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Independent Auditor's Report on Annual Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Home First Finance Company India Limited

Opinion

1. We have audited the accompanying annual financial results ('the Statement') of **Home First Finance Company India Limited** ('the Company') for the year ended 31 March 2021, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) presents financial results in accordance with the requirements of Regulation 33 and Regulation 52 of the Listing Regulations; and
 - (ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the net profit after tax and other comprehensive income and other financial information of the Company for the year ended 31 March 2021.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') 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 Statement 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 ('the 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 obtained by us, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to note number 6 to the accompanying statement, which describes the effects of uncertainties in the economic environment due to the outbreak of COVID-19 pandemic on the Company's operations and the impact on the appropriateness of the impairment provision recognised towards the loan asset outstanding as at 31 March 2021. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Statement

5. This Statement has been prepared on the basis of the annual audited financial statements and has been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 and Regulation 52 of the Listing Regulations. 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
6. In preparing the Statement, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

8. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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, specified under section 143(10) of the Act, 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 this Statement.
9. As part of an audit in accordance with the 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 Statement, 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 in place adequate internal financial controls with reference to financial statements 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 the management.

Home First Finance Company India Limited
Independent Auditor's Report on Annual Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

- Conclude on the appropriateness of the 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 Statement 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 Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
10. 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.
11. 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.

Other Matters

12. The Statement includes the financial results for the quarter ended 31 March 2021, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.
13. The Statement includes figures for the corresponding quarter ended 31 March 2020 which are the balancing figures between the audited figures in respect of the full financial year ended 31 March 2020 and the audited year-to-date figures up to the third quarter of the previous financial year, which have been approved by the Company's Board of Directors, but have not been subjected to audit or review.

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

SUDHIR
NARAYANA PILLAI

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NARAYANA PILLAI
Date: 2021.05.03 16:36:30 +05'30'

Sudhir N. Pillai
Partner
Membership No:105782

UDIN:21105782AAAADI6017

Place: Mumbai
Date: 03 May 2021

Statement of financial results for the quarter and year ended 31 March 2021

(Rs in millions, except per share data)

Particulars	Quarter ended			Year ended	
	31 March 2021	31 December 2020	31 March 2020	31 March 2021	31 March 2020
	Unaudited (Refer note 14)	Unaudited	Unaudited (Refer note 15)	Audited	Audited
Revenue from operations					
Interest income	1,094.16	1,067.93	982.53	4,236.98	3,548.39
Fees and commission income	14.77	8.34	15.58	35.30	38.40
Net gain on derecognition of financial instruments under amortised cost category	181.72	-	-	439.35	371.22
Other operating income	27.65	5.34	8.04	59.55	28.57
Total revenue from operations	1,318.30	1,081.61	1,006.15	4,771.18	3,986.58
Other income	36.97	23.02	51.73	120.43	210.17
Total income	1,355.27	1,104.63	1,057.88	4,891.61	4,196.75
Expenses					
Finance costs	544.71	543.95	508.95	2,201.56	1,938.28
Impairment on financial instruments	83.46	73.94	117.18	321.53	165.04
Employee benefits expense	189.38	173.87	155.78	661.26	610.81
Depreciation and amortisation	18.33	18.92	20.84	76.24	72.39
Other expenses	94.26	81.97	90.95	290.59	336.90
Total expenses	930.14	892.65	893.70	3,551.18	3,123.42
Profit before tax	425.13	211.98	164.18	1,340.43	1,073.33
Tax expense:					
- Current tax	65.30	83.91	75.95	292.28	231.90
- Deferred tax charge/ (credit)	43.67	(31.02)	(36.50)	49.53	45.91
- Provision for tax of earlier years charge/ (credit)	3.31	-	-	(2.80)	-
Total tax expense	112.28	52.89	39.45	339.01	277.81
Profit after tax	312.85	159.09	124.73	1,001.42	795.52
Other comprehensive income/(loss)					
Items that will not be reclassified to profit / (loss)					
- Remeasurements of the defined benefit plans	(0.02)	(2.31)	1.06	(4.38)	(2.14)
- Income tax relating to items that will not be reclassified to profit / (loss)	-*	0.59	(0.26)	1.10	0.54
Other comprehensive income/(loss)	(0.02)	(1.72)	0.80	(3.28)	(1.60)
Total comprehensive income	312.83	157.37	125.53	998.14	793.92
Earnings per share					
Basic earnings per share (Rs)	3.65	1.95	1.59	12.37	10.81
Diluted earnings per share (Rs)	3.60	1.92	1.56	12.18	10.57
Face value of equity shares (Rs)	2.00	2.00	2.00	2.00	2.00

* Amount below rounding off norm adopted by the Company

Statement of assets and liabilities

(Rs in millions)

	As at	
	31 March 2021	31 March 2020
	Audited	Audited
Assets		
Financial assets		
Cash and cash equivalents	2,094.17	1,477.23
Bank balance other than cash and cash equivalents	4,704.51	743.32
Loans	33,265.00	30,139.14
Investments	3,750.15	1,455.58
Other financial assets	1,011.65	663.27
Total financial assets	44,825.48	34,478.54
Non-financial assets		
Current tax assets (net)	26.97	18.26
Property, plant and equipment	164.01	204.84
Other intangible assets	2.68	5.17
Other non-financial assets	82.41	95.28
Total non-financial assets	276.07	323.55
Total assets	45,101.55	34,802.09
Liabilities and equity		
Liabilities		
Financial liabilities		
<u>Payables</u>		
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	0.48	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3.65	4.32
Debt securities	2,395.86	-
Borrowings (other than debt securities)	28,141.03	24,938.05
Other financial liabilities	534.78	355.83
Total financial liabilities	31,075.80	25,298.20
Non-financial liabilities		
Provisions	76.70	66.39
Deferred tax liabilities (net)	79.58	31.15
Other non-financial liabilities	64.04	72.09
Total non-financial liabilities	220.32	169.63
Total liabilities	31,296.12	25,467.83
Equity		
Equity share capital	174.80	156.60
Other equity	13,630.63	9,177.66
Total equity	13,805.43	9,334.26
Total liabilities and equity	45,101.55	34,802.09

Cash Flow Statement

(Rs in millions)

	Year ended	
	31 March 2021	31 March 2020
	Audited	Audited
Cash flow from operating activities		
Profit before tax	1,340.43	1,073.33
Adjusted for:		
Financial asset measured at amortised cost	38.78	117.41
Financial liabilities measured at amortised cost	(0.41)	(12.14)
Interest accrued but not due on borrowings and debt securities	146.62	37.37
Upfront gain on direct assignment (net of interest differential received during the period)	(253.87)	(258.42)
Depreciation and amortisation	76.24	72.39
Interest income on bank deposits	(124.47)	(70.17)
Loss on sale of property, plant and equipment (net)	3.59	0.05
Adjustments on account of financial lease liability	7.82	9.08
Unrealised gain on investment held for trading	(6.75)	1.44
Impairment on financial instruments	321.53	165.04
Fair valuation of ESOPs	31.72	32.89
Operating profit before working capital changes	1,581.23	1,168.27
Adjustment for working capital:		
- Increase in loans given	(3,486.13)	(9,045.01)
- Increase in other financial assets	(101.40)	(142.25)
- Decrease/(Increase) in other non financial assets	11.99	(38.79)
- Decrease in trade payables	(0.19)	(9.26)
- Increase/(Decrease) in other financial liabilities	59.60	36.65
- Increase in other non financial liabilities	(2.18)	3.80
- Increase in provisions	5.93	34.63
Cash generated from operating activities	(1,931.15)	(7,991.96)
Income tax paid (net)	(298.19)	(239.91)
Net cash generated from operating activities [A]	(2,229.34)	(8,231.87)
Cash flows from investing activities:		
Purchase of property, plant and equipment and other intangible assets	(26.47)	(42.34)
Proceeds from sale of property, plant and equipment and other intangible assets	1.30	0.04
Purchase of investments	(24,371.90)	(28,558.20)
Proceeds from investments	22,084.08	28,130.35
Net proceeds from bank deposits	(3,958.18)	(663.34)
Interest received on bank deposits	121.46	52.78
Net cash used in investing activities [B]	(6,149.71)	(1,080.71)
Cash flows from financing activities:		
Proceeds from issuance of share capital (including share premium)	3,547.30	3,284.20
Share application money received	0.11	-
Share issue expenses	(106.10)	(3.36)
Proceeds of borrowings from banks and financial institutions	10,111.00	10,250.00
Repayment of borrowings from banks and financial institutions	(6,911.69)	(4,556.25)
Repayment of lease liability	(44.57)	(42.05)
Proceeds from issue of non-convertible debentures	2,400.00	-
Repayment of demand loans	(0.06)	0.03
Net cash generated from financing activities [C]	8,995.99	8,932.57
Net increase in cash and cash equivalents [A+B+C]	616.94	(380.01)
Cash and cash equivalents at the beginning of the year	1,477.23	1,857.24
Cash and cash equivalents at the end of the year	2,094.17	1,477.23

Home First Finance Company India Limited
Registered office:511, Acme Plaza, Andheri-Kurla Road, Andheri (East), Mumbai 400059
CIN:U65990MH2010PLC240703

Notes:

- 1 The financial results of the Company has been prepared by the management in accordance with the recognition and measurement principles, laid down under Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and 52 of the SEBI (Listing and Disclosure Requirements) Regulations, 2015 (as amended).
- 2 The above financial results which have been subjected to audit by statutory auditors of the Company, have been reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at its respective meetings held on 3 May 2021.
- 3 The Company has completed its Initial Public Offer (IPO) of 22,272,556 equity shares of face value of Rs 2 each at an issue price of Rs 518.00 per equity share, consisting of fresh issue of 5,115,830 equity shares and an offer for sale of 17,156,726 equity shares by the selling shareholder. The equity shares of the Company were listed on BSE limited ("BSE") and National Stock Exchange of India Limited ("NSE") on 3 February 2021.
 Out of the fresh issue of Rs 2,650.00 millions, the net proceeds of Rs 2,540.38 millions (post estimated offer expenses amounting to Rs 97.18 millions) have been utilised towards augmenting capital base to meet our capital requirements and a balance of Rs 12.44 millions remains unutilised as at 31 March 2021 which is maintained in IPO-Public Offer Account.
- 4 The Company has done a preferential allotment of 2,240,639 equity shares to Orange Clove Investments B.V (Orange Clove) (an affiliate of Warburg Pincus) on 15 October 2020, for a consideration of Rs 334.726 per share (i.e. having face value of Rs 2 and premium of Rs 332.726) aggregating to approximately Rs 750.00 millions. Pursuant to the Share Subscription and Purchase Agreement (SSPA), Orange Clove purchased 18,810,719 equity shares from the existing shareholders in the month of October 2020 and further, on receipt of RBI approval, additionally purchased 4,140,444 equity shares from the existing shareholders in the month of January 2021. As at 31 March 2021, Orange Clove holds 28.82% of the paid up equity share capital of the Company.
 Further on 30 November 2020 Company has done a preferential allotment of 122,000 equity shares to its employees for a consideration of Rs 334.726 per share (i.e. having face value of Rs 2 and premium of Rs 332.726) aggregating to Rs 40.84 millions.
- 5 During the year ended 31 March 2021, certain employees and KMPs have exercised their options under the ESOP scheme I & II to the tune of 1,623,543 options resulting in an increase in share capital by Rs 3.25 millions and increase in securities premium by Rs 112.12 millions (including transfer from ESOP reserve of Rs 8.92 millions).
- 6 The COVID-19 pandemic has affected several countries across the world, including India. The pandemic and consequent lockdown imposed by the Government led to a short term slowdown on the Company's business operations during the first half of Financial year 2020-21. However, the Company experienced a linear increase in its disbursement activities post Q2 FY 2020-21 and a significant improvement in its collections.
 The impact of Covid-19 pandemic, including the current 'second wave' that has significantly increased the number of cases in India, on the Company's operations and financial metrics will depend on future developments, which are highly uncertain. The Company's capital and liquidity position is strong and would continue to be a focus area during this period. Also, the Company has created a total ECL provision of Rs 462.46 millions on its loans which amounts to 1.4% of the total loans. The Company will continue to monitor for any material changes on account of future economic conditions.
- 7 Disclosure as required by RBI circular dated 17 April 2020 'Covid-19 Regulatory package asset classification and provisioning' are given below:

Particulars	(Rs in millions)
	31 March 2021
Principal outstanding of loans where the moratorium deferment was extended (refer note (i) below)	7,124.42
Principal outstanding in SMA/overdue categories*, where the moratorium deferment was extended (refer note (ii) and (iii) below)	245.96
Principal outstanding where asset classification benefit is extended (refer note (iii) below)	-
Provisions made in terms of paragraph 5 of the circular (refer note (iv)(a) below)	159.41
Provisions adjusted during respective accounting periods against slippages (refer note (iv)(b) below)	10.03
Residual provisions in terms of paragraph 6 of the circular (refer note (v) below)	149.38

* Special mention account (SMA) /overdue status includes cases having 1-90 DPD as of 31 August 2020.

(i) Represents outstanding balance as at 31 March 2021 of loan accounts where moratorium benefit was extended by the Company up to 31 August 2020.

(ii) Represents outstanding balance as at 31 March 2021 of loan account in SMA/ overdue categories where moratorium benefit was extended by the Company up to 31 August 2020.

(iii) There are NIL accounts where asset classification benefit is extended as at 31 March 2021. Post the moratorium period, the movement of aging has been at actuals.

(iv)(a) This represents the additional ECL provision (as per para 4 of the RBI circular dated 17 April 2020 applicable to HFCs covered under Ind AS) as at 30 September 2020 for loans who availed moratorium as of 31 August 2020.

(iv)(b) This represents adjustment to additional ECL provision on loans that were closed in between 31 August 2020 till 31 March 2021 from (iv)(a) above.

(v) The total ECL provision as at 31 March 2021 for active loans who availed moratorium as of 31 August 2020 is Rs 267.01 millions including this residual provision of Rs 149.38 millions.

- 8 In accordance with the instructions stated in RBI circular dated 7 April 2021, the Company shall refund / adjust 'interest on interest' to the eligible borrowers where interest on interest has been charged during the moratorium period and who were not covered under ex-gratia benefit. Pursuant to above said circular and Indian Banks Association's (IBA) suggestive methodology, the Company has estimated the said amount and recognised a charge in its statement of profit and loss for the year ended 31 March 2021.
- 9 Hon'ble Supreme Court vide order dated 23 March 2021 in the matter of Small Scale Industrial Manufacturers Associations vs UOI & Others has stated that interim relief granted vide an interim order dated 3 September 2020 stands vacated. Accordingly the Company has classified non-performing assets as per extant RBI guidelines.
- 10 The Company has not invoked or implemented resolution plan under the "Resolution Framework for COVID-19 related Stress" as per RBI circular dated 6 August 2020 for any of its borrower accounts.

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CIN:U65990MH2010PLC240703

- 11 The Company has issued secured, rated, listed, redeemable Non-Convertible Debentures (NCD's) on private placement basis on 11 June 2020 (450 units), 18 June 2020 (250 units), 23 June 2020 (1,200 units) and on 22 July 2020 (500 units) having face value of Rs 1 million per unit. Outstanding balance of such NCD's as at 31 March 2021 is Rs 2,400 millions. These NCDs are listed on wholesale debt segment of BSE and fully secured against the first pari-passu charge (along with banks, financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation on Company's present and future receivables and book debts, cash and cash equivalents and liquid investments, as may be identified by the Company.
- 12 The Company's main business is financing by way of loans towards affordable housing segment in India. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments, as per the Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'.
- 13 During the year ended 31 March 2021, the Company sold some loans measured at amortised cost as per assignment deal, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.
The management has evaluated the impact of the assignment transactions done during the year for its business model based on the future business plans, the Company's business model remains to hold the assets for collecting contractual cash flows.
- 14 Figures for the quarter ended 31 March 2021 are the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the respective financial year.
- 15 Figures for the quarter ended 31 March 2020 are the balancing figures between the audited figures in respect of the full financial year and the audited year-to-date figures up to the third quarter of the respective financial year.
- 16 Figures of previous periods/year have been regrouped and/ or reclassified wherever considered necessary.

For and on behalf of the Board of Directors

**MANOJ
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Digitally signed by MANOJ VISWANATHAN
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Manoj Viswanathan

Managing Director and Chief Executive Officer

DIN: 01741612

Place: Mumbai

Date: 03 May 2021