 outlook remain muted amid COVID-19 pandemic outburst and no visibility on how long it will continue. Considering lockdown is only solution for time being to control spread, it has created huge impact on global economy. We believe that HFC Industry will also face challenges from asset side as well as liability side. Further, slowdown in real estate sector led by supply side as well as demand side constrains will aggravate problem. As per ICRA estimate loan book growth for HFC would be 6-8% for FY21. Profitability for the sector would also be impacted due to shrinking spreads and elevated credit cost.

# Management Discussion & Analysis

(Contd..)

## Motilal Oswal Home Finance Limited

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

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

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

## Business Presence

MOHFL is operating in nine states – Maharashtra, Gujarat, Madhya Pradesh, Karnataka, Rajasthan, Chhattisgarh, Tamil Nadu, Telangana and Andhra Pradesh. MOHFL now have 110 Branches across these nine states.

## Disbursements

MOHFL's disbursements remained on a conservative scale as efforts were concentrated on strengthening and re-building the processes and people amid weak environment. The disbursements are made with collateral first policy and after passing through several stringent checks and balances. During the year, MOHFL disbursed loans amounting to ₹ 190 crores for home purchase, construction, repair and renovation. The foundations necessary for strong growth like independent collection and legal organization are now well in place. These efforts are expected to fructify supporting sustainable growth, going forward. Cumulative disbursements as at March 31, 2020 stood at ₹ 6,522 crores.

## Loans

MOHFL's total outstanding loans in FY20 stood at ₹ 3,667 crores led by cautious disbursements. Further, reduction in loan book was also on account of sale of NPA book to ARC during the year. NPA and write off pool of ₹ 595 crores for consideration of ₹ 293 crores at 50% haircut which has also resulted into lower NPAs as well as reduction in loan book. Loans to total assets stood at 90 % as at March 31, 2019 with average LTV of the book is ~58%. The average lending rate for FY20 stood at 14.2%. Average ticket size is ₹ 8.8 lacs, with loans extended to more than ~47,900 families, as MOHFL is focused on the affordable housing segment. The overall FOIR during the year remained at a comfortable level of 44%.

## Credit underwriting

The loan approval process at MOHFL is in 4 layers of approval process based on ticket size of the loan. Approvals of lending proposals are carried out by various authorities from Cluster Credit Head to National Credit Head.

Approvals beyond certain limits are referred to the Chief Operation Officer. Additional layer of in house legal and technical makes underwriting process more robust. There is a Dedicated Risk Containment Unit (RCU) in the Company to minimize fraud related to income documents, profile and collateral. We have now credit underwriting done based on application score card and risk based pricing. Credit function is fully automated which ensures faster and accurate paperless processing resulting into better TAT for customers and better productivity for employees. MOHFL's strengthening of its underwriting, systems and processes resulted in robust performance of new loan book sourced from April'2018 onwards. New book had outstanding of ₹ 375 crores and had only 3 cases in NPAs and bounce rate reduced to 8%. This further strengthens our asset quality and envisages robustness of our incremental credit underwriting.

## Recoveries and Provision for Contingencies

MOHFL NPAs as at March 31, 2020 were ₹ 66 crores in respect of individual home loans. MOHFL carries NPA provisions of ₹ 16 crores. MOHFL gross NPAs are 1.81% and Net NPAs are 1.36% on total outstanding loans of ₹ 3,667 crores as at March 31, 2020.

# Management Discussion & Analysis

(Contd..)

The asset quality deterioration witnessed from FY18 had a spill-over effect in FY20 as well. The seasoning of book coupled with delay in setting up collection organization mainly contributed to escalation of NPAs. However, In FY20 we have sold assets worth of ₹ 595 crores to Phoenix ARC for consideration of ₹ 293 crores (50% Haircut). This has also assisted in reduction of the GNPA & NNPA ratios of MOHF. As of 31st March 20 the GNPA & NPA ratios of the company are 1.81% and 1.36% respectively. This lower NPL's will help us in further adding to lenders' confidence and bringing down incremental cost of funds. The loss on sale of assets to ARC has been recognised in FY20 and the impact of the same is to the tune of ₹ 50 crores. This has impacted the steady state run-rate of monthly profitability during the year.

MOHFL now has robust legal and collection unit in place. MOHFL has 450+ members in-house collection team across all buckets (dedicated teams for each bucket) with vertical organization structure. Further, we have 25 members legal team comprising of lawyers to take legal action against delinquent customers via SARFAESI, section 138 and arbitration route. We have filed more than 3,000 cases of SARFAESI and we have received 700 non-bailable warrants. With strong collection team, MOHFL has now been able to take the collection efficiency to 97% with evident improvement, going forward.

## Liability Management

Rating upgrade: MOHFL also received credit rating upgrade amid challenging environment based on several positive changes undertaken. CRISIL has upgraded MOHFL's rating to AA- (stable outlook) from earlier A+ (stable). This rating upgrade is driven by MOHFL's ability and positive developments of Management depth and experience, strengthening of collections and recovery apparatus, enhancing credit appraisal and risk monitoring system, strengthening of capital position and greater integration of the MOHFL with those of its parent including the change of name of the company has improved the credit profile of MOHFL and enabled to bring down cost of funds in FY20 and over longer run.

MOHFL has been raising funds for its lending activities from banks by way of term loans, by private placement of non-convertible debentures (NCDs), by issuance of commercial paper. MOHFL has maintained a prudent mix of fixed rate borrowings and variable rate borrowings with a view to minimize the weighted average cost of borrowings and maintain a healthy spread on its lending activities.

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

MOHFL continued to borrow for both long and short-term from the banking sector at competitive rates. MOHFL raised fresh loans from banks/NBFCs aggregating to ₹ 360 crores during the year and repaid loans aggregating to ₹ 430 crores. Term loans are secured by way of hypothecation over loan receivables. Outstanding balance of term loans was ₹ 1,440 crores as at March 31, 2020.

The outstanding balance of NCDs as at March 31, 2020 was ₹ 1,514 crores. Out of which ₹ 1,249 crores NCDs are secured by way of hypothecation over loan receivables. MOHFL NCDs are rated with "CRISIL AA-" & "ICRA A+" with Stable outlook indicating adequate degree of safety regarding timely servicing of financial obligations.

Total 22 banks extended credit lines and NCDs were allotted to 10 institutions and various HNI's as of March 2020. The average cost of borrowing for MOHFL stood at 10.16% in FY20.

MOHFL has available credit lines of ₹ 640 crores, Cash & Bank Balance ₹ 80 crores, investments are 'Nil' and 'Nil' short term loans or commercial papers as on 31st March 2020. Nil reliance on CPs helped MOHFL to remain immune from the liquidity issues prevalent in the industry.

MOHFL continues to enjoy borrowing facilities from various Banks, Mutual funds & HNI investors. During the year it raised borrowings of ₹ 802 crores.

MOHFL has also prepaid borrowings of various bank and mutual funds and gain lower cost of funds advantage on new borrowings. During FY 20 it prepaid borrowings facilities of ₹ 1402 crores.

The outstanding subordinated debt as at March 31, 2020 was nil vs ₹ 50 crores in March 31, 2019. Due to repayment of subordinate debt our Tier II capital stands at ₹ 18.85 crores.

MOHFL total borrowings as at March 31, 2020 of ₹ 2,954 crores were within the permissible limits of 16 times of net owned funds. MOHFL has debt to equity ratio of 3.4x in FY20. MOHFL Capital Adequacy Ratio as at March 31, 2020 was 47.58%. The Capital Adequacy on account of Tier I Capital was 46.41%.

# Management Discussion & Analysis

(Contd..)

In FY 21, MOHFL would also apply to National Housing Bank (NHB) for Re-finance availment under the prescribed schemes and would further strengthen its ALM profile and lower cost of borrowings

Cost of borrowing for us has come down by 10 bps in FY20 at 10.16% and incremental cost of funds is 100bps lower at 9%. Further, benefit of RBI's recent 75bps cut in Repo will further translate into reduction in bank's MCLR as about 70% of our borrowing is floating rates.

## Taxation

MOHFL has not opted for the concessional tax regime and avails the option to tax at the pre-amended rate of 30%. However, MOHFL would opt for the concessional tax regime after set off of the brought forward loss in income tax & availment of MAT credits if any. After the exercise of the option MOHFL shall be liable to pay tax at the rate of 22%.

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

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

## Risk Management Framework

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

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

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

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

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

## Internal Audit and Control

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

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

# Management Discussion & Analysis

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## Collection/Legal organisation

MOHFL has set up an in-house collection team of 450+ officers. Also, the investments in technology in the form of collection applications and geo-tagging feature have enabled the efficient capturing of efforts put in by collections team. MOHFL has strengthened legal unit to pursue legal actions aggressively such as SARFAESI, section 138.

## IT Audit and Security

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

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

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

## Business continuity Plan -

During lockdown period all staff of MOHFL is able to work from Home and all employees had connected with centralized IT and database with VPN connectivity. We are able to execute "Business Continuity Plan" in tough times like lockdown with limited impact on business. Robustness of our IT system has been tested during this time and all stakeholders are benefitted from this. Digital collections accounts for more than 85% of the total collections and hence to that extent MOHFL doesn't necessitate field level activity in this lock-down. However Incremental Disbursements to are likely to be impacted during the lock-down period due to multiple factors including closure of government offices, hampered mobility, inability to conduct verification checks /RCU checks.

## Digitisation:

MOHFL has made investments in digital initiatives to reduce operating costs and turnaround time, and to improve customer experience. MOHFL does extensive use of technology developed by in-house group level IT team of 300+ members. There are separate mobile based apps for Sales, credit and collection for faster paperless processing and better productivity of employees. Despite catering to EWS and LIG income segment MOHFL has 100%customer registered on NACH. Also, bulk of the collection done through online payment gateway with minimum cash handling. MOHFL has won "Digital excellence in urban finance" award and "Customer excellence" award for 2019.

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

Your company has launched 'MOHFL Genie', Chabot 24\*7 robo assistance for customers. This has helped us greatly in resolving customer queries in a quick and effective manner. Customer can access all loan account information like loan amount, tenure, EMI, interest certificate, etc. on 'MOHFL Parivaar' app. As of March 2020 there was >5000 Logins in Mobile App and >16000 Chat Bot users.

## Human Resource

Management team has been strengthened with all senior leadership in place. Also, FY20 witnessed various modifications and changes in Heads of Credit, Collections, Operations, HR, Business Process & Quality and Compliance. The transition of the organisation from a Branch banking model to a Vertical organisation coupled with re-writing of processes to ensure quality growth is now stands complete. Critical functions such as Sales, Credit, Operations and Collections are being driven by independent heads. MOHFL's total headcount stands at

# Management Discussion & Analysis

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1184 employees. A captive Technical and Legal organisation has been created to provide strong foundation. With the high level of commitment and loyalty by staff members and the parent group, MOHFL is confident to face the challenges of all the adverse conditions while emerging out as a winner.

## Outlook of the Company

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

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

With all the learnings from the past and subsequent corrective measures, MOHFL is poised to opportune from India's growing demand for affordable housing. FY18 to FY20 have been years of consolidation with conservative approach in terms of growth. Nevertheless, MOHFL has successfully built its independent departments of sales, credit, collection, legal, compliance and risk. The mutually exclusive operations of these departments will ensure prioritization of 'quality' growth in future.

Recent, global lifetime event of COVID-19 has disrupted and impacted entire world. Moreover with no availability of vaccine and "Lockdown" remains only viable solution in order to control spread of this pandemic. However, Lockdown is impacting economies of all countries in big way and Housing finance Industry can't remain immune from this. With lockdown in India and halt in countrywide construction activity will create supply-side constrain for industry. Further, due to economic slowdown, unemployment, job loss and pay cut scenario demand will also take beating. NBFC and HFCs will also face challenges on both the fronts, assets side as well as on liability side. However, there is consistent support and measures taken by RBI and GOI in order to control these situations and help financial sector to come out from this challenging time. RBI has already provided 3 months of moratorium facility to customers and MOHFL has seamlessly implemented RBI's moratorium circular benefiting 6300 (apprx) customers as of 31st March 2020.

Even though, MOHFL has strong parentage support and liquidity cushion on Balance sheet as of March 2020; there might be impact on business in terms of lower loan book growth.

## Cautionary Statement

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





# **Board's Report and Annexures**



# Board's Report

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

The Directors of your Company have the pleasure in presenting the Seventh Board's Report together with the Audited Financial Statements for the financial year ended March 31, 2020

## Financial Results

Summary of Financial Results for the year ended March 31, 2020 is as under:

(Amount in ₹)

Sr. No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	<b>Gross Income</b>	<b>5,76,44,00,960</b>	<b>6,48,41,36,971</b>
2	Income Before interest, depreciation and tax	3,997,767,206	1,85,36,38,412
3	Interest	3,32,05,95,139	3,92,43,00,107
4	Depreciation	6,80,04,053	4,49,00,619
5	<b>Net Profit/(Loss) Before Tax</b>	<b>60,91,68,014</b>	<b>(2,11,55,62,314)</b>
6	Tax	21,83,91,279	(74,67,36,708)
7	<b>Net Profit/(Loss) After Tax</b>	<b>39,07,76,735</b>	<b>(1,36,88,25,606)</b>
8	Other comprehensive income	73,37,092	1,17,72,512
9	<b>Balance available for appropriation</b>	<b>39,81,13,827</b>	<b>(1,35,70,53,094)</b>
10	Transfer to Special Reserve u/s 29C of the NHB Act, 1987	7,81,55,347	–
11	<b>Surplus carried to Balance Sheet</b>	<b>320,278,904</b>	<b>(1,35,70,53,094)</b>

## Dividend

The Board of Directors of the Company have not recommended payment of dividend for the Financial Year 2019-20.

## Information on the State of affairs of the Company

The Information on the State of Affairs of the Company has been given as part of Management Discussion & Analysis Report forming part of Annual Report of the Company.

## Review of Business Operations and Future Prospects

During the year under review, your Company earned the gross income of ₹ 576.44 crores as against ₹ 648.41 crores in the previous year. The total expenditure during the year under review was ₹ 515.52 crores as against ₹ 859.96 crores in the previous year. The Net Profit after tax was ₹ 39.07 crores as against Loss of ₹ 136.88 crores in the previous year.

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

Your Company would work on the philosophy of Housing Financial Institution enabling credit access to low and middle income segment for purchasing and acquiring affordable housing units.

## Share Capital

The Authorised share capital of the Company as on March 31, 2020 is ₹ 10,00,00,00,000/- (Rupees One Thousand crores only) divided into 10,00,00,00,000 (One Thousand Crores) Equity Shares of Re. 1/- each.

During the year under review, the Company has allotted following additional equity shares under Employee Stock Option Scheme:

- 43,45,250 (Forty Three Lacs Forty Five Thousand Two Hundred Fifty) Equity shares of Re. 1/- each under Employee Stock Option Scheme (ESOS).

# Board's Report

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Pursuant to the allotment of the Equity Shares, the paid up Equity Share Capital of the Company as on March 31, 2020 is ₹ 6,01,30,37,765 /- (Rupees Six Hundred One Crore Thirty Lacs Thirty Seven Thousand Seven Hundred Sixty Five Only).

## Credit Ratings

The Company's borrowings enjoy the following Credit Ratings:

Nature of Borrowing	Rating / Outlook	
	ICRA	CRISIL
<b>Short Term</b>		
Commercial Paper	"[ICRA]A1+"	CRISIL A1+
<b>Long Term</b>		
Market Linked Non-Convertible Debentures	"PP-MLD [ICRA] A+" with Stable outlook"	CRISIL PP-MLD AA-r/ Stable
Non-Convertible Debentures	[ICRA]A+(Stable)	CRISIL AA-/Stable
Bank Borrowings	[ICRA]A+(Stable)	CRISIL AA-/Stable

## Debentures

During the year under review, the Company has raised ₹ 442 crore through Non-Convertible Debentures ("NCDs") on a private placement basis. As on March 31, 2020, the outstanding NCDs stood at ₹ 1,510 crore.

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

Credit Rating assigned to the NCDs and Market Linked NCDs are mentioned above.

During the financial year under review, the interest on Non-Convertible Debentures issued on private placement basis were paid by the Company on their respective due dates and there were no instances of interest amount not claimed by the investors or not paid by the Company.

Your Company being Housing Finance Company (HFC), is exempted from the requirement of creating Debenture Redemption Reserve (DRR) on privately placed debentures. Therefore, no DRR has been created for the Debentures issued by your Company on private placement basis.

Disclosure under Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) directions, 2014:

- The total number of non-convertible debentures which have not been claimed by the investors or not paid by the Company after the date on which the Non-Convertible Debentures became due for redemption: Nil
- The total amount in respect of such Debentures remaining unclaimed or unpaid beyond the date of such Debentures become due for redemption: Nil

## Debenture Trustee

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

### Milestone Trusteeship Services Private Limited

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

### Beacon Trusteeship Limited

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

## Disbursement

During the year, the Company disbursed the Housing loan amounting to the tune of ₹ 192.18 crores.

# Board's Report

(Contd..)

## Commercial Paper

Your Company mobilises funds through Commercial Papers (CPs) also. During the year, the Company issued CPs amounting to ₹ 650 Crores. There are no outstanding CPs as on March 31, 2020. The CPs are rated [ICRA] A1+ and CRISIL A1+ indicating that instrument have adequate degree of safety regarding timely payment of financial obligation.

## Loans from Banks / Financial Institutions

During the year under review, the Company has availed Term Loans facilities of ₹ 360 Crore from various banks / Financial Institutions. As on March 31, 2020, the outstanding loans stood at ₹ 1,440 crore.

## Public Deposits

Your Company is registered with National Housing Bank as a non-deposit taking housing finance company. During the year under review, the Company has not accepted any deposits from the public and the Company has passed a resolution in the Financial Year for non-acceptance of Public Deposits.

## Non-Performing Assets and Provisions for Contingency

Your Company adhered to the Prudential guidelines for Non-Performing Assets (NPAs) issued by National Housing Bank (NHB) under the NHB Directions, 2010, as amended from time to time. The recognition of NPA and provision on Standard and Non-Performing Loans is made as per the prudential norms prescribed in the Housing Finance Companies (NHB) Directions, 2010 as amended. Additional provisions (over and above the prudential norms) is made as per the NPA Management, Write Off and Settlement Policy approved by the Board of Directors in their Board Meeting held on May 10, 2019.

Your company has complied the provisions of Indian Accounting Standards (IND AS) and the provisions of paragraph 24 of the Housing Finance Companies (NHB) Directions, 2010 ("Directions") on Accounting Standards, in terms of which the Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India, in so far as they are not inconsistent with any of the NHB Directions. Further to implementation of IndAS, the company holds Impairment Allowances, maintains the asset classification and compute provisions as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) including borrower/beneficiary wise classification, provisioning for standard as well as restructured assets, NPA ageing, etc. A comparison table between provisions required under IRACP and Impairment Allowances made under Indian Accounting Standard 109 has disclosed in notes to financial statement. The NHB circular requires HFCs to adopt sound methodologies, systems / procedures, commensurate with the size, complexity, risk, profile etc., specific to them while implementing Ind-AS. The provisioning for NPA under regulatory norms stands at ₹ 25.56 crores vis-à-vis provisioning under Ind-AS at ₹ 16.51 crores. Accordingly NNPA as per regulatory norms is 1.10% vis-à-vis 1.36% under Ind-AS.

However, for regulatory and supervisory purposes, including various kinds of reporting to the NHB, the Company continues to follow the 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 regard by NHB from time to time.

## Risk Management Framework

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

## National Housing Bank Guidelines

The Company has complied with the provisions of the Housing Finance Companies (NHB) Directions, 2010, as prescribed by NHB and has been in compliance with the various Circulars, Notifications and Guidelines issued by National Housing Bank (NHB) from time to time. The Circulars and the Notifications issued by NHB are also placed before the Audit Committee / Board of Directors at regular intervals to update the Committee/ Board members on the compliance of the same.

During the year under report, as per NHB policy circular No. NHB (ND)/DRS/Policy Circular No.92/ 2018-19 dated February 5, 2019, the Company has done annual review of frauds as per the provisions mentioned in said circular. Further, the note on said Annual Review shall be placed before the board for information. And also the reporting requirements as per said circular has also been made within stipulated time.

# Board's Report

(Contd..)

Your Company's Board has approved Know Your Customer & Anti Money Laundering Policy (KYC & AML Policy) in board meeting held on October 24, 2019, and adheres to the provisions of Policy Circular issued by NHB vide NHB/ND/DRS/ Policy Circular No. 94/2018-19 dated March 11, 2019. The said Policy is in line with the guidelines issued by the National Housing Bank.

Your Company has in place a Fair Practices Code (FPC), which includes guidelines on appropriate staff conduct when dealing with the customers and on the organisation's policies vis-à-vis client protection. The FPC captures the spirit of the National Housing Bank guidelines on fair practices to be followed by Housing Finance Companies. Further we wish to aware that your company has effective Grievance Redressal Mechanism, to address/resolve the complaints/grievances of customers.

The National Housing Bank Act, 1987, empowers NHB to levy a penalty on Housing Finance Companies for contravention of the Act or any of its provisions. MOHFL has complied with the said provisions and accordingly NHB has not levied any penalty on MOHFL during the year.

## Prudential Norms for Housing Finance Companies

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

## Capital Adequacy Ratio

As per the provisions of notification issued by NHB vide Notification No.NHB.HFC.DIR.22/ MD&CEO/2019 dated June 17, 2019 and as required under the National Housing Bank Directions, your Company is presently required to maintain a minimum capital adequacy of 13%.

The Capital Adequacy Ratio as at March 31, 2020 was 47.58%. Tier I and Tier II capital adequacy ratios as at March 31, 2020 were at 46.41% and 1.17%, respectively.

## Special Reserve (U/S 29C of the National Housing Bank Act, 1987)

During the period under review, your company has transferred ₹ 7.81 crore to Special Reserve as per the requirement of the Section 29C of the National Housing Bank Act, 1987.

## Holding/Subsidiary Company

The Company is a subsidiary of Motilal Oswal Financial Services Limited. It has no subsidiary, joint venture or associate company.

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

## Board of Directors

The composition of the Board of Directors of the Company is in accordance with the provisions of Section 149 of the Companies Act, 2013 ("Act") with an appropriate combination of Non-Executive and Independent Directors (including woman director) who bring in a wide range of skills and experience to the Board.

The Board consist of following members:

Sr. No.	Name of Director	Designation
1	Mr. Motilal Oswal	Chairman & Non-Executive Director
2	Mr. Raamdeo Agarawal	Non-Executive Director
3	Mr. Navin Agarwal	Non-Executive Director
4	Mr. Sanjaya Kulkarni	Independent Director
5	Mrs. Rekha Shah	Independent Director

Mr. Sanjay Athalye has resigned from the position of Managing Director & Chief Executive Officer of the Company w.e.f closing of business hours on August 2, 2019 due to personal reasons. Further, Mrs. Smita Gune has resigned from the position of Independent Director of the Company w.e.f closing of business hours on April 16, 2020 due to personal reasons.

# Board's Report

(Contd..)

Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every Annual General Meeting ("AGM"), not less than two-third of the total number of directors of a public company (excluding the Independent Directors) shall be persons whose period of office is liable to determination by retirement of directors by rotation. Accordingly, Mr. Navin Agarwal, Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. The details of Mr. Navin Agarwal is provided in the Notice of the ensuing AGM of the Company.

The resolution for the re-appointment of Mr. Navin Agarwal as detailed in the Notice of the ensuing AGM would be placed for your approval at the ensuing AGM.

## Key Managerial Personnel

The Company has appointed Mr. Vijay Kumar Goel as a Chief Executive Officer of the Company w.e.f. July 30, 2019 due to resignation of Mr. Sanjay Athalye from the position of Managin Director & Chief Executive Officer of the Company. Further, Ms. Shivani Chouhan has resigned from the position of Company Secretary & Compliance Officer of the Company w.e.f. November 30, 2019.

As on March 31, 2020, the Company has the following Key Managerial Personnel:

1. Mr. Vijay Kumar Goel – Chief Executive Officer
2. Mr. Shalibhadra Shah – Chief Financial Officer

## Performance Evaluation

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

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

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Non-Executive Directors.

The same was discussed in the Board Meeting followed by the meeting of Independent Directors, at which the performance of the Board, its Committee(s) and Individual Directors was also discussed.

## Employee Stock Option Scheme (ESOS)

Members of the Company have approved various Employee Stock Option schemes for attracting, retaining and rewarding Employees of the Company and its holding / subsidiary companies. Nomination and Remuneration Committee of the Company has granted the options to the eligible employees of the Company and MOFSL Group Companies, as detailed hereunder:-

Sr. No.	Particulars	MOHFL "ESOS 2014"	MOHFL "ESOS 2016"	MOHFL "ESOS 2017"
a)	Options granted	Refer to the Note No. 41 of the Financial Statements		
b)	The Pricing formula			
c)	Options vested			
d)	Options exercised			

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

## Corporate Social Responsibility

The Company recognizes the responsibilities towards society and strongly intends to contribute towards development of knowledge based economy. Since, the average net profit of the company during the last three immediately preceding financial years was negative, the Company has not spent any amount on CSR

# Board's Report

(Contd..)

activities during the year under review. In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility Committee.

The Corporate Social Responsibility Committee consists of the following Members:

Sr. No.	Name of the Member	Designation in the Committee
1	Mr. Sanjaya Kulkarni	Chairman
2	Mr. Motilal Oswal	Member
3	Mr. Navin Agarwal	Member

The Company has also formulated a Corporate Social Responsibility Policy which is available on the website of the Company at [https://www.motilaloswalhf.com/uploads/pdf/governance/CSR\\_Policy.pdf](https://www.motilaloswalhf.com/uploads/pdf/governance/CSR_Policy.pdf)

Annual Report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time) has been appended as "Annexure 1" to this Report.

## Terms of reference of the CSR Committee:-

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

## Audit Committee

The Audit Committee consists of the following members:

Sr. No.	Name of the Member	Designation in the Committee
1	Mr. Sanjaya Kulkarni*	Chairman
2	Mr. Motilal Oswal	Member
3	Mrs. Rekha Shah	Member

\*Audit Committee was re-constituted by the Board of Directors of the Company at their meeting held on April 27, 2020 by inducting Mr. Sanjaya Kulkarni as a Chairman of the Committee.

## Terms of reference of the Audit Committee:-

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- review and monitor the auditor's independence and performance, and effectiveness of audit process;
- examination of the financial statement and the auditors' report thereon;
- approval or any subsequent modification of transactions of the company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised through public offers and related matters;
- Ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.
- Additional Terms of reference approved by the Board as mentioned below:
  - To assist the Board in its responsibility for disclosure in relation to risk management in the annual report.
  - To carryout Periodic review, monitor, assess the quality and effectiveness of the Risk Management plan and ensure that the risk policies and strategies are effectively managed and the risk taken are within the agreed tolerance and appetite levels.
  - To review interest rate of the Company and liquidity management framework market (including funding, liquidity & treasury) and policies, processes and systems used to manage exposures.

# Board's Report

(Contd..)

(iv) To review and provide feedback to Management on the categories of risk the Company faces, particularly credit, and operational risk, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures and Management's views on the acceptable and appropriate levels of those risk exposures. The other risk management responsibility to include:

- Analysis of the vendor payments amounting to ₹ 5 lakhs and above per quarter to single vendor (including but not limited to Brokerage & Commission, vendors for due diligence, sourcing vendors etc.)
- To implement and set up the Risk / Fraud Containment unit to guard the Company against any deliberate attempt to commit any fraud resulting in financial and reputation loss.
- To analyse and implement controls to detect revenue leakage in any form or the other.

(v) To perform hind sighting audit to identify if the policies and procedures of the Company has been complied and implemented which includes underwriting policies and other SOPs.

(k) Any other function as may be mandated by the Board or stipulated by the Companies Act, 2013, National Housing Bank guidelines or any other regulatory authorities from time to time.

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following members;

Sr. No.	Name of the Member	Designation in the Committee
1	Mr. Sanjaya Kulkarni	Chairman
2	Mr. Motilal Oswal	Member
3	Mrs. Rekha Shah	Member

\* Nomination and Remuneration Committee was re-constituted by the Board of Directors of the Company at their meeting held on April 27, 2020 by inducting Mrs. Rekha Shah as a member of the Committee.

### Terms of reference of the Nomination and Remuneration Committee:-

- a) Formulate criteria for determining qualifications, positive attributes and independence of an Individual who may be appointed as a Director or Key Managerial Personnel or in senior management level of the Company;
- b) 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 of directors their appointment and removal;
- c) 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 Committee or by an independent external agency and review its implementation and compliance;
- d) Recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees. The policy shall be referred as Nomination and Remuneration policy.
- e) To ensure 'fit and proper' status of proposed/ existing directors.
- f) To formulate, implement and administer Employee Stock Option Scheme(s) of the Company and grant stock options to the eligible employees.
- g) Any other function as may be mandated by the Board or stipulated by the Companies Act, 2013, National Housing Bank guidelines or any other regulatory authorities from time to time.

### Company's policy relating to Directors appointment, payment of remuneration and discharge of their duties

The salient features of Nomination and Remuneration Policy of the Company are as follows:

- Formulation of criteria to qualify individuals who may become Director or who may be appointed in senior management level of the Company.



# Board's Report

(Contd..)

- Appointment and removal of Directors, Key Managerial Personnel and senior management personnel.
- Performance evaluation of all Director.
- Remuneration for the Executive Directors, Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel

The Nomination and Remuneration Policy is available on the website of the Company at [https://www.motilaloswalhf.com/uploads/pdf/governance/Nomination\\_and\\_Renumeration\\_Policy.pdf](https://www.motilaloswalhf.com/uploads/pdf/governance/Nomination_and_Renumeration_Policy.pdf)

## Stakeholders Relationship Committee

The Company has constituted the Stakeholders Relationship Committee for resolving the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report, etc.

The Stakeholders Relationship Committee consists of the following Members:

Sr. No.	Name of the Member	Designation in the Committee
1	Mr. Motilal Oswal	Chairman
2	Mr. Raamdeo Agarawal	Member
3	Mr. Navin Agarwal	Member

## Terms of reference of the Stakeholders Relationship Committee:-

- To address requests/resolve grievances of security holders including complaints related to transfer/transmission of securities, non-receipt of balance sheet, non-receipt of declared dividends/interests, etc.;
- To monitor and transfer the amounts/shares transferable to Investor Education and Protection Fund ("IEPF");
- Taking decision on waiver of requirement of obtaining the Succession Certificate/Probate of Will on case to case basis;
- To address the remat/demat requests of security holders for rematerialisation/ dematerialisation of securities;
- To issue duplicate share/debenture certificate(s) reported lost, defaced or destroyed as per the laid down procedure and to resolve the grievances of security holders of the Company;
- Attending to complaints of security holders routed by SEBI (SCORES)/Stock Exchanges/RBI or any other Regulatory Authorities;
- Any other matters that can facilitate better investor services and relations.

## Vigil Mechanism/Whistle Blower Policy

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act (as amended from time to time), the Company has framed Vigil Mechanism / Whistle Blower Policy ("Policy") to enable directors and employees to report genuine concerns or grievances, significant deviations from key management policies and reports any non-compliance and wrong practices, e.g., unethical behavior, fraud, violation of law, inappropriate behavior / conduct, etc.

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

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

The Policy framed by the Company is in compliance with the requirements of the Act and same is available on the website of the Company at [https://www.motilaloswalhf.com/uploads/pdf/governance/MOHFL\\_WHISTLEBLOWER\\_POLICY\\_VER\\_1.1.pdf](https://www.motilaloswalhf.com/uploads/pdf/governance/MOHFL_WHISTLEBLOWER_POLICY_VER_1.1.pdf)

## Declaration by Independent Directors

All Independent Directors have submitted the declaration of independence, pursuant to provisions of the Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and are not disqualified from continuing as Independent Directors of the Company.

# Board's Report

(Contd..)

## Disclosure on Maintenance of Cost Records

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

## Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

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

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

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

## Particulars of Loans, Guarantees or investments made under Section 186 of the Companies Act, 2013

Since the Company is a Housing Finance Company, the disclosure regarding particulars of loans given, guarantees given and security provided in the ordinary course of business is exempted under the provisions of Section 186 (11) of the Act.

## Number of Board Meetings

During the period under review, the Board met Six times i.e. on May 10, 2019, July 30, 2019, September 27, 2019, October 24, 2019, January 22, 2020 and March 24, 2020.

The maximum gap between any two meetings was not more than one hundred and twenty days. The required quorum was present at all the above meetings. The meetings of the Board are generally held at the Registered Office of the Company.

## Directors' Responsibility Statement:

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for that period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Internal Financial Controls

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

# Board's Report

(Contd..)

## Statutory Auditors

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members of the Company at their Sixth AGM held on July 11, 2019, had appointed M/s. Walker Chandiok & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), as the Statutory Auditors of the Company for a term of five years i.e. from the conclusion of Sixth AGM till the conclusion of the Eleventh AGM.

Mr. Sudhir Pillai, Partner, Walker Chandiok & Co. LLP, Chartered Accountants, Statutory Auditors, has signed the Audited Financial Statements of the Company.

## Statutory Auditors' Report

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

## Internal Auditor

Internal Audit for the year ended March 31, 2020 was done by M/s. Aneja Associates, Chartered Accountants and Internal Audit report in accordance with internal audit program for the year was placed before the Audit Committee.

## Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended from time to time), the Company had appointed M/s. Aabid & Co., Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the FY 2019-20.

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

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

## Compliance of Secretarial Standards

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

## Extract of Annual Return as required and prescribed under Section 92(3) of the Act and Rules made thereunder

The extract of Annual Return in form MGT-9 as required under Section 92(3) of the Act and prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as Annexure 3 to the Annual Report. The Annual Return will be uploaded on the website of the Company [www.motilalosalwalhf.com](http://www.motilalosalwalhf.com)

## Particulars of contracts or arrangements made with related parties

The Board of Directors has approved the policy on transactions with related parties ("RPT Policy"), pursuant to the recommendation of the Audit Committee. In line with the requirements of the Act, the Company has formulated the RPT Policy which is also available on the Company's website at <https://www.motilalosalwalhf.com/uploads/pdf/governance/MOHFL-related-party-transactions-policy.pdf>

All related party transactions entered into during the FY 2019-20 were on an arm's length basis and in the ordinary course of business.

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

The Directors draw attention of the Members to Note No. 44 to the Financial Statements which sets out related party disclosures.

# Board's Report

(Contd..)

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

## Dematerialisation of Shares

The Ministry of Corporate Affairs vide notification dated September 10, 2018 has mandated every unlisted public company to issue the securities only in dematerialised form and facilitate dematerialisation of all its existing securities in accordance with provisions of the Depositories Act, 1996 and regulations made there under.

Accordingly, the Company has provided facility to dematerialize share held by the shareholders in physical form.

As on March 31, 2020, out of the Company's total paid-up Equity Share Capital comprising of 6,01,30,37,765 Equity Shares, 5,99,78,57,755 shares are in demat form and remaining 1,51,80,010 shares are in physical form. In view of the numerous advantages offered by the Depository System, the Members holding shares in physical form are advised to avail the facility of dematerialization.

## Human Resource Development

Human Resource Development plays a vital role in effective implementation of business plans. Previous year was full of enthusiasm and dynamic results. Constant endeavors are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees. Throughout the year, in-house training programmes were provided to employees, inter alia, in lending Operations, Documentation, process, product, policy KYC & ALM Policy, IT System & Security, and Accounts, etc. Simultaneously, periodical assessments was conducted for various departments to check on the knowledge. We have also started with various other learning support activities like sending DYK on new changes in product and policy as required, created video training module and byte size learning in pdf etc. was also shared on what's app group for easy accessibility for all and educating the team.

## Particulars of Employees

In accordance with the provisions of Section 197(12) of the Act, the ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report and has been appended as "Annexure 4" to this Annual Report.

In terms of first proviso to Section 136 of the Act, the Report and Financial Statements are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In accordance with the provisions of Section 197 of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the annexure pertaining to the names and other particulars of employees is available for inspection at the Registered Office of the Company during the business hours on working days of the Company up to the date of the ensuing AGM. Any shareholder interested in obtaining a copy of the said Annexure may write to the Company Secretary & Compliance Officer in this regard.

The Board of Directors affirms that the remuneration paid to employees of the Company is as per the Nomination and Remuneration Policy of the Company.

## Significant and material orders passed by the Regulators or Courts

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

## Material changes and commitment if any affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report

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

# Board's Report

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## Conservation of Energy, Technology absorption and foreign exchange earnings and outgo

Considering the Company's Housing Finance activities during the year under review, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to the Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities.

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

## Acknowledgement

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

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

**Motilal Oswal**  
Chairman  
DIN: 00024503

Place: Mumbai  
Date: April 27, 2020

# Annexure 1 to Board's Report

## Annual Report on Corporate Social Responsibility ("CSR")

### Annual Report on Corporate Social Responsibility ("CSR")

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

As required under Section 135(4) of the Companies Act, 2013 and Rule 9 of Companies (Accounts) Rules, 2014, the details with respect to CSR are as follows:

**1) A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

The Company recognizes its responsibilities towards society and strongly intends to contribute towards development of knowledge based economy. Accordingly, the Company intends to carry out initiatives for supporting education. The Company's endeavor is to provide liberal arts education at low cost, providing education to children from different background etc. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 and is available on the website of the Company at [https://www.motilalosalwalhf.com/uploads/pdf/governance/CSR\\_Policy.pdf](https://www.motilalosalwalhf.com/uploads/pdf/governance/CSR_Policy.pdf)

Since the average net profits of the Company made during the three immediately preceding financial years was in negative, Company has not spent any amount on CSR Activities during the Financial Year 2019-20.

**2) Composition of CSR Committee:**

The Composition of CSR Committee is disclosed in the Board's Report.

**3) Average Net Profit of the Company for the last three financial years is ₹ (123,098,343)**

**4) Prescribed CSR expenditure (two per cent. of the amount as in item 3 above) – Nil**

**5) Details of CSR spent during the financial year.**

(a) Total amount to be spent for the financial year – Nil

(b) Amount unspent – Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(Amount in ₹)

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Location of the project/program	Amount Outlay (budget) Project or programs wise	Amount spent on project or programs. Sub heads – (a) direct expenditure & (b) Overheads	Cumulative expenditure up to the reporting period	Amount Spent – Direct or through implementing Agency

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

**Motilal Oswal**  
Chairman  
DIN: 00024503

# Annexure 2 to Board's Report

## Secretarial Audit Report

### Secretarial Audit Report

#### For the Financial year ended 31st March, 2020

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

To,  
The Members,

**Motilal Oswal Home Finance Limited**  
Mumbai

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

Based on our verifications of the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, and Minute Books, Forms and Returns filed and other records maintained by **Motilal Oswal Home Finance Limited** as given in **Annexure - I** for the Financial Year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder is not applicable to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable during the audit period)**
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable during the audit period)**
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable during the audit period)**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable during the audit period)** and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable during the audit period)**
- (vi) The other Laws applicable specifically to the company is Annexed with this Report as **Annexure- II**.

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

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

# Annexure 2 to Board's Report

(Contd..)

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

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

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

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

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

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

1. Mr. Gautam Bhagat has resigned from the position of Independent Director w.e.f. 10th May, 2019.
2. Mr. Vijay Kumar Goel was appointed as a Chief Executive Officer of the Company w.e.f. July 30, 2019.
3. Mr. Sanjay Athalye has resigned from the position of Managing Director and Chief Executive Officer w.e.f. 2nd August, 2019.
4. During the financial year 2019-20, Company has issued a 43,45,250 Equity Shares of Re. 1.00/- each for cash to its employees as per Employee Stock Option Scheme.
5. During the financial year company issue a following Non convertibles Debentures-

Date of Allotment	No. of Debentures Allotted	Amount (in ₹)
April 12, 2019	75	7,52,06,880
May 9, 2019	29	3,05,11,103
May 16, 2019	73	7,30,00,000
May 23, 2019	28	2,80,50,988
May 31, 2019	42	4,21,53,090
June 27, 2019	70	7,00,00,000
July 4, 2019	26	26,046,410
July 11, 2019	56	5,62,00,144
July 19, 2019	286	28,60,00,000
July 30, 2019	209	20,95,72,451
August 6, 2019	313	31,44,04,118
August 6, 2019	17	1,71,74,199
August 28, 2019	31	3,14,93,768
August 28, 2019	192	19,20,00,000
September 11, 2019	35	3,51,99,885
September 11, 2019	16	1,63,12,960
September 19, 2019	42	4,23,22,266
September 19, 2019	32	3,26,92,512
September 26, 2019	54	5,45,07,222
September 26, 2019	32	3,27,50,912



# Annexure 2 to Board's Report

(Contd..)

Date of Allotment	No. of Debentures Allotted	Amount (in ₹)
November 15, 2019	79	7,90,00,000
November 21, 2019	27	2,70,39,285
November 29, 2019	72	7,22,44,728
December 5, 2019	57	5,72,76,963
December 12, 2019	20	2,01,31,320
December 20, 2019	71	7,16,04,849
December 27, 2019	19	1,91,94,408
January 29, 2020	165	16,50,00,000
February 13, 2020	98	9,83,58,778
February 27, 2020	74	7,45,24,660
March 6, 2020	66	6,65,97,630
March 26, 2020	2,000	200,00,00,000

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

For **Aabid & Co**  
Company Secretaries

**Mohammed Aabid**  
Partner  
Membership No.: F6579  
COP No.: 6625

## ANNEXURE – I

### List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the Financial Year ended 31st March, 2020.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Agenda papers submitted to all the directors / members for the Board Meetings and Committee meetings.
6. Declarations received from the Directors of the Company pursuant to the provisions of Section 164 (2) and 184 (1) of Companies Act, 2013.
7. Intimations / documents/ reports/ returns filed with the Stock Exchanges pursuant to the provisions of Listing Regulations for the issuance and listing of Non-Convertible Debentures during the financial year under report.
8. Intimations / documents / reports / returns filed under the National Housing Bank Act, 1987 during the financial year under report.
9. E-forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
10. Statutory Registers under Companies Act, 2013

# Annexure 2 to Board's Report

(Contd..)

## ANNEXURE – II

### LIST OF OTHER LAWS SPECIFICALLY APPLICABLE TO THE COMPANY

1. The National Housing Bank Act, 1987 and all the Rules, Regulations, Circulars, Directions and Guidelines prescribed thereunder and the Housing Finance Companies (NHB) Directions, 2010 and Housing Finance Company Issuance of Non-Convertible Debentures on Private Placements (NHB) Directions, 2014 for Housing Finance Companies.
2. Credit Information Companies (Regulation) Act, 2005 and Rules.
3. The Maternity Benefit Act, 1961.
4. The Payment of Gratuity Act, 1972.
5. The Maharashtra Shops & Establishment Act, 1972
6. The Employee's State Insurance Act, 1948.
7. Employee's Compensation Act, 1923.
8. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
9. The Employees Provident Funds and Miscellaneous Provisions Act, 1952
10. The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975

## ANNEXURE-III

To,  
The Members,

### **Motilal Oswal Home Finance Limited**

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

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

# Annexure 3 to Board's Report

Form No. MGT-9

## Extract of Annual Return

As on the financial year ended on March 31, 2020

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

### I. Registration and Other Details:

i) CIN	U65923MH2013PLC248741
ii) Registration Date	October 1, 2013
iii) Name of the Company	Motilal Oswal Home Finance Limited
iv) Category / Sub-Category of the Company	Public Company, Limited by Shares
v) Address of the registered office and contact details	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400 025. Tel: +91 22 4718 9999 / 6272 9898 Fax: 22 5036 2365 Email: hfquery@motilaloswal.com
vi) Whether listed company	Yes*
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai – 400083. Tel: +91 22 49186000 Fax: +91 22 49186060 E-mail: rnt.helpdesk@linkintime.co.in

\* Non-Convertible Debentures of the Company are listed on BSE Limited

### II. Principal Business Activities of the Company

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

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

### III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Motilal Oswal Financial Services Limited Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai - 400 025	L67190MH2005PLC153397	Holding	80.43	2(46)

# Annexure 3 to Board's Report

(Contd..)

## IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	20	0	20	0.00	20	0	20	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	5,88,89,20,465	0	5,88,89,20,465	98.01	5,88,89,20,465	0	5,88,89,20,465	97.94	(0.07)
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (1):-</b>	<b>5,88,89,20,485</b>	<b>0</b>	<b>5,88,89,20,485</b>	<b>98.01</b>	<b>5,88,89,20,485</b>	<b>0</b>	<b>5,88,89,20,485</b>	<b>97.94</b>	<b>(0.07)</b>
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shareholding of Promoter (A) = (A)(1)+(A) (2)</b>	<b>5,88,89,20,485</b>	<b>0</b>	<b>5,88,89,20,485</b>	<b>98.01</b>	<b>5,88,89,20,485</b>	<b>0</b>	<b>5,88,89,20,485</b>	<b>97.94</b>	<b>(0.07)</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B) (1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	6,10,250	0	6,10,250	0.01	3,89,097	0	3,89,097	0.01	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00

# Annexure 3 to Board's Report

(Contd..)

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	27,84,260	38,10,010	65,94,270	0.11	1,64,92,758	12,30,010	1,77,22,768	0.29	0.18
ii) Individual Shareholders Holding nominal share capital in excess of ₹ 1 Lakh	8,44,52,510	1,29,00,000	9,73,52,510	1.62	8,22,10,952	1,39,50,000	9,61,60,952	1.60	(0.02)
c) Others									
Trust	1,08,20,000	0	1,08,20,000	0.18	90,57,250	0	90,57,250	0.15	(0.03)
Hindu Undivided Family	43,45,000	0	43,45,000	0.07	6,87,213	0	6,87,213	0.01	(0.06)
Non Resident Indian	50,000	0	50,000	0.00	75,000	0	75,000	0.00	0.00
NRN	0	0	0	0.00	25,000	0	25,000	0.00	0.00
<b>Sub-total (B) (2):-</b>	<b>10,30,62,020</b>	<b>1,67,10,010</b>	<b>11,97,72,030</b>	<b>1.99</b>	<b>10,89,37,270</b>	<b>1,51,80,010</b>	<b>12,41,17,280</b>	<b>2.06</b>	<b>0.07</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>10,30,62,020</b>	<b>1,67,10,010</b>	<b>11,97,72,030</b>	<b>1.99</b>	<b>10,89,37,270</b>	<b>1,51,80,010</b>	<b>12,41,17,280</b>	<b>2.06</b>	<b>0.07</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>5991982505</b>	<b>1,67,10,010</b>	<b>6,00,86,92,515</b>	<b>100</b>	<b>5,99,78,57,755</b>	<b>1,51,80,010</b>	<b>6,01,30,37,765</b>	<b>100</b>	<b>NIL</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the Year (As on March 31, 2020)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Motilal Oswal Financial Services Limited	4,83,62,67,897	80.49	0.00	4,83,62,67,897	80.43	0.00	(0.06)
2.	Motilal Oswal Finvest Limited	60,00,00,000	9.99	0.00	60,00,00,000	9.98	0.00	(0.01)
3.	Motilal Oswal Wealth Management Limited	19,23,07,702	3.20	0.00	19,23,07,702	3.20	0.00	0.00
4.	Motilal Oswal Investment Advisors Limited	26,03,44,836	4.33	0.00	26,03,44,836	4.33	0.00	0.00
5.	MOPE Investment Advisors Private Limited	10	0.00	0.00	10	0.00	0.00	0.00
6.	Motilal Oswal Asset Management Company Limited	10	0.00	0.00	10	0.00	0.00	0.00
7.	Motilal Oswal Real Estate Investment Advisors II Private Limited	10	0.00	0.00	10	0.00	0.00	0.00
8.	Mr. Motilal Oswal	10	0.00	0.00	10	0.00	0.00	0.00
9.	Mr. Ramdeo Agarawal	10	0.00	0.00	10	0.00	0.00	0.00
	<b>Total</b>	<b>5,88,89,20,485</b>	<b>98.01</b>	<b>0.00</b>	<b>5,88,89,20,485</b>	<b>97.94</b>	<b>0.00</b>	<b>(0.07)</b>

# Annexure 3 to Board's Report

(Contd..)

## iii) Change in Promoter's Shareholding (please specify, if there is no change)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (as on April 1, 2019)		Transactions during the year		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares	% of total shares of the company
1	Motil Oswal Financial Services Limited						
	At the beginning of the year	4,83,62,67,897	80.49				
	At the end of the year					4,83,62,67,897	80.43
2	Motil Oswal Finvest Limited						
	At the beginning of the year	60,00,00,000	9.99				
	At the end of the year					60,00,00,000	9.98

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

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (as on April 1, 2019)		Transactions during the year		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares held	% of total shares of the company	Date of transaction\$	No. of shares	No of shares	% of total shares of the company
1	Like Minded Wealth Creation Trust						
	At the beginning of the year	1,08,20,000	0.18				
	Transfer			April 5, 2019	(7,43,000)	1,00,77,000	0.17
	Transfer			January 2, 2020	(9,83,250)	90,93,750	0.15
	Transfer			February 25, 2020	(46,500)	90,47,250	0.15
	At the end of the year					90,47,250	0.15
2	Mr. Anil Krishnan						
	At the beginning of the year	1,30,00,000	0.22				
	Transfer			April 26, 2019	(20,00,000)	1,10,00,000	0.18
	Transfer			August 16, 2019	(12,50,000)	97,50,000	0.16
	Transfer			January 3, 2020	(7,50,000)	90,00,000	0.15
	Transfer			February 7, 2020	(10,00,000)	80,00,000	0.13
	Transfer			February 28, 2020	(15,00,000)	65,00,000	0.11
	Transfer			March 6, 2020	(5,00,000)	60,00,000	0.10
At the end of theyear					60,00,000	0.10	

# Annexure 3 to Board's Report

(Contd..)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (as on April 1, 2019)		Transactions during the year		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares held	% of total shares of the company	Date of transaction\$	No. of shares	No of shares	% of total shares of the company
3	Mr. Satish Kotian						
	At the beginning of the year	42,00,000	0.07				
	At the end of the year					42,00,000	0.07
4	Mr. Kalpesh I. Ojha						
	At the beginning of the year	24,00,000	0.04				
	At the end of the year					24,00,000	0.04
5	Mr. Sachin Bhusaheb Nikam*						
	At the beginning of the year	0	0.00				
	Transfer			January 17, 2020	4,00,000	4,00,000	0.01
	Transfer			March 6, 2020	6,00,000	10,00,000	0.02
	At the end of the year					10,00,000	0.02
6	Mr. Sudheer Menon*						
	At the beginning of the year	9,00,000	0.01				
	At the end of the year					9,00,000	0.01
7	Mr. Subodh Kuckian*						
	At the beginning of the year	9,00,000	0.01				
	At the end of the year					9,00,000	0.01
8	Mr. Shakir Sheikh*						
	At the beginning of the year	9,00,000	0.01				
	At the end of the year					9,00,000	0.01
9	Mr. Kalpesh Rajendra Dave*						
	At the beginning of the year	9,00,000	0.01				
	At the end of the year					9,00,000	0.01
10	Mr. Jasani Ashok*						
	At the beginning of the year	4,50,000	0.01				
	ESOP Allotment			April 24, 2019	75,000	5,25,000	0.01
	ESOP Allotment			December 2, 2019	3,00,000	8,25,000	0.01
	At the end of the year					8,25,000	0.01
11	Ms. Reenu Jain#						
	At the beginning of the year	19,50,000	0.03				
	Transfer			April 12, 2019	(6,00,000)	13,50,000	0.02
	Transfer			July 19, 2019	(5,00,000)	8,50,000	0.01
	Transfer			August 2, 2019	(4,50,000)	4,00,000	0.01
	Transfer			August 9, 2019	(3,00,000)	1,00,000	0.00
	At the end of the year					1,00,000	0.00

# Annexure 3 to Board's Report

(Contd..)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (as on April 1, 2019)		Transactions during the year		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares held	% of total shares of the company	Date of transaction\$	No. of shares	No of shares	% of total shares of the company
12	Mr. Uttam C Jain#						
	At the beginning of the year	18,00,000	0.03				
	Transfer			April 12, 2019	(4,00,000)	14,00,000	0.02
	Transfer			May 24, 2019	(1,00,000)	13,00,000	0.02
	Transfer			July 12, 2019	(3,00,000)	10,00,000	0.02
	Transfer			July 19, 2019	(6,00,000)	4,00,000	0.01
	Transfer			August 16, 2019	(1,00,000)	3,00,000	0.00
	Transfer			August 23, 2019	(1,00,000)	2,00,000	0.00
	Transfer			August 30, 2019	(1,50,000)	50,000	0.00
	Transfer			February 28, 2020	4,50,000	5,00,000	0.01
	Transfer			March 6, 2020	1,25,000	6,25,000	0.01
		At the end of the year					6,25,000
13	Uttam C Jain (HUF)#	14,36,000	0.02				
	Transfer			April 5, 2019	(15,000)	14,21,000	0.02
	Transfer			April 12, 2019	(2,10,000)	12,11,000	0.02
	Transfer			April 26, 2019	(2,77,500)	9,33,500	0.02
	Transfer			May 3, 2019	(75,000)	8,58,500	0.01
	Transfer			May 10, 2019	(1,35,000)	7,23,500	0.01
	Transfer			May 17, 2019	(3,70,000)	3,53,500	0.01
	Transfer			May 24, 2019	(1,00,000)	2,53,500	0.00
	Transfer			May 31, 2019	(1,50,000)	1,03,500	0.00
	Transfer			June 7, 2019	(65,000)	38,500	0.00
	Transfer			August 9, 2019	(20,000)	18,500	0.00
	Transfer			August 16, 2019	12,50,000	12,68,500	0.02
	Transfer			August 30, 2019	(68,500)	12,00,000	0.02
	Transfer			September 13, 2019	(50,000)	11,50,000	0.02
	Transfer			October 25, 2019	(50,000)	11,00,000	0.02
	Transfer			December 20, 2019	(2,00,000)	9,00,000	0.01
	Transfer			December 27, 2019	(1,00,000)	8,00,000	0.01
	Transfer			January 10, 2020	(1,00,000)	7,00,000	0.01
	Transfer			January 24, 2020	(5,00,000)	2,00,000	0.00
	Transfer			February 28, 2020	(2,00,000)	0	0.00
	At the end of the year					0	0.00



# Annexure 3 to Board's Report

(Contd..)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (as on April 1, 2019)		Transactions during the year		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares held	% of total shares of the company	Date of transaction\$	No. of shares	No of shares	% of total shares of the company
14	Ms. P Anitha#						
	At the beginning of the year	10,00,000	0.02				
	Transfer			November 15, 2019	(1,00,000)	9,00,000	0.01
	Transfer			December 13, 2019	(5,00,000)	4,00,000	0.01
	Transfer			February 7, 2020	(1,50,000)	2,50,000	0.00
	Transfer			February 21, 2020	(1,00,000)	1,50,000	0.00
	Transfer			February 28, 2020	(1,25,000)	25,000	0.00
	Transfer			March 6, 2020	(25,000)	0	0.00
	At the end of the year					0	0.00
15	Fathehchand C Jain (HUF)#						
	At the beginning of the year	10,00,000	0.02				
	Transfer			November 1, 2019	(2,75,000)	7,25,000	0.01
	Transfer			November 8, 2019	(2,75,000)	4,50,000	0.01
	Transfer			January 3, 2020	(4,50,000)	0	0.00
	At the end of the year					0	
16	Pravin Kumar C Jain (HUF)#						
	At the beginning of the year	10,00,000	0.02				
	Transfer			June 7, 2019	(1,00,000)	9,00,000	0.01
	Transfer			June 14, 2019	(1,73,000)	7,27,000	0.01
	Transfer			June 21, 2019	(73,000)	6,54,000	0.01
	Transfer			June 29, 2019	(50,000)	6,04,000	0.01
	Transfer			July 5, 2019	(1,15,000)	4,89,000	0.01
	Transfer			July 12, 2019	(2,00,000)	2,89,000	0.00
	Transfer			August 16, 2019	(35,000)	2,54,000	0.00
	Transfer			August 23, 2019	(1,00,000)	1,54,000	0.00
	Transfer			August 30, 2019	(54,000)	1,00,000	0.00
	Transfer			February 28, 2020	(1,00,000)	0	0.00
	At the end of the year					0	0.00

\$ Date of the transfer has been considered as the date on which the beneficiary position was provided by the depositories to the Company.

\* Not in the list of top 10 shareholders as on April 1, 2019. The same has been reflected above since the shareholder was one of the top 10 shareholders as on March 31, 2020.

# Ceased to be in the list of top 10 shareholders as on March 31, 2020. The same is reflected above since the shareholder was one of the Top 10 shareholder as on April 1, 2019.

# Annexure 3 to Board's Report

(Contd..)

## v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (as on April 1, 2019)		Transactions during the year		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares	% of total shares of the company
1	Mr. Motilal Oswal (Chairman & Non-Executive Director)						
	At the beginning of the year	10	0.00				
	At the end of the year					10	0.00
2	Mr. Raamdeo Agarawal (Non-Executive Director)						
	At the beginning of the year	10	0.00				
	At the end of the year					10	0.00
3	Mr. Navin Agarwal (Non-Executive Director)						
	At the beginning of the year	6,50,00,010	1.08				
	At the end of the year					6,50,00,010	1.08
4	Mr. Sanjaya Kulkarni (Independent Director)						
	At the beginning of the year	0	0.00				
	At the end of the year					0	0.00
5	Mrs. Smita Gune* (Independent Director)						
	At the beginning of the year	0	0.00				
	At the end of the year					0	0.00
6	Mrs. Rekha Shah (Independent Director)						
	At the beginning of the year	0	0.00				
	At the end of the year					0	0.00

\* Resigned from the position of Independent Director w.e.f. April 16, 2020

# Annexure 3 to Board's Report

(Contd..)

## V. Indebtedness

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

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	27,91,49,97,413	7,48,00,00,000	–	3539,49,97,413
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	98,70,49,299	32,99,02,055	–	1,31,69,51,354
<b>Total (i+ii+iii)</b>	<b>28,90,20,46,712</b>	<b>7,80,99,02,055</b>	<b>–</b>	<b>36,71,19,48,767</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	8,01,65,71,529	–	–	8,01,65,71,529
• Reduction	9,19,21,11,698	4,83,00,00,000	–	14,02,21,11,698
<b>Net Change</b>	<b>(1,17,55,40,169)</b>	<b>(4,83,00,00,000)</b>	<b>–</b>	<b>(6,00,55,40,169)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	26,73,94,57,244	2,65,00,00,000	–	29,38,94,57,244
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	37,97,75,737	5,36,97,663	–	43,34,73,400
<b>Total (i+ii+iii)</b>	<b>27,11,92,32,981</b>	<b>2,70,36,97,663</b>	<b>–</b>	<b>29,82,29,30,644</b>

## VI. Remuneration of Directors and Key Managerial Personnel (KMP)

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

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager and KMP	Total Amount
		Mr. Sanjay Athalye* (Managing Director & Chief Executive Officer)	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	44,53,895	44,53,895
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit		
	- others, specify, Bonus	–	–
5.	Others, please specify	4,000	4,000
	Total (A)	44,57,895	44,57,895
	Ceiling as per the Act	As per Sec 197 of Companies Act, 2013	

\* Resigned from the position of Managing Director and Chief Executive Officer w.e.f. August 2, 2019

# Annexure 3 to Board's Report

(Contd..)

## B. Remuneration to Other Directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Gautam Bhagat*	Mrs. Smita Gune**	Mr. Sanjaya Kulkarni	Mrs. Rekha Shah	
1.	Independent Directors					
	• Fee for attending board / committee meetings	20,000	1,80,000	70,000	1,80,000	4,50,000
	• Commission	-	6,00,000	6,00,000	6,00,000	18,00,000
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>20,000</b>	<b>7,80,000</b>	<b>6,70,000</b>	<b>7,80,000</b>	<b>22,50,000</b>
2	Other Non-Executive Directors					
	• Fee for attending board / committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (2)</b>					
	<b>Total (B)=(1+2)</b>					
	<b>Total Managerial Remuneration</b>	<b>20,000</b>	<b>7,80,000</b>	<b>6,70,000</b>	<b>7,80,000</b>	<b>22,50,000</b>
	<b>Overall Ceiling as per the Act</b>	Within the overall limits of 1% of the Net Profit of the Company				

\* Resigned from the position of Independent Director w.e.f. May 10, 2019

\*\* Resigned from the position of Independent Director w.e.f. April 16, 2020

## C. Remuneration to Key Managerial Personnel other than MD/ Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				Total
		Mr. Sanjay Athalye (CEO)*	Mr. Vijay Kumar Goel#	Mr. Shalibhadra Shah (CFO)	Ms. Shivani Chouhan (CS)\$	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	6,55,022	6,55,022
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5.	Others, please Specify	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,55,022</b>	<b>6,55,022</b>

# Appointed as Chief Executive Officer w.e.f. July 30, 2019

\* Resigned from the position of Managing Director and Chief Executive Officer w.e.f. August 2, 2019

\$ Resigned from the position of Company Secretary w.e.f. November 30, 2019

## VII. Penalties / Punishment / Compounding of Offences (Under Companies Act, 2013): None

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

Motilal Oswal  
Chairman  
DIN: 00024503

Place: Mumbai  
Date: April 27, 2020

# Annexure 4 to Board's Report

## Statement of Disclosure of Remuneration

### Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2019-20, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the financial year 2019-20.

Sr. No.	Name of Director/KMP	Designation	Ratio of Remuneration of each Director to median remuneration of Employees	Percentage Increase in Remuneration
1	Mr. Motilal Oswal*	Chairman & Non-Executive Director	NA	-
2	Mr. Raamdeo Agarawal*	Non-Executive Director	NA	-
3	Mr. Navin Agarwal*	Non-Executive Director	NA	-
4	Mr. Sanjaya Kulkarni	Independent Director	2.76	-
5	Mrs. Smita Gune	Independent Director		
6	Mrs. Rekha Shah	Independent Director		
7	Mr. Vijay Kumar Goel*	Chief Executive Officer	NA	-
8	Mr. Shalibhadra Shah*	Chief Financial Officer	NA	-

\* Considering the fact that the Directors, Chief Executive Officer and Chief Financial Officer of the Company is entrusted with group level responsibilities and draws remuneration from Motilal Oswal Group Companies, comparing the ratio of the remuneration of the Director to the median remuneration of the employees of the Company would not be meaningful.

#### Note:

- The Non-Executive Directors of the Company are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration paid to Non-Executive Directors during the year under review are provided in Annexure 3 to the Board's Report.
  - Mr. Sanjay Athalye ceased to be a Managing Director and Chief Executive Officer of the Company w.e.f. August 2, 2019 and Ms. Shivani Chouhan ceased to be a Company Secretary & Compliance Officer of the Company w.e.f. November 30, 2019.
- (ii) The percentage increase in the median remuneration of employees for the financial year under review was 2%.
- (iii) The Company has 1258 permanent employees as on March 31, 2020.
- (iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Particulars	% Increase in Remuneration
Employees other than Managerial Personnel	2%
Managerial Personnel	NA*

\* No Managerial personnel was drawing remuneration as March 31, 2020

There are no exceptional circumstances for the increase in managerial remuneration.

- (v) It is hereby affirmed that the remuneration paid during the year is as per the Nomination and Remuneration Policy of the Company.

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

**Motilal Oswal**  
Chairman  
DIN: 00024503

Place: Mumbai  
Date: April 27, 2020

# Independent Auditor's Report

To the Members of Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Limited)

## Report on the Audit of the Financial Statements

### Opinion

1. We have audited the accompanying financial statements of Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
<p><b>Impairment of loans and advances to customers</b></p> <p>(Refer to the accounting policies in "Note 3.1 (iii) to the Financial Statements: Impairment", "Note 2(iv)(b) to the Financial Statements: Significant Accounting Policies - use of estimates" and "Note 7 to the Financial Statements: Loans")</p> <p>As at 31 March 2020, the Company has reported gross loans and advances of INR 36,708,735,452 against which an impairment loss allowance of INR 433,326,094 is recognised as at year-end.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"><li>• Considered the Company's accounting policies for impairment of financial instruments and assessed compliance with the policies in terms of Ind AS 109.</li><li>• Obtained an understanding of management's process including the key inputs and assumptions used, systems and controls implemented in relation to impairment allowance process.</li></ul>

# Independent Auditor's Report

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Key audit matters	How our audit addressed the key audit matters
<p>Ind AS 109, Financial Instruments requires the Company to provide for impairment of its financial assets using the expected credit loss ('ECL') approach which involves estimates for probability of loss on the financial assets over their life, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets. In this process, substantial judgement has been applied by the management in assessing the 'significant increase in credit risk' in respect of following matters:</p> <p>a) The Company has grouped its loan portfolio based on days past due and other qualitative criteria as mentioned in the Credit-risk section under note 47(A). Loans grouped under a particular category are assumed to represent a homogenous pool thereby expected to demonstrate similar credit characteristics.</p> <p>b) Staging of loans and estimation of behavioral life.</p> <p>c) Estimation of expected loss from historical observations.</p> <p>d) Estimation of losses in respect of those groups of loans which had no/ minimal defaults in the past.</p> <p>The Company has developed models that derive key assumptions used within the provision calculation such as probability of default (PD) and loss given default (LGD).</p> <p>Considering the significance of above model for impairment to the overall financial statements and the degree of management's estimates and judgments involved including the regulatory announcement of moratorium facility for certain customers, this area required significant auditor attention to test such complex accounting estimates. Therefore, we have determined this to be a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> <li>• Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the regulatory announcement made by the RBI.</li> <li>• Assessed and tested the design and operating effectiveness of key internal financial controls over the loan impairment process used to calculate the impairment charge.</li> <li>• Assessed the critical assumptions used by the management including the impact due to the moratorium facility availed by certain customers for estimation of allowance for expected credit losses as at 31 March 2020, which included: <ul style="list-style-type: none"> <li>• examining on sample basis, data inputs to the discounted cash flow models</li> <li>• corroborating the forecasts of future cash flows prepared on the basis of expected repayments from the borrowers</li> <li>• testing collateral valuation adopted based on internal policies of the Company on a sample basis</li> </ul> </li> <li>• Assessed the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets based on their past-due status and other qualitative factors identified by the management which indicate significant increase in credit risk. For a sample of exposures, we tested the appropriateness of such staging.</li> <li>• Understood and checked the key data sources and assumptions for data used in the ECL model used by the Company to determine impairment provisions.</li> <li>• Performed sample testing to ascertain the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records.</li> <li>• Tested the arithmetical accuracy of computation of ECL provision performed by the Company.</li> </ul>
<p><b>Information Technology (IT) systems and controls</b></p> <p>The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. The Company's key financial accounting and reporting processes are highly dependent on the automated controls enabled by the IT systems and information extracted from loan management systems which impacts key financial accounting and reporting areas such as loans and advances, interest income, impairment of loans amongst others.</p>	<p>Our audit procedures with the involvement of our IT specialists included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• In relation to key accounting and financial reporting systems, we obtained an understanding on IT General Controls (ITGC), IT infrastructure and key automated controls operating over such identified IT applications.</li> <li>• Tested the design and operating effectiveness of the Company's IT controls over IT applications as identified above;</li> </ul>

# Independent Auditor's Report

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

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

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



# Independent Auditor's Report

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8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. 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.
13. 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.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# Independent Auditor's Report

(Contd..)

## Other Matter

15. The financial statements of the Company for the year ended 31 March 2019 were audited by the predecessor auditor, B S R & Co. LLP, who have expressed an unmodified opinion on those financial statements vide their audit report dated 10 May 2019.

## Report on Other Legal and Regulatory Requirements

16. The Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.

17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

18. Further to our comments in Annexure A, 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 purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
- f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 27 April 2020 as per Annexure B expressed unmodified opinion; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in note 36 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2020;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sudhir N. Pillai**

Partner

Membership No.: 105782

UDIN No.: 20105782AAAABY6602

Place: Mumbai

Date: 27 April 2020

# Annexure 'A'

## To the Independent Auditors' Report

### Annexure A to the Independent Auditor's Report of even date to the members of Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Limited), on financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - (b) The property, plant and equipment have not been physically verified by the management during the year, however, there is a regular program of verification once in three years, 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) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
  - (b) There are no dues in respect of goods and service tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

The dues outstanding in respect of income-tax on account of any dispute, are as follows:

#### Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	626,160	Nil	Assessment year 2016-17	CIT Appeals
		1,524,313	Nil	Assessment year 2017-18	

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. There are no loans or borrowings payable to government.

# Annexure 'A'

(Contd..)

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- (ix) In our opinion, the Company has applied moneys raised by way of issuance of non-convertible debentures and term loans for the purposes for which these were raised during the year, though idle funds which were not required for immediate utilisation have been invested in liquid investments, redeemable on demand. The Company did not raise moneys by way of initial public offer/ further public offer during the year.
- (x) No material fraud by the Company or on the Company by its officers or employees, has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sudhir N. Pillai**  
Partner  
Membership No.: 105782  
UDIN No.: 20105782AAAABY6602

Place: Mumbai  
Date: 27 April 2020

# Annexure 'B'

## To the Independent Auditors' Report

### Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Motilal Oswal Home Finance Limited (formerly known as Aspire Home Finance Corporation Limited) ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

### Auditor's Responsibility for the Audit of the Internal Financial Controls

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

# Annexure 'B'

(Contd.)

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## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2020, 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 issued by the ICAI.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sudhir N. Pillai**  
Partner  
Membership No.: 105782  
UDIN No.: 20105782AAAABY6602

Place: Mumbai  
Date: 27 April 2020



# Financial Statements



# Balance Sheet

as at 31 March 2020

(Amount in INR)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
<b>I. ASSETS</b>			
<b>(I) Financial Assets</b>			
(a) Cash and cash equivalents	4	1,134,226,728	799,662,881
(b) Bank balances other than (a) above	5	27,655,409	25,884,255
(c) Receivables	6		
(i) Trade receivables		12,503,003	24,485,264
(ii) Other receivables		–	–
(d) Loans	7	36,275,409,358	42,131,000,807
(e) Investment	8	–	506,381,148
(f) Other financial assets	9	131,094,703	572,103,731
<b>Total Financial assets</b>	<b>(A)</b>	<b>37,580,889,201</b>	<b>44,059,518,086</b>
<b>(II) Non-financial Assets</b>			
(a) Current tax assets (net)	10	84,595,677	22,083,110
(b) Deferred tax assets (net)	11	976,224,576	1,198,720,187
(c) Property, plant and equipment	12	130,473,670	109,844,774
(d) Other intangible assets	13	28,855,997	32,046,419
(e) Other non-financial assets	14	72,889,570	258,609,201
<b>Total Non- Financial Assets</b>	<b>(B)</b>	<b>1,293,039,490</b>	<b>1,621,303,691</b>
<b>Total Assets</b>	<b>(C) = (A) + (B)</b>	<b>38,873,928,691</b>	<b>45,680,821,777</b>
<b>II. LIABILITIES AND EQUITY</b>			
<b>(I) Financial liabilities</b>			
(a) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	15	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises "	15	5,488,659	34,604,477
(b) Debt securities	16	15,084,638,683	20,361,100,798
(c) Borrowings (Other than Debt securities)	17	14,397,851,659	15,505,541,789
(d) Other financial liabilities	18	651,330,450	1,457,011,450
<b>Total Financial liabilities</b>	<b>(D)</b>	<b>30,139,309,451</b>	<b>37,358,258,514</b>
<b>(II) Non-Financial Liabilities</b>			
(a) Current tax liabilities (net)	19	35,149,703	16,005,288
(b) Provisions	20	25,615,658	27,561,373
(c) Other non-financial liabilities	21	–	12,942,882
<b>Total Non-Financial Liabilities</b>	<b>(E)</b>	<b>60,765,361</b>	<b>56,509,543</b>



# Balance Sheet

(Contd..)

				(Amount in INR)	
Particulars	Note	As at 31 March 2020	As at 31 March 2019		
<b>(III) Equity</b>					
(a) Equity share capital	22	6,013,037,765	6,008,692,515		
(b) Other equity	23	2,660,816,114	2,257,361,205		
<b>Total Equity</b>	<b>(F)</b>	<b>8,673,853,879</b>	<b>8,266,053,720</b>		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>(G) = (D) + (E) + (F)</b>	<b>38,873,928,691</b>	<b>45,680,821,777</b>		

The accompanying notes form an integral part of these financial statements

This is the Balance sheet referred to in our report of even date

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No: 001076N/N500013

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

**Sudhir N. Pillai**  
Partner  
Membership No: 105782

**Motilal Oswal**  
Chairman  
DIN: 00024503

**Navin Agarwal**  
Director  
DIN: 00024561

**Vijay Kumar Goel**  
Chief Executive Officer

**Shalibhadra Shah**  
Chief Financial Officer

**Ritin Mawani**  
Company Secretary

Place: Mumbai  
Date: 27 April 2020

Place: Mumbai  
Date: 27 April 2020

# Statement of Profit and Loss

for the year ended 31 March 2020

				(Amount in INR)	
Particulars	Note	For the year ended 31 March 2020	For the year ended 31 March 2019		
<b>Revenue from operations</b>	24				
Interest income		5,636,686,057	6,285,769,691		
Net gains on fair value changes (Realised/Unrealised)		20,197,828	62,641,190		
Fees and other Income		73,155,505	66,276,090		
<b>Total revenue from operations</b>	<b>(I)</b>	<b>5,730,039,390</b>	<b>6,414,686,971</b>		
<b>Other income</b>	25				
Other income		34,361,570	69,450,000		
<b>Total other income</b>	<b>(II)</b>	<b>34,361,570</b>	<b>69,450,000</b>		
<b>Total Income</b>	<b>III= (I+II)</b>	<b>5,764,400,960</b>	<b>6,484,136,971</b>		
<b>Expenses</b>					
Finance cost	26	3,432,563,737	4,040,645,741		
Employee benefits expenses	27	626,577,814	637,248,930		
Depreciation and amortization expenses	12	68,004,053	44,900,619		
Impairment on financial instruments	28	766,468,476	3,523,166,020		
Other expenses	29	261,618,866	353,737,974		
<b>Total Expenses</b>	<b>(IV)</b>	<b>5,155,232,946</b>	<b>8,599,699,285</b>		
<b>Profit/(Loss) before tax</b>	<b>(III-IV)</b>	<b>609,168,014</b>	<b>(2,115,562,314)</b>		
<b>Less: Tax expense :</b>	30				
(1) Current tax		-	(7,529,715)		
(2) Deferred tax charge/(credit)		218,391,279	(739,206,993)		
<b>Profit/(Loss) for the year</b>		<b>390,776,735</b>	<b>(1,368,825,606)</b>		
<b>Other comprehensive income</b>	31				
(A) Items that will not be reclassified to profit & loss		-	-		
(i) Actuarial gain/(loss) on post retirement benefit plans		11,278,118	18,111,556		
Tax impact on the above		(3,941,026)	(6,339,044)		
<b>Total other comprehensive income</b>		<b>7,337,092</b>	<b>11,772,512</b>		
<b>Total comprehensive income for the year</b>		<b>398,113,827</b>	<b>(1,357,053,094)</b>		
<b>Earnings/(losses) per share:</b>	32				
Basic		0.07	(0.25)		
Diluted		0.06	(0.25)		
Face value per share		1	1		

# Statement of Profit and Loss

(Contd..)

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The accompanying notes form an integral part of these financial statements  
This is the Statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**  
*Chartered Accountants*  
Firm's Registration No: 001076N/N500013

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

**Sudhir N. Pillai**  
*Partner*  
Membership No: 105782

**Motilal Oswal**  
*Chairman*  
DIN: 00024503

**Navin Agarwal**  
*Director*  
DIN: 00024561

**Vijay Kumar Goel**  
*Chief Executive Officer*

**Shalibhadra Shah**  
*Chief Financial Officer*

**Ritin Mawani**  
*Company Secretary*

Place: Mumbai  
Date: 27 April 2020

Place: Mumbai  
Date: 27 April 2020

# Statement of Cash Flows

for the year ended 31 March 2020

(Amount in INR)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Cash flows from operating activities:</b>		
<b>Profit/(Loss) before tax:</b>	<b>609,168,014</b>	(2,115,562,314)
Adjustments :		
Depreciation and amortisation	68,004,053	44,900,619
Interest income	(1,771,154)	1,793,922
Interest expense	8,068,263	–
Employee share option scheme	(10,145,373)	12,240,111
Provisions for employee benefits	9,301,732	14,587,514
Other provisions	30,670	(5,810,255)
Impairment on financial instruments	(1,316,754,989)	624,784,646
Loss on derecognition of loan assets	2,083,223,462	–
Bad debts written off	–	2,898,381,374
Net gains on fair value changes	(20,197,828)	(62,641,190)
<b>Operating profit before working capital changes</b>	<b>1,428,926,850</b>	<b>1,412,674,428</b>
Adjustments for increase/ decrease in operating assets and liabilities:		
(Increase)/Decrease in Trade receivables	11,982,261	51,510,522
(Increase)/Decrease in Loans	5,089,122,979	1,635,995,708
(Increase)/Decrease in Other financial assets	441,009,028	(110,852,531)
(Increase)/Decrease in Other non financial assets	189,385,701	(18,363,387)
Increase/(Decrease) in Debt securities	(5,276,462,116)	(490,471,322)
Increase/(Decrease) in Non financial liabilities	–	6,077,944
Increase/(Decrease) in Borrowings other than debt securities	(1,107,690,130)	(3,208,496,295)
Increase/(Decrease) in Trade payables	(29,115,820)	15,603,678
Increase/(Decrease) in Other financial liabilities	(859,552,464)	(835,849,304)
Increase/(Decrease) in Current tax liabilities	19,144,415	(2,921,112)
Cash generated from/ (used in) operations	(93,249,295)	(1,545,091,671)
Less: Income taxes paid (net of refunds)	(62,028,839)	13,502,997
<b>Net cash outflow from operating activities</b>	<b>(155,278,134)</b>	<b>(1,558,594,667)</b>
<b>Cash flows from investing activities:</b>		
Sale of investment measured at FVTPL	26,578,976	56,260,042
Purchase of property, plant and equipments	(89,108,596)	(50,611,435)
Sale of mutual funds units	81,510,000,000	179,807,000,000
Purchase of mutual funds units	(81,010,000,000)	(180,307,000,000)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>437,470,380</b>	<b>(494,351,393)</b>

# Statement of Cash Flows

(Contd..)

(Amount in INR)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Cash flows from financing activities:</b>		
Proceeds from issue of share capital	4,345,250	802,122,000
Share Premium on issue of share capital	2,223,150	1,202,018,721
Increase in lease liabilities (net)	74,324,809	–
Payment towards lease liabilities	(20,453,346)	–
Interest paid	(8,068,263)	–
<b>Net cash inflow from financing activities</b>	<b>52,371,601</b>	<b>2,004,140,721</b>
<b>Net Increase/(Decrease) in Cash and cash equivalents</b>	<b>334,563,847</b>	<b>(48,805,339)</b>
Add: Cash and cash equivalents as at beginning of the year	799,662,881	848,468,220
<b>Cash and cash equivalents at end of the year</b>	<b>1,134,226,728</b>	<b>799,662,881</b>

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

The accompanying notes form an integral part of these financial statements

This is the Statement of cash flows referred to in our report of even date

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No: 001076N/N500013

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

**Sudhir N. Pillai**  
Partner  
Membership No: 105782

**Motilal Oswal**  
Chairman  
DIN: 00024503

**Navin Agarwal**  
Director  
DIN: 00024561

**Vijay Kumar Goel**  
Chief Executive Officer

**Shalibhadra Shah**  
Chief Financial Officer

**Ritin Mawani**  
Company Secretary

Place: Mumbai  
Date: 27 April 2020

Place: Mumbai  
Date: 27 April 2020

# Statement of Changes in Equity

(Amount in INR)

## A. Equity share capital

	Number	Amount
Balance as at 01 April 2019	5,206,570,515	5,206,570,515
Changes in equity share capital during the year	802,122,000	802,122,000
Balance as at 31 March 2019	6,008,692,515	6,008,692,515
Balance as at 01 April 2019	6,008,692,515	6,008,692,515
Changes in equity share capital during the year	4,345,250	4,345,250
Balance as at 31 March 2020	6,013,037,765	6,013,037,765

## B. Other equity

Particulars	Other Equity				Total equity attributable to equity holders of the Company
	Securities Premium	Statutory reserve	ESOS Outstanding Account	Retained earnings	
Balance as at 01 April 2019	2,605,431,042	377,067,230	24,206,111	(749,343,178)	2,257,361,205
Profit for the year	-	-	-	390,776,735	390,776,735
Actuarial gain/ loss during the year (net of taxes)	-	-	-	7,337,092	7,337,092
<b>Total comprehensive income for the period</b>	<b>2,605,431,042</b>	<b>377,067,230</b>	<b>24,206,111</b>	<b>(351,229,351)</b>	<b>2,655,475,032</b>
Transfer to statutory reserve	-	78,155,347	-	(78,155,347)	-
Stock options exercised/ lapsed	-	-	(10,145,373)	-	(10,145,373)
Securities premium on shares issued during the year	2,223,150	-	-	-	2,223,150
Transfer from lease equalisation due to adoption of Ind AS 116	-	-	-	12,942,882	12,942,882
Others	-	-	-	320,424	320,424
<b>Balance as at 31 March 2020</b>	<b>2,607,654,192</b>	<b>455,222,577</b>	<b>14,060,738</b>	<b>(416,121,392)</b>	<b>2,660,816,114</b>

Particulars	Other Equity				Total equity attributable to equity holders of the Company
	Securities Premium	Statutory reserve	ESOS Outstanding Account	Retained earnings	
Balance as at 01 April 2018	1,403,412,321	377,067,230	11,966,000	607,709,917	2,400,155,468
Loss for the year	-	-	-	(1,368,825,606)	(1,368,825,606)
Actuarial gain/loss during the year (net of taxes)	-	-	-	11,772,512	11,772,512
<b>Total comprehensive income for the period</b>	<b>1,403,412,321</b>	<b>377,067,230</b>	<b>11,966,000</b>	<b>(749,343,178)</b>	<b>1,043,102,374</b>
Stock options granted	-	-	12,985,632	-	12,985,632
Securities premium on shares issued during the year	1,202,018,721	-	-	-	1,202,018,721
Transfer of share premium on account of issue of shares	-	-	(745,521)	-	(745,521)
<b>Balance as at 31 March 2019</b>	<b>2,605,431,042</b>	<b>377,067,230</b>	<b>24,206,111</b>	<b>(749,343,178)</b>	<b>2,257,361,205</b>

# Statement of Changes in Equity

(Contd..)

The accompanying notes form an integral part of these financial statements

This is the Statement of changes in equity referred to in our report of even date

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No: 001076N/N500013

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

**Sudhir N. Pillai**  
Partner  
Membership No: 105782

**Motilal Oswal**  
Chairman  
DIN: 00024503

**Navin Agarwal**  
Director  
DIN: 00024561

**Vijay Kumar Goel**  
Chief Executive Officer

**Shalibhadra Shah**  
Chief Financial Officer

**Ritin Mawani**  
Company Secretary

Place: Mumbai  
Date: 27 April 2020

Place: Mumbai  
Date: 27 April 2020

# Notes to Financial Statements

for the year ended 31 March 2020

(Amount in INR)

## Summary of Significant Accounting Policies and Other Explanatory Information

### Note 1 : Corporate information

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

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

### Note 2 : Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. As required by Division III issued under Schedule III of the Act, the Company has presented the assets and liabilities in the balance sheet in order of the liquidity.

#### (i) Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 as amended by the Companies (Indian Accounting Standards) Rules 2016.

The financial statements have been drawn up on the basis of Ind AS that are applicable to the Company as at 31 March 2020 based on the 'Press Release' issued by the Ministry of Company Affairs on 18 January 2016. Any application guidance/ clarifications/ directions issued by the NHB or other regulators are implemented as and when they are issued / applicable.

#### (ii) Historical cost convention

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

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

#### (iii) Functional and presentation currency

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

#### (iv) Use of estimates and judgment

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

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

- Provision and contingent liability:** On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is provided in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are neither provided nor disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.
- Allowance for impairment of financial asset:** The Company recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost. At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit impaired'



# Notes to Financial Statements

(Contd..)

(Amount in INR)

when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

- (c) **Recognition of deferred tax assets:** Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized. Further details are disclosed in note 11.
- (d) **Share based payment:** The Company accounts for share based payments by measuring and recognizing as compensation expense the fair value of all share-based payment awards made to employees based on grant date fair values. The determination of fair value involves a number of significant estimates. The Company uses the Black Scholes option pricing model to estimate the fair value of employee stock options which requires a number of assumptions to determine the model inputs. These include the expected volatility of Company's stock and employee exercise behavior which are based on historical data as well as expectations of future developments over the term of the option. As share based payment expense is based on awards ultimately expected to vest. Management's estimate of exercise is based on historical experience but actual exercise could differ materially as a result of voluntary employee actions and involuntary actions which would result in significant change in share based payment expense amounts in the future.
- (e) **Determination of the estimated useful lives of Property, plant and equipment:** Useful lives of property, plant and equipment are taken as prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II and in case of intangible assets, they are estimated by management based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.
- (f) **Recognition and measurement of defined benefit obligations:** The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. Further details are disclosed in note 40.
- (g) **Determining whether an arrangement contains a lease:** The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.
- (h) **Effective interest rate:** The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioral life of the financial asset to the gross carrying amount of the financial asset. This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.
- (i) **Business model assessment:** Classification and measurement of financial assets depends on the results of the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company considers the frequency, volume and timing of sales in prior years, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of a holistic assessment of how company's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the Company considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions.

# Notes to Financial Statements

(Contd..)

(Amount in INR)

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

## (v) Measurement of fair values:

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

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

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

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

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

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

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

## Note 3 : Summary of significant accounting policies

### 3.1. Financial instrument

#### (i) Initial recognition and measurement

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

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

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

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

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

#### (ii) Classification and subsequent measurement

##### (a) Financial Assets

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

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or

# Notes to Financial Statements

(Contd..)

(Amount in INR)

- Amortised cost.

Classification and subsequent measurement of financial assets depend on:

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

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

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

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

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

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

## **(b) Financial liability and equity instruments**

### **(i) Equity instruments:**

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

### **(ii) Financial liability:**

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

### **(iii) Impairment**

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

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

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

# Notes to Financial Statements

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(Amount in INR)

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

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

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

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

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

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

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

## (iv) Derecognition

### (a) Financial assets

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

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

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

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets,

# Notes to Financial Statements

(Contd..)

(Amount in INR)

the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

## **(b) Financial liabilities**

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

## **(v) Offsetting**

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

## **(vi) Write-offs**

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

## **3.2 Repossessed collateral**

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

## **3.3 Revenue Recognition**

### **(i) Revenue from contract with customers:**

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

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

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

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

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

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance

# Notes to Financial Statements

(Contd..)

(Amount in INR)

obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation

Specific policies for the Company's different sources of revenue are explained below:

## (ii) Recognition of Interest income and other charges

### (a) Interest income

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

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

### (b) Other financial charges

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

## (iii) Dividend income

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

## (iv) Other income

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

## 3.4 Income Tax

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

### Current Taxes

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

### Deferred Taxes

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

# Notes to Financial Statements

(Contd..)

(Amount in INR)

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

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

## **Minimum Alternate Tax (MAT)**

MAT paid in a year is charged to the Statement of Profit and Loss as current tax. The Company assess the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have reasonable evidence that it will pay normal tax during the specified period.

## **3.5 Leases – As lessee**

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

### **Measurement and recognition of leases as a lessee**

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

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

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

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

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

## **3.6 Cash and cash equivalents**

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

## **3.7 Property, plant and equipment**

### **(i) Recognition & measurement**

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

### **(ii) Subsequent cost**

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

# Notes to Financial Statements

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(Amount in INR)

## (iii) Transition to Ind AS

On transition to IndAS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 01 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## (iv) Depreciation methods, estimated useful lives and residual value

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

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

## (v) Gain or Loss on disposal

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

## 3.8 Intangible assets

### (i) Recognition and measurement

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

### (ii) Subsequent cost

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

### (iii) Amortisation

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

### (iv) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognized as at 01 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## 3.9 Employee benefits

### (i) Short-term employee benefit

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

### (ii) Post-employment benefit

#### Defined contribution plan:

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

#### Defined benefits plan:

Gratuity is post-employment benefit and is in the nature of defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the Balance Sheet date together with the adjustments for unrecognised actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses comprise experience adjustment and



# Notes to Financial Statements

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(Amount in INR)

the effects of changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

## (iii) Other long-term employee benefit

### (a) Heritage club benefit

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

### (b) Compensated absences

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

## (iv) Share-based payments

### Employee Stock Option Scheme (ESOS)

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

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

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

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

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

## 3.10 Earnings per share

### (a) Basic earnings per share

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

### (b) Diluted earnings per share

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

## 3.11 Provisions and Contingent Liabilities:

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

# Notes to Financial Statements

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(Amount in INR)

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

### 3.12 Impairment of Non-financial assets

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

### 3.13 Foreign currency

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

### 3.14 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Company from 1 April 2020.

	As at 31 March 2020	As at 31 March 2019
<b>Note 4: Cash and cash equivalents</b>		
(i) Cash on hand	2,928,737	19,585,192
(ii) Balance with banks :		
In current account	1,131,297,991	780,077,689
	<b>1,134,226,728</b>	<b>799,662,881</b>

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

# Notes to Financial Statements

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(Amount in INR)

	As at 31 March 2020	As at 31 March 2019
<b>Note 5: Bank balances other than (4) above</b>		
Deposits with maturity of more than 3 months but less than 12 months	27,655,409	25,884,255
	<b>27,655,409</b>	<b>25,884,255</b>

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

	As at 31 March 2020	As at 31 March 2019
<b>Note 6: Receivables</b>		
Trade Receivables		
Considered good - unsecured	12,503,003	24,485,264
	<b>12,503,003</b>	<b>24,485,264</b>

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

	As at 31 March 2020	As at 31 March 2019
<b>Note 7: Loans - at amortised cost (Also, refer note 33)</b>		
(A) Asset under management*	36,708,735,452	43,881,081,889
less : Impairment loss allowance	433,326,094	1,750,081,082
	<b>36,275,409,358</b>	<b>42,131,000,807</b>
* Comprises of housing loans and non-housing loans		
(B) (i) Secured by tangible assets	36,708,735,452	43,881,081,889
(ii) unsecured	-	-
Less : Impairment loss allowance	433,326,094	1,750,081,082
<b>Total (B)</b>	<b>36,275,409,358</b>	<b>42,131,000,807</b>
C) (I) Loans in India		
(i) Public sector	-	-
(ii) Others	36,708,735,452	43,881,081,889
Less : Impairment loss allowance	433,326,094	1,750,081,082
<b>Total (C) (I) Gross</b>	<b>36,275,409,358</b>	<b>42,131,000,807</b>
C) (II) Loans Outside India	-	-
Less : Impairment loss allowance	-	-
<b>Total (C) (II) Gross</b>	<b>-</b>	<b>-</b>
<b>Total (C) (I) and (C) (II)</b>	<b>36,275,409,358</b>	<b>42,131,000,807</b>

# Notes to Financial Statements

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(Amount in INR)

	As at 31 March 2020	As at 31 March 2019
<b>Stage wise break up of loans,</b>		
(i) Low credit risk (Stage 1)	34,474,922,572	36,703,210,286
(ii) Significant increase in credit risk (Stage 2)	1,304,865,865	2,457,166,134
(iii) Credit impaired (Stage 3)	495,620,921	2,970,624,387
<b>Total</b>	<b>36,275,409,358</b>	<b>42,131,000,807</b>
Loan assets pledged as security for borrowings	31,102,518,077	32,650,141,920

	As at 31 March 2020	As at 31 March 2019
<b>Note 8: Investments</b>		
Investments in mutual funds (Unquoted) - At FVTPL (In India)	-	506,381,148
	-	<b>506,381,148</b>
Kotak Saving Fund Direct Plan- Growth	-	253,318,984
Kotak Saving Fund Direct Plan- Growth 2	-	253,062,164
	-	<b>506,381,148</b>
Investments in India	-	<b>506,381,148</b>

	As at 31 March 2020	As at 31 March 2019
<b>Note 9: Other financial assets</b>		
EMI /Pre EMI receivables on loans	107,166,359	547,022,801
Other receivable from related parties (Refer note 44)	782,904	424,533
Security deposit	15,778,618	17,170,051
Loan to Employees	7,366,822	7,486,346
	<b>131,094,703</b>	<b>572,103,731</b>

	As at 31 March 2020	As at 31 March 2019
<b>Note 10: Current tax assets (Net)</b>		
Advance income tax and TDS	84,595,677	22,083,110
	<b>84,595,677</b>	<b>22,083,110</b>

	As at 31 March 2020	As at 31 March 2019
<b>Note 11: Deferred tax assets (Net)</b>		
Deferred tax assets (Net) [Refer note 30(d)]	976,224,576	1,198,720,187
	<b>976,224,576</b>	<b>1,198,720,187</b>

# Notes to Financial Statements

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(Amount in INR)

## Note 12 : Property, Plant and Equipment

	Computers and data processing units	Furniture and fixtures	Electric installations	Office equipments	Motor car	Leasehold improvements	Right of use (Office premise)	Total
<b>Reconciliation of carrying amount</b>								
Cost or deemed cost (gross carrying amount)								
Balance at 1 April 2018	67,737,498	38,985,454	19,584,110	30,430,176	1,139,596	54,150,283	-	212,027,117
Additions	14,472,158	1,553,258	245,749	2,760,783	1,197,541	17,504,191	-	37,733,680
Disposals	-	980,230	-	9,500	-	-	-	989,730
<b>Balance at 31 March 2019</b>	<b>82,209,656</b>	<b>39,558,482</b>	<b>19,829,859</b>	<b>33,181,459</b>	<b>2,337,137</b>	<b>71,654,474</b>	<b>-</b>	<b>248,771,067</b>
Adjustment on transition to Ind AS 116	-	-	-	-	-	-	81,973,196	81,973,196
Additions	955,192	-	74,580	416,382	-	2,974,655	-	4,420,809
Disposals	-	48,934	-	-	-	47,920	7,648,387	7,745,241
<b>Balance as at 31 March 2020</b>	<b>83,164,848</b>	<b>39,509,548</b>	<b>19,904,439</b>	<b>33,597,841</b>	<b>2,337,137</b>	<b>74,581,209</b>	<b>74,324,809</b>	<b>327,419,830</b>
<b>Accumulated depreciation and impairment losses</b>								
Balance at 1 April 2018	45,774,747	13,738,136	7,526,169	10,022,088	253,410	24,309,624	-	101,624,175
Depreciation for the year	10,684,051	2,782,470	4,930,528	2,294,719	181,110	16,429,240	-	37,302,118
Disposals	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>56,458,798</b>	<b>16,520,606</b>	<b>12,456,697</b>	<b>12,316,807</b>	<b>434,520</b>	<b>40,738,864</b>	<b>-</b>	<b>138,926,293</b>
Depreciation for the year	10,687,008	2,495,097	3,417,546	2,485,000	260,165	12,335,436	26,339,615	58,019,867
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>67,145,806</b>	<b>19,015,703</b>	<b>15,874,244</b>	<b>14,801,807</b>	<b>694,685</b>	<b>53,074,300</b>	<b>26,339,615</b>	<b>196,946,160</b>
<b>Carrying amounts (net)</b>								
As at 31 March 2019	25,750,858	23,037,876	7,373,162	20,864,652	1,902,617	30,915,610	-	109,844,774
<b>As at 31 March 2020</b>	<b>16,019,042</b>	<b>20,493,845</b>	<b>4,030,195</b>	<b>18,796,034</b>	<b>1,642,452</b>	<b>21,506,909</b>	<b>47,985,194</b>	<b>130,473,670</b>

## Note 13: Other Intangible assets

	Computer software
<b>Reconciliation of carrying amount</b>	
Cost or deemed cost	
Balance at 1 April 2018	30,367,160
Additions – internally developed	17,287,750
Balance at 31 March 2019	47,654,910
Other additions – internally developed	6,793,765
<b>Balance as at 31 March 2020</b>	<b>54,448,675</b>
<b>Accumulated amortisation and impairment losses</b>	
Balance at 1 April 2018	8,009,991
Amortisation for the year	7,598,500
Balance at 31 March 2019	15,608,491
Amortisation for the year	9,984,187
<b>Balance as at 31 March 2020</b>	<b>25,592,678</b>
<b>Carrying amounts (net)</b>	
As at 31 March 2019	32,046,419
<b>As at 31 March 2020</b>	<b>28,855,997</b>

# Notes to Financial Statements

(Contd..)

(Amount in INR)

	As at 31 March 2020	As at 31 March 2019
<b>Note 14: Other non-financial assets</b>		
Prepaid expenses	1,628,814	4,342,380
GST credit receivable	40,784,728	13,067,042
Capital advances	4,994,497	8,660,568
Other advances	25,481,531	4,075,098
Asset held for sale or disposal	–	228,464,113
	<b>72,889,570</b>	<b>258,609,201</b>

	As at 31 March 2020	As at 31 March 2019
<b>Note 15: Trade payables</b>		
Total outstanding dues of Micro and small enterprises (Refer note 50)	–	–
Total outstanding dues of creditors other than Micro and small enterprises	5,488,659	34,604,480
	<b>5,488,659</b>	<b>34,604,480</b>

	As at 31 March 2020	As at 31 March 2019
<b>Note 16: Debt Securities at Amortised cost</b>		
Secured redeemable non-convertible debentures	12,443,659,409	12,910,980,501
Unsecured redeemable non-convertible debentures	2,640,979,274	7,450,120,297
	<b>15,084,638,683</b>	<b>20,361,100,798</b>
Debt Securities in India	15,084,638,683	20,361,100,798
Debt Securities Outside India	–	–

## Security and other terms of Debt securities

1. Terms of repayment as below (Repayment schedule mentioned below excludes Unamortised borrowing cost):

As at 31 March 2020

NCD Series	Units	Amount	Security provided	Security coverage	Rate of Interest	Maturity date
SERIES A-3/ FY19/FY25	250	250,000,000	Exclusive charge over specific receivables	1 times of the amount outstanding	10.00%	19 October 2024
SERIES A-4/ FY19/FY25	3,000	3,000,000,000	Exclusive charge over specific receivables	1.05 times of the amount outstanding	10.00%	27 January 2024
SERIES A-1/ FY19/FY24	2,500	2,500,000,000	Exclusive charge over specific receivables	1.05 times of the amount outstanding	9.85%	24 August 2023
SERIES A (2016- 17)/07	997	997,000,000	Exclusive charge over specific receivables	1.1 times of the amount outstanding	9.85%	15 May 2023

# Notes to Financial Statements

(Contd..)

(Amount in INR)

NCD Series	Units	Amount	Security provided	Security coverage	Rate of Interest	Maturity date
SERIES A-5/ FY20/FY23	2,000	2,000,000,000	Exclusive charge over specific receivables	1 times of the amount outstanding	10.00%	24 March 2023
SERIES M-7/ FY20/FY23	383	384,481,168	Exclusive charge over specific receivables	1 times of the amount outstanding	9.30%	29 December 2022
SERIES M-6/ FY20/FY23	334	335,397,844	Exclusive charge over specific receivables	1 times of the amount outstanding	9.25%	18 May 2022
SERIES M-3/ FY20/FY22	280	282,670,905	Exclusive charge over specific receivables	1 times of the amount outstanding	9.75%	28 December 2021
SERIES M-2/ FY20/FY22	143	143,204,078	Exclusive charge over specific receivables	1 times of the amount outstanding	9.95%	16 November 2021
SERIES M-1/ FY19/FY22	1,000	1,019,479,696	Exclusive charge over specific receivables	1 times of the amount outstanding	10.25%	30 April 2021
SERIES M-5/FY20 /FY21	313	313,952,643	Exclusive charge over specific receivables	1 times of the amount outstanding	9.35%	26 November 2020
SERIES M-4/FY20 /FY21	808	809,976,569	Exclusive charge over specific receivables	1 times of the amount outstanding	9.50%	16 October 2020
SERIES A (2015- 16)/3	450	450,000,000	Exclusive charge over specific receivables	1.1 times of the amount outstanding	10.75%	08 June 2020
<b>Grand Total</b>	<b>12,458</b>	<b>12,486,162,903</b>				

## As at 31 March 2019

NCD Series	Units	Amount	Security provided	Security coverage	Rate of Interest	Maturity date
SERIES A-3/ FY19/FY25	250	250,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	10.00%	19 October 2024
SERIES A-4/ FY19/FY25	3,000	3,000,000,000	Exclusive charge over specific receivables	1.05 Time of amount Outstanding and Interest amount outstanding at any point of time	10.25%	27 January 2024
SERIES A-1/ FY19/FY25	2,500	2,500,000,000	Exclusive charge over specific receivables	1.05 Time of amount Outstanding and Interest amount outstanding at any point of time	10.55%	24 August 2023
SERIES A (2016- 17)/07	997	997,000,000	Exclusive charge over specific receivables	1.11 Time of amount Outstanding and Interest amount outstanding at any point of time	9.85%	15 May 2023
SERIES M-1/ FY19/FY22	825	913,761,713	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	10.25%	30 April 2021

# Notes to Financial Statements

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(Amount in INR)

NCD Series	Units	Amount	Security provided	Security coverage	Rate of Interest	Maturity date
SERIES A (2015-16)/3	450	450,000,000	Exclusive charge over specific receivables	1.11 Time of amount Outstanding and Interest amount outstanding at any point of time	10.75%	08 June 2020
SERIES C(2016-17)/10	51	51,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	9.55%	18 March 2020
SERIES C(2016-17)/9	100	100,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	9.80%	27 February 2020
SERIES C(2016-17)/8	60	60,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	9.80%	25 February 2020
SERIES C(2016-17)/7	691	691,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	10.00%	06 February 2020
SERIES C(2016-17)/5 & 6	174	174,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	10.01%	02 January 2020
SERIES C (2016-17)/4	80	80,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	10.25%	01 January 2020
SERIES C (2016-17)/3	746	746,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	10.00%	01 January 2020
SERIES C(2016-17)/2	200	200,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	10.00%	23 December 2019
SERIES C (2016-17)/1	800	800,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time	10.00%	09 December 2019
SERIES A (2016-17)/04	1,250	1,250,000,000	Exclusive charge over specific receivables	1.05 Time of amount Outstanding and Interest amount outstanding at any point of time	10.70%	05 June 2019
SERIES A (2015-16)/13	700	700,000,000	Exclusive charge over specific receivables	1.05 Time of amount Outstanding and Interest amount outstanding at any point of time	10.70%	08 April 2019
<b>Total</b>	<b>12,874</b>	<b>12,962,761,713</b>				



# Notes to Financial Statements

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(Amount in INR)

## Unsecured Debt securities as at 31 March 2020

NCD Series	Amount	Units	Rate of Interest	Maturity date
SERIES A (2016-17)/11	500,000,000	500	11.25%	07 August 2026
SERIES A-2/FY19/FY24	2,000,000,000	2,000	10.00%	28 September 2023
SERIES A (2016-17)/1	150,000,000	150	11.40%	28 April 2021
<b>Total</b>	<b>2,650,000,000</b>	<b>2,650</b>		

## Unsecured Debt securities As at 31 March 2019

NCD Series	Amount	Units	Rate of Interest	Maturity date
SERIES A (2016-17)/11	500,000,000	500	11.25%	07 August 2026
SERIES A-2/FY19/FY24	2,000,000,000	2000	10.60%	24 March 2023
SERIES A (2016-17)/08	2,500,000,000	2500	10.50%	21 July 2023
SERIES B/FY (2015-16)/2	200,000,000	200	11.00%	16 May 2021
SERIES B/FY (2015-16)/1	300,000,000	300	11.00%	03 May 2021
SERIES A (2016-17)/1	500,000,000	500	11.40%	28 April 2021
SERIES A (2016-17)/05	500,000,000	500	11.25%	16 March 2020
SERIES A (2016-17)/12	500,000,000	500	10.75%	30 August 2019
SERIES A (2016-17)/03	230,000,000	230	11.25%	17 May 2019
SERIES A (2016-17)/02	250,000,000	250	11.25%	06 May 2019
<b>Total</b>	<b>7,480,000,000</b>	<b>7,480</b>		

	As at 31 March 2020	As at 31 March 2019
<b>Note 17: Borrowings at Amortised cost</b>		
<b>Secured</b>		
Term loans from banks*	<b>14,360,474,636</b>	15,012,394,852
Cash credit from banks #	<b>(5,315,642)</b>	230,835,855
Book overdraft	<b>42,692,665</b>	262,311,082
	<b>14,397,851,659</b>	<b>15,505,541,789</b>
* Out of the above, term loans amounting INR 8,474,910,714 (PY - ₹ 7,420,000,000) are also secured by Corporate guarantee from the Holding Company.		
# This represents debit balances in cash credit accounts as at 31 March 2020.		
Borrowings in India	<b>14,397,851,659</b>	15,505,541,789
Borrowings outside India	-	-

# Notes to Financial Statements

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(Amount in INR)

## Security and other terms of loans are as follows :

- a) Rate of interest of cash credit is 3M MCLR (Marginal cost of funds-based Lending Rate) + 2% and is secured by way of hypothecation of receivables. Further, these are repayable on demand.

### As at 31 March 2020

- b) Terms of repayment of terms loans

Term loans from banks - secured by way of hypothecation of receivables i.e. loans and advances.

Maturity	0-1 years	1-3 years	3-5 years	> 5 years	Total
Rate of interest					
7.00 % to 12.00 % annually	3,332,499,556	6,250,039,244	3,958,698,689	819,237,147	14,360,474,636
<b>Total</b>	<b>3,332,499,556</b>	<b>6,250,039,244</b>	<b>3,958,698,689</b>	<b>819,237,147</b>	<b>14,360,474,636</b>

### As at 31 March 2019

- b) Terms of repayment of terms loans

Term loans from banks - secured by way of hypothecation of receivables i.e. loans and advances.

Maturity	0-1 years	1-3 years	3-5 years	> 5 years	Total
Rate of interest					
8.25 % to 10.25% annually	3,288,033,697	5,947,171,608	4,069,123,453	1,708,066,093	15,012,394,852
<b>Total</b>	<b>3,288,033,697</b>	<b>5,947,171,608</b>	<b>4,069,123,453</b>	<b>1,708,066,093</b>	<b>15,012,394,852</b>

	As at 31 March 2020	As at 31 March 2019
<b>Note 18: Other financial liabilities</b>		
Interest accrued but not due on borrowings	447,051,362	1,375,459,151
Salary and bonus payable	30,008,408	31,630,220
Lease liabilities (Refer note 37)	53,871,463	–
Other miscellaneous liabilities	120,399,217	49,922,079
	<b>651,330,450</b>	<b>1,457,011,450</b>

	As at 31 March 2020	As at 31 March 2019
<b>Note 19: Current tax liabilities (net)</b>		
Statutory liabilities	35,149,703	16,005,288
	<b>35,149,703</b>	<b>16,005,288</b>

# Notes to Financial Statements

(Contd..)

(Amount in INR)

	As at 31 March 2020	As at 31 March 2019
<b>Note 20: Provisions</b>		
(a) Provision for employee benefits		
Gratuity (Refer note 40)	7,831,989	10,613,678
Other employee benefit	685,411	747,715
Compensated absences	11,218,008	10,350,401
(b) Provision for expenses	5,880,250	5,849,579
	<b>25,615,658</b>	<b>27,561,373</b>

	As at 31 March 2020	As at 31 March 2019
<b>Note 21: Other Non- financial liabilities</b>		
Lease equalisation*	-	12,942,882
	-	<b>12,942,882</b>

\* The balance as at 1 April 2019 have been transferred to Retained Earnings, pursuant to adoption of Ind AS 116.

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
<b>Note 22 : (I) Equity Share capital</b>				
(a) Authorised Share Capital				
Equity shares of Re. 1/- each	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
(b) Equity shares of Re. 1/- each issued, subscribed and fully paid up				
Equity share capital of Re. 1/- each	6,013,037,765	6,013,037,765	6,008,692,515	6,008,692,515
	<b>6,013,037,765</b>	<b>6,013,037,765</b>	<b>6,008,692,515</b>	<b>6,008,692,515</b>

a) The Company has only one class of equity shares having a face value of Re. 1 each. Each holder of equity shares is entitled to one vote per share.

b) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their holding. However, there exists no preferential liability as at 31 March 2020.

**(c) Reconciliation of share capital :**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
Outstanding at the beginning of the year	6,008,692,515	6,008,692,515	5,206,570,515	5,206,570,515
Issued during the year	4,345,250	4,345,250	802,122,000	802,122,000
<b>Outstanding at the end of the year</b>	<b>6,013,037,765</b>	<b>6,013,037,765</b>	<b>6,008,692,515</b>	<b>6,008,692,515</b>

# Notes to Financial Statements

(Contd..)

(Amount in INR)

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	% of holding	Number	% of holding
<b>Motilal Oswal Financial Services Limited</b>				
Equity share of Re. 1 each fully paid-up	<b>4,836,267,897</b>	<b>80.43%</b>	4,836,267,897	80.49%
<b>Motilal Oswal Finvest Limited</b>				
Equity share of Re. 1 each fully paid-up	<b>600,000,000</b>	<b>9.98%</b>	600,000,000	9.99%
	<b>5,436,267,897</b>	<b>90.41%</b>	<b>5,436,267,897</b>	<b>90.48%</b>

Pursuant to receipt of Order dated 30 July 2018 from the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") approving the Scheme of Amalgamation of Motilal Oswal Securities Limited ("Transferor Company") with Motilal Oswal Financial Services Limited ("Transferee Company" or "Company") and their respective shareholders ("Scheme"), the Board of Directors ("Board") of the Company at its Meeting held on 21 August 2018, inter-alia, has made the Scheme effective from 21 August 2018. The Appointed date is 01 April 2017. The Company has transferred the lending business by way of a slump sale on a going concern basis, to its wholly owned subsidiary, Motilal Oswal Finvest Limited ("MOFL") (formerly known as "Motilal Oswal Capital Markets Limited") as contemplated in the Business Transfer Agreement ("BTA") dated 20 August 2018 at a consideration of INR 5,000 lakhs (subject to the post completion adjustments).

Also refer note 41 for disclosure relating to employee stock option scheme.

**(e) The Company has not issued any shares for consideration other than cash nor there has been any buyback of shares during the five years immediately preceding 31 March 2020.**

	As at 31 March 2020	As at 31 March 2019
<b>Note 23: Other Equity</b>		
<b>(I) Other Reserves</b>		
<b>(a) Share option outstanding account</b>		
<b>Opening Balance</b>	<b>24,206,111</b>	11,966,000
Add: Addition during the year/(Deletion)	<b>(10,145,373)</b>	12,985,632
Transfer of Share Premium on account of issue of shares	–	(745,521)
	<b>14,060,738</b>	<b>24,206,111</b>
<b>(b) Statutory reserves</b>		
<b>Opening Balance</b>		
Section 29C of The National Housing Bank Act, 1987	<b>71,285,792</b>	71,285,792
Special reserve u/s 36(1) (viii) of Income Tax Act, 1961	<b>305,781,438</b>	305,781,438
<b>Transfer during the year</b>		
Section 29C of The National Housing Bank Act, 1987	<b>78,155,347</b>	–
Special reserve u/s 36(1) (viii) of Income Tax Act, 1961	–	–
<b>Closing Balance</b>		
Section 29C of The National Housing Bank Act, 1987	<b>149,441,138</b>	71,285,792
Special reserve u/s 36(1) (viii) of Income Tax Act, 1961	<b>305,781,438</b>	305,781,438
	<b>455,222,576</b>	<b>377,067,230</b>

# Notes to Financial Statements

(Contd..)

(Amount in INR)

	As at 31 March 2020	As at 31 March 2019
(c) Securities Premium account		
<b>Opening Balance</b>	<b>2,605,431,042</b>	1,403,412,321
Securities premium on shares issued during the year	<b>2,223,150</b>	1,202,018,721
	<b>2,607,654,192</b>	<b>2,605,431,042</b>
<b>(II) Retained Earnings</b>		
<b>(a) Surplus/ (Deficit) in profit or loss account</b>		
Opening Balance	<b>(766,392,954)</b>	602,432,652
(Loss) / Profit for the year	<b>390,776,735</b>	(1,368,825,606)
Transfer to Statutory Reserve	<b>(78,155,347)</b>	-
Transfer from Lease equalisation due to Ind AS 116	<b>12,942,882</b>	-
Others	<b>320,424</b>	-
	<b>(440,508,260)</b>	<b>(766,392,954)</b>
<b>(b) Other comprehensive income</b>		
Opening Balance	<b>17,049,776</b>	5,277,265
Other Comprehensive Income (net of tax)	<b>7,337,092</b>	11,772,511
	<b>24,386,868</b>	<b>17,049,776</b>
<b>Total Other Equity</b>	<b>2,660,816,114</b>	<b>2,257,361,205</b>

## 23.1 Nature and purpose of Other Reserve

### Share option outstanding account

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

### Statutory Reserves

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

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

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

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

### Securities Premium

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

### Retained earnings

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

# Notes to Financial Statements

(Contd..)

(Amount in INR)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>NOTE 24: Revenue from operations</b>		
(i) Interest Income on loan at amortised cost	5,634,718,108	6,283,620,719
(ii) Interest Income on bank deposit at amortised cost	1,967,949	2,148,972
(iii) Net gains on fair value changes on financial instruments at FVTPL	20,197,828	62,641,190
(iv) Fees and commission income	73,155,505	66,276,090
<b>TOTAL</b>	<b>5,730,039,390</b>	<b>6,414,686,971</b>

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Note 25: Other income</b>		
Other non operating income	34,361,570	69,450,000
<b>TOTAL</b>	<b>34,361,570</b>	<b>69,450,000</b>

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Note 26: Finance cost</b>		
(i) Interest cost	3,312,526,877	3,924,300,107
(ii) Interest cost on lease liability	8,068,263	–
(iii) Other borrowing cost	111,968,597	116,345,634
<b>TOTAL</b>	<b>3,432,563,737</b>	<b>4,040,645,741</b>

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Note 27: Employee benefits expenses</b>		
(i) Salary, bonus and allowances	595,598,974	582,204,268
(ii) Share based payments	(11,885,096)	8,790,223
(iii) Contribution to provident and other funds (Refer note 40 A)	30,124,991	28,210,861
(iv) Staff welfare expenses	3,317,303	3,780,008
(v) Gratuity obligation (Refer note 40 B)	9,421,642	14,263,570
<b>TOTAL</b>	<b>626,577,814</b>	<b>637,248,930</b>

# Notes to Financial Statements

(Contd..)

(Amount in INR)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Note 28: Impairment on financial instruments</b>		
(i) Impairment on loans (Loans measured at amortised cost)	<b>(1,316,754,986)</b>	624,784,646
(ii) Loss on derecognition of loan assets*	<b>2,083,223,462</b>	–
(iii) Bad debts written off	–	2,898,381,374
<b>TOTAL</b>	<b>766,468,476</b>	<b>3,523,166,020</b>

\* This majorly includes loss on sale of assets to an asset reconstruction company. Also, refer note 33 for additional details.

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Note 29: Other expenses</b>		
(i) Rates & Taxes	<b>23,174,866</b>	29,226,170
(ii) Rent (Refer note 37)	<b>48,411,528</b>	110,900,016
(iii) Insurance	<b>7,926,996</b>	8,920,222
(iv) Computer Maintenance and software charges	<b>4,195,679</b>	3,183,792
(v) Legal and professional charges	<b>36,056,055</b>	17,112,692
(vi) Remuneration to auditors (Refer note 34)	<b>3,710,400</b>	3,475,520
(vii) Data processing charges	<b>10,763,604</b>	24,208,711
(viii) Marketing and brand promotion expenses	<b>314,761</b>	998,225
(ix) Advertisement expenses	<b>11,609,617</b>	9,234,913
(x) Printing & Stationary	<b>3,343,099</b>	4,001,150
(xi) Power and fuel	<b>10,422,190</b>	14,696,660
(xii) Communication and data charges	<b>9,814,255</b>	24,531,850
(xiii) Travelling, lodging and boarding expenses	<b>31,253,536</b>	25,474,059
(xiv) Membership and subscription Fees	<b>526,280</b>	190,700
(xv) Filing Fees	<b>77,363</b>	324,510
(xvi) Corporate social responsibility expense (Refer note 35)	–	17,578,000
(xvii) Business support service (Refer note 44)	<b>22,500,000</b>	22,500,000
(xviii) Car running expenses	–	45,400
(xix) Loss/ (profit) on repossessed assets	<b>(488,540)</b>	–
(xx) Repair and maintenance	<b>1,276,912</b>	3,547,001
(xxi) Directors' sitting fees (Refer note 44)	<b>450,000</b>	623,000
(xxii) Miscellaneous expenses	<b>36,280,265</b>	32,965,384
<b>TOTAL</b>	<b>261,618,866</b>	<b>353,737,975</b>

# Notes to Financial Statements

(Contd..)

(Amount in INR)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Note 30: Income tax expense</b>		
<b>A. Amounts recognised in statement of profit or loss</b>		
<b>Current tax</b>		
Current year (a)	–	(7,529,715)
Changes in estimates related to prior years (b)	–	–
<b>Deferred tax (c)</b>		
Origination and reversal of temporary differences	<b>218,391,279</b>	(739,206,993)
<b>Tax expense of continuing operations (a)+(b)+(c)</b>	<b>218,391,279</b>	<b>(746,736,708)</b>
<b>B. Amount recognised in other comprehensive income</b>		
Remeasurements of defined benefit liability	<b>(3,941,026)</b>	(6,339,044)
	<b>(3,941,026)</b>	<b>(6,339,044)</b>
<b>C. Reconciliation of effective tax</b>		
Profit/(Loss) before tax	<b>609,168,014</b>	(2,115,562,314)
Tax at the rate of 34.944%	<b>212,867,671</b>	(739,262,094)
Effect of:		
Recognition of tax on unamortised borrowings	<b>5,166,037</b>	(7,529,715)
Miscellaneous disallowance	<b>357,571</b>	55,101
Effective tax	<b>218,391,279</b>	<b>(746,736,708)</b>
Effective Tax Rate	<b>35.85%</b>	35.30%
<b>D. Recognised deferred tax assets and liabilities</b>		
Deferred tax assets and liabilities are attributable to the following:		
Difference between book depreciation and tax depreciation	<b>18,941,491</b>	16,612,981
Other Employee Benefits	<b>1,013,711</b>	3,970,126
Unamortized borrowing cost	<b>(14,640,674)</b>	(28,443,305)
Deposit and rent Equalization	<b>8,123,354</b>	8,123,354
Provision for compensated absence	<b>3,920,021</b>	3,616,844
Provision for Standard asset	<b>(499,599,032)</b>	359,272,120
Reserve created u/s 36(1)(viii)	<b>577,114</b>	(871,340)
Business loss	<b>759,576,588</b>	593,080,775
Unamortised processing fees	<b>47,128,197</b>	(6,687,753)
Expected credit loss	<b>651,183,807</b>	252,276,213
Unrealised gain on Mutual Fund	–	(2,229,828)
	<b>976,224,576</b>	<b>1,198,720,187</b>



# Notes to Financial Statements

(Contd..)

(Amount in INR)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Note 31: Other comprehensive income</b>		
(i) Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on post retirement benefit plans	11,278,118	18,111,556
Deferred tax impact on the above	(3,941,026)	(6,339,044)
<b>Total other comprehensive income, net of tax</b>	<b>7,337,092</b>	<b>11,772,512</b>

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Note 32: Earnings/(losses) per share</b>		
<b>Basic earnings per share</b>		
Profit/(loss) attributable to equity shareholders (₹) [A]	390,776,735	(1,368,825,606)
Nominal value per share (in ₹)	1	1
Weighted average number of equity shares outstanding during the year [B] (Face value ₹ 1)	6,010,857,762	5,440,532,608
<b>Basic earnings/(losses) per share [A] / [B] (₹)</b>	<b>0.07</b>	<b>(0.25)</b>
<b>Diluted earnings per share</b>		
(Loss)/Profit attributable to equity shareholders (₹)	390,776,735	(1,368,825,606)
Less: Impact on profit due to exercise of diluted potential equity shares	-	-
Net profit attributable to equity shareholders for calculation of diluted earnings per share [A]	390,776,735	(1,368,825,606)
Weighted average number of equity shares used in computing basic earnings per share	6,010,857,762	5,440,532,608
Effect of potential equity shares for stock options outstanding	21,637,854	25,783,089
Weighted number of equity shares used in computing diluted earnings per share [B]	6,032,495,616	5,466,315,697
<b>Diluted earnings per share (₹) [A] / [B]</b>	<b>0.06</b>	<b>(0.25)</b>

## Note 33: Loans and ECL movement

### 1 Loan book movement - during the year ended 31 March 2020

Particulars	Total
<b>Opening</b>	<b>43,881,081,889</b>
Origination of new loans	1,921,787,505
Derecognition of loans*	(4,211,635,532)
Repayments received during the year	(4,882,498,410)
<b>Closing</b>	<b>36,708,735,452</b>

\*Derecognition of loan includes loan assets sold to an asset reconstruction company (ARC):

During the current year, the Company has sold in two tranches a pool of certain non performing loan assets aggregating to INR 4,211,635,532 to an Asset Reconstruction Company vide separate agreements dated 30 September 2019 and 26 March 2020. These loan assets have been de-recognised from the loan portfolio of the Company as the sale of loan assets was done on "no-recourse" basis and on true sale basis. This has resulted in

# Notes to Financial Statements

(Contd..)

(Amount in INR)

reversal of ECL amounting to INR 953,157,809, which represents the amount of ECL allowance created on such loans.

## 2 Loan book movement - during the year ended 31 March 2019

Particulars	Total
<b>Opening</b>	<b>48,415,458,973</b>
Origination of new loan	2,071,906,078
Write-offs during the year	(2,898,381,374)
Repayments received during the year	(3,707,901,788)
<b>Closing</b>	<b>43,881,081,889</b>

### Break - up of loans under

Particulars	As at 31 March 2020	As at 31 March 2019
Low credit risk (Stage 1)	<b>34,591,386,719</b>	37,035,134,061
Significant increase in credit risk (Stage 2)	<b>1,456,662,672</b>	2,886,070,874
Credit impaired (Stage 3)	<b>660,686,061</b>	3,959,876,954
<b>Closing</b>	<b>36,708,735,452</b>	<b>43,881,081,889</b>

### ECL movement as at 31 March 2020

Particulars	Amount
<b>Opening</b>	<b>1,750,081,082</b>
ECL impact due to sale of loans to ARC	(953,157,809)
Movement during the year*	(363,597,179)
<b>Closing</b>	<b>433,326,094</b>

\* This is combination of addition for slippage, addition allowance due to Covid-19 pandemic impact and improvisation due to change in Probability of Default post sale to Asset Reconstruction Company of non performing loan assets.

### ECL movement as at 31 March 2019

Particulars	Amount
<b>Opening</b>	<b>1,125,296,436</b>
ECL impact due to W/offs	(192,830,678)
Addition during the year	817,615,324
<b>Closing</b>	<b>1,750,081,082</b>

### Break - up of ECL

Particulars	As at 31 March 2020	As at 31 March 2019
Low credit risk (Stage1)	<b>116,464,148</b>	331,923,775
Significant increase in credit risk (Stage2)	<b>151,796,807</b>	428,904,739
Credit impaired (Stage3)	<b>165,065,139</b>	989,252,568
<b>Closing</b>	<b>433,326,094</b>	<b>1,750,081,082</b>

Note: The above ECL calculation is inclusive of impairment calculated on overdue principal and interest accrued.

# Notes to Financial Statements

(Contd..)

(Amount in INR)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Note 34: Remuneration to auditors</b>		
Payment to Auditor		
Statutory audit	1,950,000	2,050,000
Limited review of quarterly results	1,200,000	1,050,000
For certification work	240,000	290,000
<b>As Auditor</b>	<b>3,390,000</b>	<b>3,390,000</b>
Reimbursement of expenses	88,886	85,520
GST	231,514	625,594
<b>Total</b>	<b>3,710,400</b>	<b>4,101,114</b>

\*Amount includes Goods and service tax for which Input credit availed and disallowed

## Note 35: Corporate Social Responsibility

- During the year, Company has spent Nil amount (previous year ₹ 1,75,78,000/-) on CSR activities, considering the average profit for last three financial years is negative.
- Details of CSR spent during the Financial Year:
  - Total amount to be spent for the Financial Year: Nil
  - Amount unspent, if any: NA
  - Manner in which the amount spent during the Financial Year is detailed below:

For the year ended 31 March 2020						
CSR Project or Activity identified	Sector in which the project is covered (As in Schedule VII)	Address	Amount Outlay (Budget) or Project or program wise	Amount spent on the project or program Subheads:	Cumulative Expenditure upto the reporting period	Amount spent: directly or through implementing agency
NA	NA	NA	NA	NA	NA	NA
For the year ended 31 March 2019						
CSR Project or Activity identified	Sector in which the project is covered (As in Schedule VII)	Address	Amount Outlay (Budget) or Project or program wise	Amount spent on the project or program Subheads:	Cumulative Expenditure upto the reporting period	Amount spent: directly or through implementing agency
Donation for Kalinga School at Odissa	Promoting Education	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025	17,500,000	17,578,000	17,578,000	Through implementing agency – Motilal Oswal Foundation

## Note 36: Contingent liabilities and commitments

	As at 31 March 2020	As at 31 March 2019
(a) Claims against the company not acknowledge as debt		
Income tax matter	5,802	626,160
(b) Estimated amount of contracts remaining to be executed on capital account and not provided for	46,000	3,260,874
(c) Undrawn committed sanctions to borrowers	671,788,930	1,499,181,163

# Notes to Financial Statements

(Contd..)

(Amount in INR)

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

## Note 37: Leases

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

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

The adoption of the new standard Ind AS 116, resulted in recognition of 'Right of Use' (ROU) asset of ₹ 81,973,196 and a lease liability of ₹ 81,973,196. The lease equalisation reserve amounting to INR 12,942,282 was consequently transferred to retained earnings. Ind AS 116 will result in an increase in cash in flows from operating activities and an increase in cashout flows from financing activities on account of lease payments.

The weighted average incremental borrowing rate applied to lease liabilities as at 1 April 2019 is 10.00 %.

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

### (A) Right of use assets for the year ended 31 March 2020

Particulars	Amount
<b>Balance as at 1 April 2019</b>	<b>-</b>
Adjustment on transition to Ind AS 116	81,973,196
Movement during the year	(7,648,387)
Depreciation on Right-Of-Use (ROU) assets	(26,339,615)
<b>Balance as at 31 March 2020</b>	<b>47,985,194</b>

### (B) Lease liabilities for the year ended 31 March 2020

Particulars	Amount
<b>Balance as at 1 April 2019</b>	<b>-</b>
Adjustment on transition to Ind AS 116	81,973,196
Movement during the year	(7,648,387)
Add: Interest cost accrued during the period	8,068,263
Less: Payment of lease liabilities	(28,521,609)
<b>Balance as at 31 March 2020</b>	<b>53,871,463</b>

### (C) Maturity analysis - Discounted Cashflows of Contractual maturities of lease liabilities as at 31 March 2020

Particulars	As at 31 March 2020
Less than three months	7,007,616
Three to twelve months	18,760,415
One to five years	27,438,614
More than five years	664,818
<b>Total</b>	<b>53,871,463</b>

# Notes to Financial Statements

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(Amount in INR)

## (D) Amount recognised in statement of profit & loss for the year ended 31 March 2020

Particulars	Amount
Interest cost on lease liabilities	8,068,263
Depreciation on right of use assets	26,339,615
Rental Expenses recorded for short-term lease payments and payments for leases of low-value assets not included in the measurement of the lease liability	48,411,528

## (E) Amount recognised in statement of cash flows for the year ended 31 March 2020

Particulars	Amount
Cash payments for the principal & interest portion of the lease liability within financing activities	(28,521,609)
Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.	48,411,528

Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore expected future minimum commitments as at 31 March 2019 during the non-cancellable period under the lease arrangements have been presented below, based on the financial statements for the year ended 31 March 2019. Further there are no short term or low value leases, for which Company carries any material commitments.

	As at 31 March 2020	As at 31 March 2019
Within one year	-	2,171,292
Later than one year but not later than five years	-	5,519,165
Later than five years	-	1,689,860
	-	<b>9,380,317</b>

## Note 38: Credit Rating

For the year under review, following Credit Ratings have been assigned to various borrowing programs of the Company by "ICRA" and "CRISIL":

Nature of borrowing	As at 31 March 2020		As at 31 March 2019	
	Rating / Outlook		Rating / Outlook	
	ICRA	CRISIL	ICRA	CRISIL
Short Term Commercial paper	[ICRA]A1+	CRISIL A1+	[ICRA]A1+	CRISIL A1+
Long Term Non-Convertible Debentures	ICRA]A+ (Stable)	CRISIL AA-/Stable	ICRA]A+ (Stable)	CRISIL A+/Stable
Bank Borrowings	ICRA]A+ (Stable)	CRISIL AA-/Stable	ICRA]A+ (Stable)	CRISIL A+/Stable

### Notes:

- ICRA has also assigned [ICRA]A+ (Stable) rating for the Sub-ordinate Debt Programme (Non-Convertible Debentures) and PP-MLD [ICRA]A+ (Stable) rating for the Market Linked Debenture programme.
- CRISIL has reaffirmed its 'CRISIL AA-/CRISIL PP-MLD AA-r/Stable/CRISIL A1+' rating on the debt instruments and bank loan facilities of the Company.

## Note 39: Estimation of uncertainties relating to the global health pandemic from COVID-19

"The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian Financial Markets and a significant decrease in the economic activities. On 11 March 2020, the COVID-19 outbreaks declared as a global pandemic by the World Health Organisation. Numerous governments and companies including Motilal Oswal Home Finance Limited have introduced a variety of measures to contain the spread of the virus. On 24 March 2020, the Indian Government had announced a strict 21 day lockdown which has been further extended by 19 days across the country to contain the spread of virus. Covid 19 presented us an operational challenges and required recalibrating the management methodology for sales, collections, operations, etc. The outcome has enabled most of our employees to work remotely and securely. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package, the Company would be granting a moratorium of three months on payments of instalments and/ or interest falling due

# Notes to Financial Statements

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(Amount in INR)

between 1 March 2020 and 31 May 2020 to eligible borrowers. For such accounts where the moratorium is granted, the asset /Stage-wise classification shall remain stand still during the moratorium period. (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification). The Company has recognised provisions as on 31 March 2020 towards its assets including loans based on the information available at this point of time including economic forecasts, in accordance with the Expected Credit Loss method. The Company believes that it has taken into account all the possible impact of known events arising out of COVID 19 pandemic in the preparation of financial results. However the impact assessment of COVID 19 is a continuing process given its nature and duration. The Company will continue to monitor for any material changes to future economic conditions."

## Note 40: Disclosure pursuant to Ind AS 19 - Employee Benefits

### A) Defined contribution plan :

Motilal Oswal Home Finance Limited (formerly know as Aspire Home Finance Corporation Limited), incurs expenditure like common senior management compensation cost, advertisement cost, rent expenditure, etc. which is for the common benefit of itself and certain fellow subsidiary companies. This cost so expended is reimbursed by the Company on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. Accordingly, and as identified by the management, the expenditure heads include reimbursements paid based on the management's best estimate.

Particulars	As at 31 March 2020	As at 31 March 2019
Employer's contribution to provident fund	24,067,098	21,655,299
Employer's contribution to ESIC	5,704,312	5,911,215
Employer's contribution to National Pension Scheme	279,012	576,000
<b>Total</b>	<b>30,050,422</b>	<b>28,142,514</b>

### B) Defined benefit plan :

The details of the Company's post- retirement benefit plans for its employees including whole time directors are given below which is as certified by the actuary and relied upon by the auditors.

Principal actuarial assumptions at the balance sheet date

Particulars	As at 31 March 2020	As at 31 March 2019
Interest / Discount Rate	4.80%	7.12%
Rate of increase in compensation	10.24%	15.00%
Employee attrition rate (Past Service) (PS)	PS: 0 to 40 : 55.44%	PS: 0 to 37 : 31.25%
Expected average remaining service	0.8	2.18

### Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Present value of obligation at the beginning of the year	10,613,678	15,095,907
Current service cost	9,070,656	12,908,516
Past service cost	(347,354)	-
Interest cost	698,340	1,023,696
Benefit paid	(925,213)	(302,885)
Curtailment cost	-	-
Settlement cost	-	-
Net actuarial gain or loss recognized in the year	(11,278,118)	(18,111,556)
<b>Present value of obligation at the end of the year</b>	<b>7,831,989</b>	<b>10,613,678</b>

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(Amount in INR)

## Fair value of plan assets

Particulars	As at 31 March 2020	As at 31 March 2019
Present value of obligation at the beginning of the year	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefit paid	-	-
Fair value of plan assets at end of period	-	-
Funded status (including unrecognized past service cost)	<b>(7,831,989)</b>	(10,613,678)
<b>Excess of actual over estimated return of plan assets</b>	<b>-</b>	<b>-</b>

## Experience history

Particulars	As at 31 March 2020	As at 31 March 2019
(Gain)/loss on obligation due to change in assumption	<b>(4,720,311)</b>	(7,655,761)
Experience (gain)/loss on obligation	<b>(6,557,807)</b>	(10,455,795)
<b>Actuarial gain/(loss) on plan assets</b>	<b>(11,278,118)</b>	<b>(18,111,556)</b>

## Amounts to be recognized in the balance sheet

Particulars	As at 31 March 2020	As at 31 March 2019
Present value of obligation at the beginning of the year	<b>7,831,989</b>	10,613,678
Fair value of plan assets at end of period	-	-
Funded status	-	-
Unrecognized actuarial gain/(loss)	-	-
Unrecognized past service cost - non vested benefits	-	-
<b>Net assets/(liability) recognized in balance sheet</b>	<b>(7,831,989)</b>	<b>(10,613,678)</b>

## Expense recognized in the statement of profit and loss account

Particulars	As at 31 March 2020	As at 31 March 2019
Current service cost	<b>9,070,656</b>	12,908,516
Interest cost	<b>698,340</b>	1,023,696
Past service cost (non vested benefits)	<b>(347,354)</b>	331,358
Past service cost (vested benefits)	-	-
Unrecognized past service cost - non vested benefits	-	-
Expected return on plan assets	-	-
Net actuarial gain/ (loss) recognized for the period	-	-
<b>Expense recognized in the statement of profit and loss account</b>	<b>9,421,642</b>	<b>14,263,570</b>

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(Amount in INR)

## Movements in the liability recognized in balance sheet

Particulars	As at 31 March 2020	As at 31 March 2019
Opening net liability	10,613,678	14,764,549
Expenses as above	9,768,996	14,263,570
Transfer in liability	721,824	
Transfer Out liability	(1,069,178)	
Expenses recognized	9,421,642	14,263,570
Employer's contributions	(925,213)	(302,885)
Other Comprehensive Income(OCI)	(11,278,118)	(18,111,556)
Closing net liability	7,831,989	10,613,678
<b>Closing provisions at the end of the year</b>	<b>7,831,989</b>	<b>10,613,678</b>

## Defined benefit plans

Particulars	As at 31 March 2020	As at 31 March 2019
Defined benefit obligation	7,831,989	10,613,678
Plan assets	(7,831,989)	(10,613,678)
Experience adjustments :		
On plan liabilities	-	-
On plan assets	-	-

## Sensitivity analysis

Particulars	DR: Discount Rate		ER Salary Escalation Rate	
	PVO DR +1%	PVO DR -1%	PVO ER - 1%	PVO ER - 1%
Present value of obligation (PVO)	7,689,260	7,980,767	7,933,664	7,731,278

## Expected Payout

Year	Expected Outgo First	Expected Outgo Second	Expected Outgo Third	Expected Outgo Fourth	Expected Outgo Fifth	Expected Outgo Six to Ten years
Payouts	3,057,715	2,002,854	1,328,937	1,008,786	627,985	566,939

## Asset Liability Comparisons

Year	31 March 2016	31 March 2017	31 March 2018	31 March 2019	31 March 2020
PVO at the end of period	3,202,246	12,758,761	15,095,907	10,613,678	7,831,989
Plan Assets	-	-	-	-	-
Surplus / (Deficit)	(3,202,246)	(12,758,761)	(15,095,907)	(10,613,678)	(7,831,989)
<b>Experience adjustments on plan assets</b>	-	-	-	-	-



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(Amount in INR)

## Note 41: Disclosure relating to Employee stock option scheme

The Company has following stock option schemes:

### Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2014 - (ESOS - 2014)

The Scheme was approved by Board of Directors on 11 September 2014 and by the shareholders in EGM dated 16 October 2014 for issue of 50,000,000 options representing 50,000,000 Equity shares of Re. 1 each. The grant of stock options for the aforesaid scheme has been done in three tranches.

### Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2016 (ESOS-2016)

The Scheme was approved by Board of Directors on 29 April 2016 and by the shareholders in AGM dated 07 July 2016 for issue of 50,000,000 options representing 50,000,000 Equity shares of Re. 1 each. The grant of stock options for the aforesaid scheme has been done in five tranches.

### Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2017 (ESOS-2017)

The Scheme was approved by Board of Directors on 25 April 2017 and by the shareholders in EGM dated 25 May 2017 for issue of 10,000,000 options representing 10,000,000 Equity shares of Re. 1 each. The grant of stock options for the aforesaid scheme has been done in two tranches.

### Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2017 (ESOS-2017 H Co.) (Issued to Holding Company Employees)

The Scheme was approved by Board of Directors on 25 April 2017 and by the shareholders in EGM dated 25 May 2017 for issue of 30,000,000 options representing 30,000,000 Equity shares of Re. 1 each.

The activity in the (ESOS 2014), (ESOS 2016), (ESOS 2017) and (ESOS 2017 H Co) during the year ended 31 March 2020 and 31 March 2019 is set below:

Equity Shares	As at 31 March 2020 (in numbers)	Weighted Average Exercise price	As at 31 March 2019 (in numbers)	Weighted Average Exercise price
<b>The AHFCL (ESOS 2014):</b> (Face value of Re. 1 each) *				
Option outstanding at the beginning of the year	3,990,000	1.00	12,370,000	1.00
Add: Granted	17,725,000	3.00	-	-
Less: Exercised	640,000	1.00	-	-
Less: Lapsed	3,930,000	1.66	8,380,000	1.00
Option outstanding, end of the year	17,145,000	2.92	3,990,000	1.00
Exercisable at the end of the year	720,000	1.00	690,000	1.00
<b>The AHFCL (ESOS 2016):</b> (Face value of Re. 1 each) *				
Option outstanding at the beginning of the year	42,800,000	2.39	38,750,000	1.60
Add: Granted	10,930,000	3.50	24,100,000	3.00
Less: Exercised	640,000	1.60	-	-
Less: Lapsed	35,375,000	2.53	20,050,000	1.60
Option outstanding, end of the year	17,715,000	2.82	42,800,000	2.39
Exercisable at the end of the year	1,360,000	1.60	3,720,000	1.60
<b>The AHFCL (ESOS 2017):</b> (Face value of Re. 1 each)				
Option outstanding at the beginning of the year	4,578,500	2.56	8,435,000	2.12
Add: Granted	-	-	-	-
Less: Exercised	80,500	1.60	-	-
Less: Lapsed	2,193,500	2.32	3,856,500	1.60
Option outstanding, end of the year	2,304,500	2.83	4,578,500	2.56
Exercisable at the end of the year	158,000	3.39	-	-
<b>The AHFCL (ESOS 2017) (Holding company):</b> (Face value of Re. 1 each)				
Option outstanding at the beginning of the year	21,413,500	1.60	29,390,000	-
Add: Granted	-	-	-	-
Less: Exercised	2,984,750	1.60	2,122,000	1.60
Less: Lapsed	2,834,250	1.60	5,854,500	1.60
Option outstanding, end of the year	15,594,500	1.60	21,413,500	1.60
Exercisable at the end of the year	588,000	1.60	817,000	1.60

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## Employees' Stock Options Scheme (ESOS) :

The Company has its accounting policy for ESOPs valuation at fair value method for appropriate presentation of financial statements .

Particulars	ESOS 2014	ESOS 2016	ESOS 2017	ESOS 2017 H Co.
Date of grant	Various dates	Various dates	Various dates	Various dates
Date of board approval	11 September 2014	29 April 2016	25 April 2017	25 April 2017
Date of shareholders' approval	16 October 2014	07 July 2016	25 May 2017	25 May 2017
Number of options granted	46,925,000	73,780,000	8,435,000	29,390,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	1 year to 4 years	1 year to 4 years	1 year to 4 years	1 year to 5 years
Vesting pattern	30:30:40	10:20:30:40	10:20:30:40	10:17:25:32:15
<b>Weighted average remaining contractual life</b>				
Granted but not vested	3.01 year (PY 1.11 years)	2.71 years (PY 2.91 Years)	2.12 years (PY 2.78)	1.39 years (PY 2.17)
Vested but not exercised	0.15 year (PY NIL)	0.27 Years (PY 0.26 year)	NIL (PY NA)	0.03 year (PY NA)
Weighted average share price at the date of exercise for stock options exercised during the year *	CY ₹ 3.00 (PY NA)	CY ₹ 3.50 (PY NA)	CY ₹ 3.50 (PY NA)	CY ₹ 3.50 (PY ₹ 3.00)
Exercise period	Within a period of 12 months from the date of vesting or in case of resignation, the options shall be exercised within 6 months from the date of resignation or such extended period as may be decided by the Nomination and Remuneration Committee.	Within a period of 6 months from the date of vesting or in case of resignation, the options shall be exercised within 6 months from the date of resignation or such extended period as may be decided by the Nomination and Remuneration Committee.		
Vesting conditions	Vesting of Options would be subject to continued employment with the Company and/or its holding/subsidiary, and thus the Options would vest on passage of time. In addition to this, the Remuneration/Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of the time horizon.			
Weighted average fair value of options as on grant date	Re. 0.49	Re. 0.79	Re. 0.72	Re. 0.70

Note: The vesting period of the Grant I & II of AHFCL ESOS 2014 and Grant I of ESOS 2016 has been extended from 6 months to 1 year pursuant to the resolution passed by the nomination and remuneration committee at its meeting held on 22 January 2018.

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(Amount in INR)

## Exercise pricing formula

The exercise pricing formula for AHFCL ESOS 2014, AHFCL ESOS 2016, AHFCL ESOS 2017 and AHFCL ESOS 2017-H Co are as under:

The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him, including but not restricted to the Net Asset Value Method, Discounted Cash Flow Method, Earnings Capitalisation Method, Dividend Yield Model, etc. and may also rely upon the future projections of the Company which would be prepared by the management from time to time having regard to the future potential and prospects of the Company. The said committee shall in its absolute discretion, have the authority to grant the options at such discount as it may deem fit.

## Fair Value Methodology:

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS 2014I, ESOS 2016, ESOS 2017 and ESOS 2017- H co., as on the date of grant are as follow :

Particulars	ESOS 2014	ESOS 2016	ESOS 2017	ESOS 2017-H Co.
Risk-free interest rate	7.37% - 8.40%	6.18% - 7.37%	6.79%	6.79%
Expected dividend yield	1.00%	1.00%	1.00%	1.00%
Expected volatility of share price*	40%	40%	40%	40%
The weighted average price of equity share as on grant date	₹ 1.57	₹ 2.20	₹ 1.85	₹ 1.74

\*Expected volatility has been calculated of listed holding company shares of Motilal Oswal Financial Services Limited long term average since listing.

## Note 42: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at 31 March 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>						
Cash and cash equivalents	1,134,226,728	-	1,134,226,728	799,662,881	-	799,662,881
Bank balance other than cash and cash equivalents above	27,655,409	-	27,655,409	25,884,255	-	25,884,255
<b>Receivables</b>						
Trade receivables	12,503,003	-	12,503,003	24,485,264	-	24,485,264
Loans	1,083,341,189	35,523,784,734	36,607,125,923	2,642,426,960	41,262,992,026	43,905,418,986
Investments	-	-	-	506,381,148	-	506,381,148
Other financial assets	115,551,085	15,543,618	131,094,703	572,103,731	-	572,103,731
<b>Total Financial Assets (A)</b>	<b>2,373,277,414</b>	<b>35,539,328,352</b>	<b>37,912,605,766</b>	<b>4,570,944,239</b>	<b>41,262,992,026</b>	<b>45,833,936,265</b>
<b>Non-financial assets</b>						
Current tax assets (Net)	-	84,595,677	84,595,677	-	22,083,110	22,083,110
Deferred tax assets (Net)	-	976,224,576	976,224,576	-	1,198,720,187	1,198,720,187
Property, plant and equipment	-	130,473,670	130,473,670	-	109,844,774	109,844,774
Other intangible assets	-	28,855,997	28,855,997	-	32,046,419	32,046,419
Other non-financial assets	72,889,570	-	72,889,570	258,609,200	-	258,609,200
<b>Total Non-Financial Assets (B)</b>	<b>72,889,570</b>	<b>1,220,149,921</b>	<b>1,293,039,491</b>	<b>258,609,200</b>	<b>1,362,694,490</b>	<b>1,621,303,691</b>
<b>Total assets (C) = (A) + (B)</b>	<b>2,446,166,984</b>	<b>36,759,478,273</b>	<b>39,205,645,258</b>	<b>4,829,553,439</b>	<b>42,625,686,516</b>	<b>47,455,239,956</b>

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(Amount in INR)

Particulars	As at 31 March 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial liabilities</b>						
Payables						
Trade payables						
total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	5,488,659	-	5,488,659	34,604,477	-	34,604,477
Debt securities	1,573,929,212	13,562,233,691	15,136,162,903	6,306,694,300	14,136,067,413	20,442,761,713
Borrowings (Other than debt securities)	3,338,566,649	11,065,643,057	14,404,209,706	3,827,980,087	11,415,250,620	15,243,230,707
Other financial liabilities	478,300,719	173,029,731	651,330,450	1,457,011,451	-	1,457,011,451
<b>Total Financial Liabilities (A)</b>	<b>5,396,285,239</b>	<b>24,800,906,479</b>	<b>30,197,191,718</b>	<b>11,626,290,315</b>	<b>25,551,318,033</b>	<b>37,177,608,348</b>
<b>Non-financial Liabilities</b>						
Current tax assets (Net)	35,149,703	-	35,149,703	16,005,288	-	16,005,288
Provisions	25,615,658	-	25,615,658	27,561,373	-	27,561,373
Other non-financial liabilities	-	-	-	-	12,942,882	12,942,882
<b>Total Non-Financial Liabilities (B)</b>	<b>60,765,361</b>	<b>-</b>	<b>60,765,361</b>	<b>43,566,661</b>	<b>12,942,882</b>	<b>56,509,543</b>
<b>Total liabilities (C) = (A)+(B)</b>	<b>5,457,050,600</b>	<b>24,800,906,479</b>	<b>30,257,957,079</b>	<b>11,669,856,976</b>	<b>25,564,260,915</b>	<b>37,234,117,891</b>

## Note 43: Segmental Reporting

The Company is primarily engaged into business of providing loans for purchase or construction of residential houses. The Company also provides consumer loans (top-up loans) and loan against properties. The Board reviews the Company's performance as a single business. Further the Company does not have any separate geographical segment in India. There being only one segment, disclosure for segment as per Ind AS 108 is not applicable. Further, no clients individually accounted for more than 10% of the revenue in financial year ended 31 March 2020 and 31 March 2019.

## Note 44: Related parties

### (A) Names of related parties by whom control is exercised

Passionate Investment Management Private Limited	- Ultimate holding Company
Motilal Oswal Financial Services Limited	- Holding Company
Motilal Oswal Investment Advisors Limited	- Fellow Subsidiary Company
Motilal Oswal Wealth Management Limited	- Fellow Subsidiary Company
Motilal Oswal Finvest Limited	- Fellow Subsidiary Company

### (B) Key managerial personnel

Motilal Oswal	- Non Executive Director and Chairman
Raamdeo Agrawal	- Non Executive Director
Navin Agarwal	- Non Executive Director
Sanjay Athalye	- Managing Director and CEO (upto 02 August 2019)
Sanjaya Kulkarni	- Independent Director
Smita Gune	- Independent Director
Rekha Shah	- Independent Director
Gautam Bhagat	- Independent Director (upto 10 May 2019)
Hemant Kaul	- Independent Director (upto 15 February 2019)
Vijay Kumar Goel	- Chief Executive Officer (from 30 July 2019)
Shalibhadra Shah	- Chief Financial Officer (from 10 May 2019)
Vivek Kannan	- Chief Operating Officer (from 16 August 2019)

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**(C) Transactions with related parties are as enumerated below:**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Reimbursement of expenses by the Company</b>		
Motilal Oswal Financial Services Limited		
- Sundry expenses	<b>2,667,938</b>	3,134,097
- Rent	<b>34,916,316</b>	47,080,158
- Electricity expense	<b>2,407,544</b>	4,479,210
<b>Share based payment cost incurred by the Company</b>		
Motilal Oswal Financial Services Limited	<b>(405,386)</b>	676,911
<b>Share based payment cost incurred by Holding Company</b>		
Motilal Oswal Financial Services Limited	<b>1,074,081</b>	4,856,320
<b>Loan Received</b>		
Motilal Oswal Financial Services Limited	<b>10,830,000,000</b>	2,150,000,000
Motilal Oswal Finvest Limited	-	1,000,000,000
<b>Loan repaid</b>		
Motilal Oswal Financial Services Limited	<b>10,830,000,000</b>	2,150,000,000
Motilal Oswal Finvest Limited	-	1,000,000,000
<b>Loan repayment received</b>		
Anil Sachidanand	-	9,676,087
<b>Interest paid</b>		
Motilal Oswal Financial Services Limited	<b>20,962,467</b>	5,684,383
Motilal Oswal Finvest Limited	-	4,372,603
<b>Payment towards collections from derecognised loan assets</b>		
Motilal Oswal Finvest Limited	<b>266,192,454</b>	-
<b>Arranger fees paid</b>		
Motilal Oswal Wealth Management Limited	<b>5,139,538</b>	4,186,837
<b>Business Support Charges paid</b>		
Motilal Oswal Financial Services Limited	<b>22,500,000</b>	22,500,000
<b>Commission on Bank Guarantee</b>		
Motilal Oswal Financial Services Limited	<b>19,258,096</b>	4,593,171
<b>Remuneration paid including accrual for compensated absences *</b>		
Anil Sachidanand - resigned on 17 August 2018	-	8,768,215
Mr. Sanjay Athalye	<b>4,457,895</b>	8,915,534
Mr. Sanjaya Kulkarni	<b>70,000</b>	113,000
Mrs. Smita Gune	<b>180,000</b>	245,000
Mrs. Rekha Shah	<b>180,000</b>	-
Mr. Hemant Kaul	-	157,000
Mr. Gautam Bhagat	<b>20,000</b>	108,000
Mr. Vivek Kannan	<b>9,249,876</b>	-

\* The above figures do not include provision for gratuity since it is actuarially determined for the Company as a whole.

# Notes to Financial Statements

(Contd..)

(Amount in INR)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Subscription of equity shares including premium</b>		
Motilal Oswal Investment Advisors Limited	–	500,000,000
Motilal Oswal Finvest Limited	–	1,500,000,000
Mr. Shalibhadra Shah	<b>60,000</b>	–
<b>Balance payable</b>		
Motilal Oswal Finvest Limited	<b>50,621,960</b>	–
Motilal Oswal Financial Services Limited	<b>9,482,848</b>	4,444,413
Motilal Oswal Wealth Management Limited	<b>609,749</b>	155,776
<b>Balance Receivable</b>		
Motilal Oswal Securities Limited	–	412,572
Motilal Oswal Financial Services Limited	<b>782,905</b>	11,962
<b>Corporate guarantee received (to the extent of outstanding amount)</b>		
Motilal Oswal Financial Services Limited	<b>8,474,910,714</b>	7,420,000,000
<b>Key Management personnel compensation</b>		
Short term employee benefit	<b>14,157,771</b>	18,306,749
Share based payments	<b>1,368,758</b>	388,536

As the liabilities for defined benefit plans are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.

## Note 45: Unhedged Foreign currency Exposure

In terms of RBI Circular No. DBOD.No. BP.BC.85/21.06.200/2013-14 dt. 15.01.2014, there is no unhedged foreign currency exposure of the Company as at Balance sheet date.

## Note 46: Fair value measurement

### a) Financial instruments by category

Particulars	As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Cash and cash equivalents	–	–	<b>1,134,226,728</b>	–	–	799,662,881
Bank balance other than cash and cash equivalents above	–	–	<b>27,655,409</b>	–	–	25,884,255
Trade receivables	–	–	<b>12,503,003</b>	–	–	24,485,264
Loans	–	–	<b>36,275,409,358</b>	–	–	42,131,000,809
Investments	–	–	–	506,381,148	–	–
Other financial assets	–	–	<b>131,094,703</b>	–	–	572,103,731
<b>Total financial assets</b>	–	–	<b>37,580,889,201</b>	<b>506,381,148</b>	–	<b>43,553,136,940</b>
<b>Financial liabilities</b>						
total outstanding dues of creditors other than micro enterprises and small enterprises	–	–	<b>5,488,659</b>	–	–	34,604,477
Debt securities	–	–	<b>15,084,638,683</b>	–	–	20,361,100,798
Borrowings (Other than debt securities)	–	–	<b>14,397,851,659</b>	–	–	15,505,541,789
Other financial liabilities	–	–	<b>651,330,450</b>	–	–	1,457,011,451
<b>Total financial liabilities</b>	–	–	<b>30,139,309,452</b>	–	–	<b>37,358,258,515</b>

# Notes to Financial Statements

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(Amount in INR)

As at 31 March 2020				
Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial investments at FVTPL				
- Mutual funds	-	-	-	-
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at 31 March 2019				
Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial investments at FVTPL				
- Mutual funds	506,381,148	-	-	506,381,148
<b>Total financial assets</b>	<b>506,381,148</b>	<b>-</b>	<b>-</b>	<b>506,381,148</b>

Fair value of financial assets and liabilities measured at amortised cost

The fair values for security deposits is calculated based on cash flows discounted using a current lending rate, however the change in current rate does not have any significant impact on fair values as at the current year end. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values."

## Note 47: Financial risk management

The Company is exposed primarily to market risk, liquidity risk and credit risk. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The focus of the risk management is to assess the unpredictability of the financial environment and to mitigate potential adverse effect on the financial performance of the Company. The Company's principal financial liabilities comprises of Bank Borrowings and Non Convertible debentures. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, cash and cash equivalents and other receivables from customers that derive directly from its operations.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents, loans, bank balance, trade and other receivables, Investments and other financial assets	<ul style="list-style-type: none"> <li>measured as the amount that could be lost if a customer or counterparty fails to make repayments;</li> <li>monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities; and</li> <li>managed through a robust risk control framework, which outlines clear and consistent policies, principles and guidance for risk managers.</li> </ul>
Liquidity risk	Debt securities, Borrowings (other than debts), trade and other payable and other financial liabilities.	<ul style="list-style-type: none"> <li>measured using a range of metrics, including liquidity coverage ratio and net stable funding ratio;</li> <li>monitored against the Company's liquidity and funding risk framework.</li> </ul>
Market risk	Long term borrowings at variable rate and loans	<ul style="list-style-type: none"> <li>measured using sensitivities, value at risk and stress testing, giving a detailed picture of potential gains and losses for a range of market movements and scenarios, as well as tail risks over specified time horizons;</li> <li>managed using risk limits approved by the RMM and the risk management meeting in various global businesses.</li> </ul>

# Notes to Financial Statements

(Contd..)

(Amount in INR)

## A Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure.

### Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to the Risk Management Committee, which in turn has appointed the Interest Rate Reset Committee (IRRC) which is the Internal committee and the meeting of the said committee (IRRC) is conducted on a monthly basis, the objective of which is to determine the Retail prime lending rates (RPLR) based on Market Scenarios such as borrowing costs of the company, repo rates by Reserve Bank of India (RBI), the Interest Rate Reset Committee recommends the Asset Liability Management Committee for the changes in the prevailing RPLR for their further approval.

The Risk Management Committee develops the credit risk management framework, policies, procedures, reviews the same on periodic basis which is further noted and approved by the Board of Directors. The Risk Management Committee also reviews delinquent accounts and makes decisions on recovery actions. Credit reviews are conducted regularly to monitor the health of the loan portfolio and to detect early signs of weaknesses and deviations.

The Risk Management Committee manages risk on a portfolio-wide basis and recommends alternative portfolio strategies, analyses results of portfolio management actions and develops portfolio limits for each portfolio segment for approval of the Board of Directors. Credit risk concentration is addressed by setting a credit portfolio mix limit and monitoring the limits on a regular basis. Credit stress tests are also conducted periodically to determine the impact of security values and other stress parameters on the loan portfolio. The Company also conducts annual valuation of delinquent accounts, to determine the actual value and marketability of the collateral which is adequately factored in Capital Adequacy Ratio. This allows the Company to assess the potential financial impact of losses arising from plausible adverse scenarios on the Company's loan portfolio.

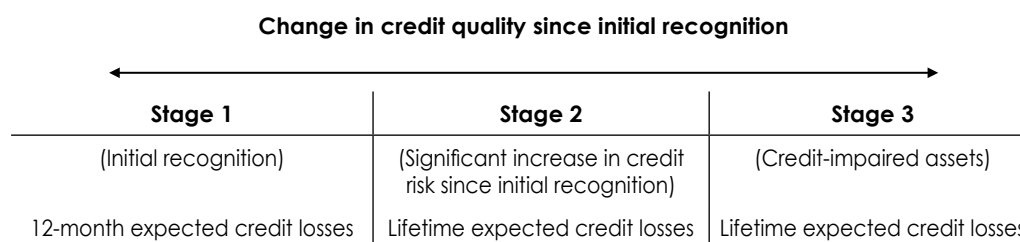
### Expected credit loss measurement

Ind AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

1. A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
2. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
3. If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

The following diagram summarises the impairment requirements under Ind AS 109 (other than purchased or originated credit-impaired financial assets):





# Notes to Financial Statements

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(Amount in INR)

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

## Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

### a. Quantitative criteria:

When days passed dues from the borrower is more than 30 days but less than 90 days\*

### b. Qualitative criteria:

If the borrower meets one or more of the following criteria:

- a. In short-term forbearance
- b. Direct debit cancellation
- c. Extension to the terms granted\*
- d. Previous arrears within the last [12] months

## Default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

### a. Quantitative criteria

The borrower is more than 90 days past due on its contractual payments\*

### b. Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- a. The borrower is in long-term forbearance
- b. The borrower is deceased
- c. The borrower is insolvent
- d. Concessions have been made by the lender relating to the borrower's financial difficulty
- e. It is becoming probable that the borrower will enter bankruptcy

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Company's expected loss calculations.

\* In accordance with the RBI guidelines relating to COVID-19 Regulatory Package, the Company would be granting a moratorium of three months on payments of instalments and/ or interest falling due between 1 March 2020 and 31 May 2020 to eligible borrowers. For such accounts where the moratorium is granted, the asset / Stage-wise classification shall remain stand still during the moratorium period. (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification).

## Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month basis (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The Probability of Default (PD) represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

# Notes to Financial Statements

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(Amount in INR)

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. For stage 2, Stage 3 Financial Assets, the exposure at default is considered for events over the lifetime of the instruments.

- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each three bucket explained above and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each three buckets, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile. Estimate of an exposure at a future default date – expected changes in exposure after the reporting date, including repayment of principal and interest, and expected drawdowns on committed facilities. This is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment assumptions are also incorporated into the calculation.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by collateral type.

Forward-looking information : Forward-looking economic variable/assumptions used are – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis. While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, inflations rates set by International Monetary Fund, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

## Impact of RBI Circular - COVID-19 – Regulatory Package

As per Ind AS 109 - Financial Instruments, the Company has rebut the presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are due for more than 30 days, for the customers who have availed moratorium relief through the RBI circular of COVID-19 - Regulatory Package. The default period criteria of 90 days for the cases who has been provided moratorium relief are accordingly frozen at the Days past due of those cases as at 1 March 2020.

In its ECL models, the Company also relies on a broad range of forward looking information. In case of PD which represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation, Company has created a blended PD based on the past historical movement of the customers and an accelerated PD on the customers which has availed the moratorium benefit and expected to avail the benefit in next 2 months. Accordingly the Company has computed the 12M PD and Lifetime PD.

The Company is of the opinion that it is pre-mature to predict the COVID impact on the valuation of collaterals and hence have not changed the computation of LGD and kept the same as mentioned earlier.

## Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- a. Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" between 12-month and Lifetime ECL;
- b. Additional allowances for financial instruments de-recognised in the period;

# Notes to Financial Statements

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(Amount in INR)

- c. Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- d. Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

## Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include

- (i) ceasing enforcement activity and
- (ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Company may write-off financial assets that are still subject to enforcement activity. The Company still seeks to recover amounts it is legally receivable in full, but which have been full / partially written off due to no reasonable expectation of full recovery.

## Modification of financial assets

The Company sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Company monitors the subsequent performance of modified assets. The Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for a year or more.

## Note 48: Liquidity risk and funding management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

## Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities.

### As at 31 March 2020

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	5-10 years	Above 10 years	Total
<b>Financial assets</b>						
Cash and cash equivalents	1,134,226,728	-	-	-	-	1,134,226,728
Bank balance other than cash and cash equivalents above	-	27,655,409	-	-	-	27,655,409
Trade receivables	7,501,802	5,001,201	-	-	-	12,503,003

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(Amount in INR)

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	5-10 years	Above 10 years	Total
Loans	251,546,217	831,794,972	5,523,681,350	8,304,092,007	21,696,011,377	36,607,125,923
Investments	-	-	-	-	-	-
Other financial assets	111,761,453	3,789,632	8,128,792	7,414,826	-	131,094,703
<b>Total financial assets</b>	<b>1,505,036,200</b>	<b>868,241,214</b>	<b>5,531,810,142</b>	<b>8,311,506,833</b>	<b>21,696,011,377</b>	<b>37,912,605,766</b>
<b>Financial liabilities</b>						
(l) Trade payables						
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	3,659,106	1,829,553	-	-	-	5,488,659
Debt securities	450,000,000	1,123,929,212	13,062,233,591	500,000,100	-	15,136,162,903
Borrowings (Other than debt securities)	1,054,406,130	2,284,160,519	10,243,607,663	822,035,394	-	14,404,209,706
Other financial liabilities	237,396,348	240,904,371	173,029,731	-	-	651,330,450
<b>Total financial liabilities</b>	<b>1,745,461,584</b>	<b>3,650,823,655</b>	<b>23,478,870,985</b>	<b>1,322,035,494</b>	<b>-</b>	<b>30,197,191,718</b>

## As at 31 March 2019

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	5-10 years	Above 10 years	Total
<b>Financial assets</b>						
Cash and cash equivalents	799,662,881	-	-	-	-	799,662,881
Bank balance other than cash and cash equivalents above	-	25,884,255	-	-	-	25,884,255
(l) Trade receivables	14,691,159	9,794,105	-	-	-	24,485,264
Loans	842,569,127	1,799,857,832	7,298,947,410	8,146,624,151	25,817,420,465	43,905,418,986
Investments	506,381,148	-	-	-	-	506,381,148
Other financial assets	343,262,239	228,841,492	-	-	-	572,103,731
<b>Total financial assets</b>	<b>2,506,566,554</b>	<b>2,064,377,684</b>	<b>7,298,947,410</b>	<b>8,146,624,151</b>	<b>25,817,420,465</b>	<b>45,833,936,265</b>
<b>Financial liabilities</b>						
(l) Trade payables						
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	20,762,687	13,841,790	-	-	-	34,604,477
Debt securities	2,420,288,558	3,886,405,742	13,307,403,856	828,663,557	-	20,442,761,713
Borrowings (Other than debt securities)	938,336,365	2,889,643,722	9,976,285,462	1,397,431,747	41,533,411	15,243,230,707
Other financial liabilities	874,206,870	582,804,581	-	-	-	1,457,011,450
<b>Total financial liabilities</b>	<b>4,253,594,480</b>	<b>7,372,695,835</b>	<b>23,283,689,318</b>	<b>2,226,095,304</b>	<b>41,533,411</b>	<b>37,177,608,347</b>

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(Amount in INR)

## Market Risk

Company's exposure to market risk i.e. risk that fair value for future cash flow of financial instruments will be effected due to change in market variable such as interest rate.

### (i) Foreign currency risk

The Company is not exposed to such risk as it doesnot have any foreign currency exposure.

### (ii) Cash flow and fair value interest rate risk

The company's main interest rate risk arises from long-term borrowings and loans with variable rates, which expose the company to cash flow interest rate risk. The company is exposed to interest rate risk as it is involved in lending business. Interest rate risk can arise from either macro events in economy or due to company's financial position. Company tries to mitigate this risk by taking all positive measures which can boost profitability and strengthens company's balance sheet. Company takes continuous efforts to reduce its cost of funds by diversifying its liability mix and deepening its relationship with lenders. Moreover, strong parental support also provides cushion to company in adverse interest rate scenario.

The Company's fixed rate borrowings are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### Interest rate risk exposure

Out of the total assets & liabilities, exposure to the interest rate risk of the Company in mainly towards borrowings and loan assets.

### Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity.

Particulars	Impact on profit after tax	
	As at 31 March 2020	As at 31 March 2019
<b>Loans</b>		
Interest rates – increase by 100 basis points	<b>242,705,633</b>	308,603,102
Interest rates – decrease by 100 basis points	<b>242,705,633</b>	308,603,102
<b>Borrowings</b>		
Interest rates – increase by 100 basis points	<b>141,514,900</b>	116,367,309
Interest rates – decrease by 100 basis points	<b>141,514,900</b>	116,367,309

### (iii) Exposure of price risk

The Company is not exposed to price risk as it does not have any significant exposure to financial instruments susceptible to changes in market price.

## Note 49: Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

### Net Debt-to-Equity Ratio:

Net Debt-to-Equity Ratio as at 31 March 2020	3.27 times
Net Debt-to-Equity Ratio as at 31 March 2019	4.24 times

Net Debt represents the Total Debt securities and Borrowings, as reduced by cash and cash equivalents and other bank balances as at year end.

Equity represents the Total equity as disclosed in the financials as at year end.

# Notes to Financial Statements

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(Amount in INR)

## Note 50: Details of dues to micro enterprises and small enterprises

Under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006), certain disclosures are required to be made relating to dues to Micro and Small enterprises. On the basis of information and records available with the management, following disclosures are made:

Particulars	As at 31 March 2020	As at 31 March 2019
1. The principal amount remaining unpaid at the end of the year.	–	–
2. The interest amount remaining unpaid at the end of the year.	–	–
3. The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	–	–
5. The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	–	–
6. The amount of interest accrued and remaining unpaid at the end of accounting year	–	–
7. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	–	–
<b>The balance of MSMED parties as at the end of the year</b>	<b>–</b>	<b>–</b>

## Note 51:

Additional information required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, is given in Annexure 1, which have been presented solely based on the information compiled by the Management. The figures stated therein are not traceable to the Financial Statements as at 31 March 2020. The differences are arising as the disclosures are made as per the regulatory requirement vis á vis the financial statements prepared as per Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013.

## Note 52:

The previous period figures have been regrouped/reclassified wherever necessary to correspond with the current period's presentation as under:

- Loans written off are regrouped from Other expenses to Impairment on financial instruments.
- Advertisement income from Revenue from operations to Other income.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No: 001076N/N500013

**Sudhir N. Pillai**  
Partner  
Membership No: 105782

Place: Mumbai  
Date: 27 April 2020

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

**Motilal Oswal**  
Chairman  
DIN: 00024503

**Vijay Kumar Goel**  
Chief Executive Officer

**Ritin Mawani**  
Company Secretary

Place: Mumbai  
Date: 27 April 2020

**Navin Agarwal**  
Director  
DIN: 00024561

**Shalibhadra Shah**  
Chief Financial Officer

# Notes to Financial Statements

(Contd..)

(Amount in INR)

## Annexure 1 to the financial statements for the year ended 31 March 2020

### Disclosures pursuant to National Housing Finance (NHB) circulars

The following disclosures have been given in terms of Notification no. NHB.HFC.CG DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the NHB and have been presented solely based on the information compiled by the Management. These figures are not traceable to the Financial Statements as at March 31, 2020. The differences are arising as the disclosures are made as per the regulatory requirement vis á vis the financial statements prepared as per Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013.

All amount in INR unless stated otherwise

#### 1 Reconciliation of loans as per IGAAP and IND AS

	As at 31 March 2020	As at 31 March 2019
<b>Housing and Non-housing Loan</b>		
(i) Loans as per IGAAP	<b>36,607,125,923</b>	43,905,418,986
(ii) Unamortized upfront income / expense- IND AS Adjustment	<b>(175,941,057)</b>	(335,027,077)
(iii) Interest accrued but not due on home loans	<b>277,550,586</b>	310,689,980
<b>Total Loans (i) +(ii)+ (iii)</b>	<b>36,708,735,452</b>	<b>43,881,081,889</b>
less : Impairment loss allowance	<b>(433,326,094)</b>	(1,750,081,082)
<b>Loans as per IND AS</b>	<b>36,275,409,358</b>	<b>42,131,000,807</b>

#### 2 Disclosure pursuant to circular no. NHB CND/DRS/Pol circular 61/2013-14 dated 7 April 2014 issued by NHB.

##### Statutory reserve

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Balance at the beginning of the year</b>		
a) Statutory reserve (As per Section 29C of The National Housing Bank Act, 1987)	<b>71,285,792</b>	71,285,792
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987	<b>305,781,438</b>	305,781,438
<b>Addition / appropriation / withdrawals during the year</b>		
Add:		
a) Amount transferred as per Section 29C of The National Housing Bank Act, 1987.	<b>78,155,347</b>	–
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987	–	–
Less:		
a) Amount appropriate as per Section 29C of The National Housing Bank Act, 1987.	–	–
b) Amount of withdrawn from special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987.	–	–

# Notes to Financial Statements

(Contd..)

(Amount in INR)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Balance at the end of the year</b>		
a) Statutory reserve (As per Section 29C of The National Housing Bank Act, 1987)	149,441,139	71,285,792
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987.	305,781,438	305,781,438
<b>Total</b>	<b>455,222,577</b>	<b>377,067,230</b>

### 3 Disclosure pursuant to circular no. NHB/ND/DRS/POL-No.35/2010-11 dated October 11, 2010 and Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB.

#### I. Capital to Risk Asset Ratio (CRAR)

Particulars	As at 31 March 2020	As at 31 March 2019
CRAR (%)	47.58%	29.20%
CRAR - Tier I Capital (%)	46.41%	27.46%
CRAR - Tier II Capital (%)	1.17%	1.74%
Amount of subordinated debt raised as Tier - II Capital	–	200,000,000
Amount raised by issue of perpetual debt Instruments	–	–

#### II. Exposure to Real estate sector

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Category</b>		
<b>a) Direct exposure</b>		
<b>(i) Residential mortgage:</b>		
Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented;		
Housing Loan up to ₹ 15 Lacs	28,255,175,917	32,852,179,800
Housing Loan more than ₹ 15 Lacs	8,166,977,633	10,762,320,720
<b>(ii) Commercial real estate:</b>		
Lending secured by mortgages on commercial real estates (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisitions, development and construction, etc.) Exposure would also include non-fund based (NFB) limits;	184,972,373	290,918,466
<b>(iii) Investment in mortgage backed securities (MBS) and other securitised exposures:</b>		
(a) Residential	–	–
(b) Commercial real estate	–	–
<b>b) Indirect exposure</b>		
Fund based and non fund based exposures on National Housing bank (NHB) and Housing Finance Companies (HFCs)	–	–



# Notes to Financial Statements

(Contd..)

(Amount in INR)

## III. Asset liability management

### Maturity pattern of certain items of asset and liabilities - As at 31 March 2020

(₹ in crores)											
Pattern	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	12.94	7.25	85.24	78.31	150.12	627.14	397.22	58.59	23.61	0.00	1,440.42
Market Borrowings	-	-	45.00	0.00	112.39	431.52	874.70	50.00	0.00	0.00	1,513.62
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>											
Advances	8.37	8.36	8.43	25.70	57.48	257.20	295.17	325.21	505.19	2169.60	3,660.71
Investments	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Asset	-	-	-	-	-	-	-	-	-	-	-

### Maturity pattern of certain items of asset and liabilities - As at 31 March 2019

(₹ in crores)											
Pattern	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	46.61	10.07	60.62	78.20	156.39	594.72	406.91	124.97	41.67	4.17	1,524.33
Market Borrowings	70.00	48.00	125.00	50.00	340.20	236.38	1,099.70	25.00	50.00	-	2,044.28
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>											
Advances	11.47	11.32	11.43	34.98	73.02	333.16	396.75	455.52	755.13	2,307.76	4,390.54
Investments	50.00	-	-	-	-	-	-	-	-	-	50.00
Foreign Currency Asset	-	-	-	-	-	-	-	-	-	-	-

## 4 Disclosure pursuant to Notification No. NHB.HFC.DIR.1/CMD/2010 dated June 10, 2010 issued by NHB.

### I Penalty

Particulars	As at 31 March 2020	As at 31 March 2019
Penalty if any levied by National Housing Bank	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### II Adverse remarks

Particulars	As at 31 March 2020	As at 31 March 2019
Adverse remarks if any given by National Housing Bank	-	-

# Notes to Financial Statements

(Contd..)

(Amount in INR)

## III % of outstanding loans granted against collateral gold jewellery to their outstanding total assets.

Particulars	As at 31 March 2020	As at 31 March 2019
Percentage of outstanding loans granted against the collateral gold jewellery to their outstanding total assets	-	-

## 5 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Investments.

Particulars	As at 31 March 2020	As at 31 March 2019
<b>(a) Value of Investments</b>		
(I) Gross value of investments		
(a) In India	-	500,000,000
(b) Outside India		
(II) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(III) Net value of investments		
(a) In India	-	500,000,000
(b) Outside India	-	-
<b>(b) Movements of provisions held towards depreciation in investments</b>		
(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	-	-

## 6 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Single borrower/ Group borrower limit exceeded by HFC.

Particulars	As at 31 March 2020	As at 31 March 2019
Sanctioned Limit/ Amount outstanding for Single borrower limit	-	-
Sanctioned Limit/ Amount outstanding for Group borrower limit	-	-

## 7 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Provisions and Contingencies.

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
1. Provisions for depreciation on investment	-	-
2. Provisions made towards income tax (net of reversal of tax of earlier year)	-	(142,169)
3. Provisions towards NPAs	<b>(2,481,670,546)</b>	2,125,773,021
4. Provisions for standard assets	<b>23,820,409</b>	(21,481,524)
5. Other provision and contingencies		
Gratuity	<b>9,421,642</b>	14,263,570
Compensated absence	<b>867,607</b>	2,855,638
Heritage Club	<b>225,797</b>	391,636
Provision for expenses	<b>5,173,264</b>	5,104,673

# Notes to Financial Statements

(Contd..)

(Amount in INR)

## 8 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for concentration of NPAs.

Particulars	As at 31 March 2020	As at 31 March 2019
Total Exposure to top ten NPA accounts	27,390,091	32,083,735

## 9 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for sector wise NPA's Provisions and Contingencies.

Particulars	As at 31 March 2020	As at 31 March 2019
A. Housing Loans: (in %) ( out of total advances in that sector)		
(I) Individuals	1.13%	6.40%
(II) Builders / Project Loans		
(III) Corporates		
B. Non - Housing Loans: (in %) ( out of total advances in that sector)		
(I) Individuals	2.01%	10.58%
(II) Builders / Project Loans		
(III) Corporates		

## 10 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for movement of NPAs.

Particulars	As at 31 March 2020	As at 31 March 2019
(I) Net NPAs to Net Advances (%)	1.12%	2.99%
(II) Movement of Gross NPAs		
(a) Opening Balance	3,959,794,528	2,199,094,528
(b) Additions during the year	517,232,888	6,006,600,000
(c) Reduction during the year	3,817,037,800	4,245,900,000
(d) Closing balance	659,989,616	3,959,794,528
(III) Movement of Net NPAs		
(a) Opening Balance	1,222,402,851	1,616,202,851
(b) Additions during the year	320,595,814	3,830,900,000
(c) Reduction during the year	1,138,642,994	4,224,700,000
(d) Closing balance	404,355,671	1,222,402,851
(IV) Movement of provisions for NPAs		
(a) Opening Balance	2,737,391,677	582,891,677
(b) Additions during the year	196,637,074	2,175,700,000
(c) Write off/ write back of excess provision	2,678,394,807	21,200,000
(d) Closing balance	255,633,945	2,737,391,677

## 11 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for overseas assets.

Particulars	As at 31 March 2020	As at 31 March 2019
Overseas assets	-	-

# Notes to Financial Statements

(Contd..)

(Amount in INR)

## 12 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)-

Name of the SPV sponsored	As at 31 March 2020	As at 31 March 2019
Domestic	-	-
Overseas	-	-

## 13 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for customer complaints.

Particulars	As at 31 March 2020	As at 31 March 2019
(a) No. of complaints pending at the beginning of the year	3	3
(b) No. of complaints received during the year	127	52
(c) No. of complaints redressed during the year	128	52
(d) No. of complaints pending at the end of the year	2	3

## 14 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Exposure to Capital Market.

Particulars	As at 31 March 2020	As at 31 March 2019
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	<b>-</b>	<b>-</b>

# Notes to Financial Statements

(Contd..)

(Amount in INR)

## 15 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Assignment transactions undertaken by HFCs.

Particulars	As at 31 March 2020	As at 31 March 2019
No. of accounts		
Aggregate value (net of provision) of accounts assigned	-	-
Aggregate consideration	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

## 16 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB

### I Securitisation

Particulars	As at 31 March 2020	As at 31 March 2019
(I) No of SPVs sponsored by the HFC for securitisation transactions	-	-
(II) Total amount if securitised assets as per books of the SPVs sponsored	-	-
(III) Total amount of exposure retained by the HFC towards the MRR as on date of balance sheet		
(a) Off-balance sheet exposure towards credit enhancements	-	-
(b) On balance sheet exposures towards credit enhancements	-	-
(IV) Amount of exposures to securitisation transactions other than MRR		
(a) Off-balance sheet exposure towards credit enhancements		
(i) Exposure to own securitisations	-	-
(ii) Exposure to third party securitisations	-	-
(b) On balance sheet exposures towards credit enhancements		
(i) Exposure to own securitisations	-	-
(ii) Exposure to third party securitisations	-	-

### II Details of financial assets sold to securitisation / reconstruction company for asset reconstruction.

Particulars	As at 31 March 2020	As at 31 March 2019
(I) No. of accounts	5,148	-
(II) Aggregate value (net of provisions) of accounts sold to SC / RC	1,163,189,907	-
(III) Aggregate consideration	2,935,000,000	-
(IV) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(V) Aggregate gain/loss over net book value	1,771,810,093	-

### III Details of assignment transactions undertaken by HFCs.

Particulars	As at 31 March 2020	As at 31 March 2019
(I) No. of accounts	-	-
(II) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(III) Aggregate consideration	-	-
(IV) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(V) Aggregate gain/loss over net book value	-	-

# Notes to Financial Statements

(Contd..)

(Amount in INR)

## IV Details of non-performing financial assets purchased / sold

### (i) Details of non-performing financial assets purchased:

Particulars	As at 31 March 2020	As at 31 March 2019
(I) No. of accounts purchased during the year	–	–
(II) Aggregate outstanding	–	–
(III) Of these, number of accounts restructured during the year	–	–
(IV) Aggregate outstanding	–	–

### (ii) Details of non-performing financial assets sold:

Particulars	As at 31 March 2020	As at 31 March 2019
(I) No. of accounts sold	5,148	–
(II) Aggregate outstanding	4,211,635,532	–
(III) Aggregate consideration received	2,935,000,000	–

### 17 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for registration obtained from other financial regulators.

Particulars	As at 31 March 2020	As at 31 March 2019
Registration from other financial regulator if any	–	–

### 18 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for unsecured advances.

Particulars	As at 31 March 2020	As at 31 March 2019
Amount of unsecured advances given against rights, licenses, authorisations etc.	–	–

### 19 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for details of financing parent company products.

Particulars	As at 31 March 2020	As at 31 March 2019
Details of financing of parent company products	–	–

### 20 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Concentration of Public Deposits.

Particulars	As at 31 March 2020	As at 31 March 2019
Total Deposits of twenty largest depositors	–	–
Percentage of Deposits of twenty largest depositors to total deposits of the HFC	–	–

### 21 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Concentration of Loans & Advances.

Particulars	As at 31 March 2020	As at 31 March 2019
Total Loans & Advances to twenty largest borrowers	147,850,941	207,542,668
Percentage of Loans & Advances to twenty largest borrowers to total advances of the HFC	0.40%	0.47%

# Notes to Financial Statements

(Contd..)

(Amount in INR)

## 22 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Concentration of all Exposure (including off-balance sheet exposure).

Particulars	As at 31 March 2020	As at 31 March 2019
Total Exposure to twenty largest borrowers / customers	153,592,336	215,819,481
Percentage of exposure to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers.	0.42%	0.48%

## 23 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Forward rate agreement / Interest rate swap.

Particulars	As at 31 March 2020	As at 31 March 2019
(I) The notional principal of swap agreements	-	-
(II) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(III) Collateral required by the HFC upon entering into swaps	-	-
(IV) Concentration of credit risk arising from the swaps.	-	-
(V) The fair value of the swap book	-	-

## 24 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB

### I For Exchange traded interest rate derivative.

Particulars	As at 31 March 2020	As at 31 March 2019
(I) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	-	-
(II) Notional principal amount of exchange traded IR derivatives outstanding (Instrument-wise)	-	-
(III) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-
(IV) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-

### II For Disclosure on Risk exposure in derivative.

Particulars	As at 31 March 2020	As at 31 March 2019
(I) Derivatives (Notional Principal Amount)	-	-
(II) Marked to Market Positions (1)		
(a) Assets	-	-
(b) Liability	-	-
(III) Credit exposure	-	-
(IV) Unhedged exposure	-	-

# Notes to Financial Statements

(Contd..)

(Amount in INR)

## III Expenditure in foreign currency

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Borrowing cost	-	-

## 25 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for rating assigned by rating agency during the year.

Nature of borrowing	As at 31 March 2020		As at 31 March 2019	
	Rating / Outlook		Rating / Outlook	
	ICRA	CRISIL	ICRA	CRISIL
Short Term				
Commercial paper	[ICRA]A1+	CRISIL A1+	[ICRA]A1+	CRISIL A1+
Long Term				
Non-Convertible Debentures	ICRA]A+ (Stable)	CRISIL AA-/ Stable	ICRA]A+ (Stable)	CRISIL A+/ Stable
Bank Borrowings	ICRA]A+ (Stable)	CRISIL AA-/ Stable	ICRA]A+ (Stable)	CRISIL A+/ Stable

## 26 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for break up of loans and advances and provisions thereon.

Particulars	Housing Loans	Non-Housing Loans
<b>Current Year</b>		
Standard Asset		
Total outstanding	33,057,581,603	2,896,178,809
Provisions	155,676,595	31,182,312
Sub-standard assets		
Total outstanding	579,109,979	72,798,559
Provisions	223,362,285	28,629,720
Doubtful assets- Category I		
Total outstanding	1,456,973	-
Provisions	1,238,427	-
Doubtful assets- Category II		
Total outstanding	-	-
Provisions	-	-
Doubtful assets- Category III		
Total outstanding	-	-
Provisions	-	-
Loss assets		
Total outstanding	-	-
Provisions	-	-
<b>Total</b>		
<b>Total outstanding</b>	<b>33,638,148,555</b>	<b>2,968,977,369</b>
<b>Provisions</b>	<b>380,277,307</b>	<b>59,812,032</b>



# Notes to Financial Statements

(Contd..)

(Amount in INR)

Particulars	Housing Loans	Non-Housing Loans
<b>Previous Year</b>		
Standard Asset		
Total outstanding	39,123,894,761	821,647,270
Provisions	156,503,494	8,261,473
Sub-standard assets		
Total outstanding	3,216,060,405	124,187,156
Provisions	2,043,672,773	78,915,778
Doubtful assets- Category I		
Total outstanding	592,043,900	15,985,491
Provisions	538,558,793	14,541,366
Doubtful assets- Category II		
Total outstanding	11,600,003	–
Provisions	11,600,003	–
Doubtful assets- Category III		
Total outstanding	–	–
Provisions	–	–
Loss assets		
Total outstanding	–	–
Provisions	–	–
<b>Total</b>		
<b>Total outstanding</b>	<b>42,943,599,069</b>	<b>961,819,917</b>
<b>Provisions</b>	<b>2,750,335,063</b>	<b>101,718,617</b>

Note : For above disclosure Overdue Principal and interest accrued but no due has not been considered.

## 27 Disclosure pursuant to Notification No. NHB(ND)/DRS/Policy Circular No. 92/ 2018-19 dated February 05, 2019 issued by NHB.

Particulars	As at 31 March 2020	As at 31 March 2019
Amount of Fraud	<b>273,834,989</b>	25,95,93,108



**Motilal Oswal Home Finance Limited**

(Formerly Aspire Home Finance Corporation Limited)

CIN: U65923MH2013PLC248741

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