

ANNUAL REPORT 2020-2021



INDIA MORTGAGE GUARANTEE CORPORATION PRIVATE LIMITED

CONTENTS

- I. CORPORATE INFORMATION**
- II. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**
- III. BOARD REPORT**
- IV. FINANCIAL RESULTS**

I. <u>CORPORATE INFORMATION</u>		
●	BOARD OF DIRECTORS	: Mr. Stuart Edward Take Mr. Rajinder Singh Mr. Raj Vikash Verma Mr. Harun Rasid Khan Mr. Srinivasan Sridhar <i>(from August 05, 2020)</i> Mr. Rahul Bhave <i>(from February 23, 2021)</i>
●	CHIEF EXECUTIVE OFFICER	: Mr. Mahesh Misra
●	CHIEF FINANCIAL	: Mr. Amit Bhachawat
●	COMPANY SECRETARY	: Ms. Arpita Banerjee
●	REGISTERED OFFICE	: T-10, Third Floor, Plot No.9, H.L.Plaza,Pocket-2, Sector-12, Dwarka, Delhi – 110075
●	CORPORATE OFFICE	: 4th Floor, Unit No. 405, World Trade Tower, C-1, Sector-16, Noida - 201301, Uttar Pradesh
●	BASIC DETAILS	: CIN - U65922DL2006FTC153640 Contact No. - +91-120-4898 000 E-mail id – info@imgc.com Website – www.imgc.com
●	STATUTORY AUDITOR	: M/s. Deloitte Haskins & Sells LLP
●	INTERNAL AUDITOR	: KPMG
●	REGISTRAR AND SHARE TRANSFER AGENT	: KFin Technologies Private Limited Karvy Selenium Tower-B, Plot no. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad (A.P.) – 500032

II. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

FY20-21 was a difficult year in the wake of Covid-19. The Indian economy contracted by 7.3% (as against 4.0% growth in FY2020). This was primarily due to nation-wide lockdown imposed in Apr-May of 2020 and its aftereffects in subsequent months.

Industrial sector GVA, driven by the manufacturing sector emerged out of contraction in Q3 FY2021, however, it declined by 7.0% for the whole fiscal. The service sector stepped out of contraction in Q4 FY2021 with the phased unlocking of the economy but declined by 8.4% in FY2021 as against 7.2% growth in FY2020. Agri GVA expanded by 3.6% in FY2021 due to sufficient access to inputs, adequate and well-spread monsoons. The banking sector also saw tepid demand for credit in H1FY2021. However, credit offtake improved in H2, with the momentum picking up beginning October and registering growth in disbursements since November. Inflation also breached the upper tolerance band owing to higher crude prices, supply chain disruptions and erratic commodity price movements.

In order to support the economy during the pandemic, RBI announced several monetary measures and reduced the key policy repo rate by 115 bps to 4.0% and CRR by 100 bps to 3.0%. The downward interest rate scenario has continued with a decline in deposit and lending rate. This is due to surplus liquidity and subdued credit demand. India's fiscal deficit for 2020-21 also ballooned to 9.3% of GDP. The RBI also recognised the impact of economic uncertainty and allowed for a repayment moratorium in 2 phases. This was followed by a set of restructuring norms that helped banks demonstrate much needed forbearance to tide over the turbulent economic climate.

Rates of key lenders in May 2021⁽¹⁾

	May-19	May-20	May-21
State Bank of India	8.55-9.10%	7.35-7.85%	6.80-7.65%
ICICI Bank	9.05-9.20%	7.70-8.80%	6.75-7.55%
HDFC	8.65-9.00%	7.35-7.95%	6.75-7.85%
LIC Housing Finance	8.85-9.05%	7.50-8.50%	6.90-7.90%

Some lenders offer a rate ~ 5 Bps lower to Women borrowers

Residential Market: Update⁽²⁾

The year began with volatility owing to the lockdown. Gradual unlocking allayed fears and we started seeing signs of a bounce back. Soft property prices and low interest rates made this an attractive phase for end-users. A loss of security felt by many during the pandemic spurred a sentiment in favour of home ownership.

Measures such as the moratorium on loans and an extension of RERA completion deadlines allowed developers to survive immediate financial capitulation. The broad-based income disruption caused by the pandemic weighed heavy on market sentiment.

Quarterly sales volumes have steadily improved since Q3FY21. The Q4 '21 sales average has surpassed the 2019 pre-COVID quarterly sales average. This was the 2nd successive quarter to witness this trend. 71,963 units were sold during Q4FY21, 44% more than in Q4FY20. This healthy growth in sales also encouraged developers to launch new projects which are reflected in the 76,006 units launched during the Q4FY21, substantial growth of 38% YoY.

⁽¹⁾ Source: Home loan website of respective lenders

⁽²⁾ Source: India residential market update Q1 2021

Key Highlights:

Sales

- Total sales in FY21 dipped by around 24% as compared to FY20, mostly impacted by covid 19 impacts in the first two quarters. However, the market recovered quickly and there have been significant improvements in sales in the last two quarters. The last quarter (Q4 FY21) has almost surpassed the pre-covid quarterly sales.
- Homebuyers are more inclined to acquire ready or near-ready inventory to minimize completion risk. This is reflected in the average age of inventory staying at 16.7 quarters in Q4 FY21 compared to 15.9 quarters in the year-ago period.
- The above point encouraged developers, focusing on liquidating older inventory before launching new products which have consistently helped reduce unsold inventory levels to 0.44 mn units in Q4 FY21, 2% less than a year ago.
- Mumbai and Pune have seen a sharp resurgence in sales supported by the limited period stamp duty cut. Also, wider adoption of longer-term remote working strategies in IT-dominated markets provided a further boost to sales in Q4 FY21, as seen prominently in Hyderabad.

New Launches

- Total launches in FY21 dipped by around 25% as compared to FY20, mostly impacted by covid 19 impacts in the first two quarters. However, recovery was quick and the last two quarters has done well in terms of new launches.
- 76,006 new units were launched during Q4 FY21 as compared to 54,905 units launched in Q4 FY20, substantial growth of 38% YoY. Of the top eight cities, Hyderabad, Ahmedabad & Kolkata have been the top 3 cities in terms of new supply, closely followed by Mumbai.
- Quarterly sales volumes have steadily improved in the last fiscal, which is a motivating factor for the developers resulting in a jump in launches.

Price

- The increasing sales volumes in the latter quarter of FY21 have also arrested the intensity of the Y-O-Y fall in residential prices of most markets.
- Hyderabad and NCR have seen marginal growth in prices compared to a year ago in Q4 FY21.
- The incidence of developers giving indirect discounts/ freebies was a key factor in spurring sales in 2020 but this has been observed to have reduced significantly in Q4 FY21.

Mortgage Credit Growth

Banks (Billion)	2020												2021	
	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Total Housing Loans (HLs)	13165	13290	13390	13307	13291	13359	13359	13495	13598	13733	13834	13935	14175	14401
Priority Sector HLs	4611	4605	4499	4599	4630	4637	4644	4732	4646	4622	4625	4670	N.A	N.A

Note: SCB's only

Mortgage outstanding book of Banks grew by ~8% YoY (Feb20 to Feb21). The growth of the book was lower than the previous year's growth (~15%) and the year before that (~18%). Priority sector lending has been declining year on year as a percentage of total outstanding (In Dec20 it was ~34%; down from ~35% in Dec19; ~37% in Dec18, ~40% in Dec17, ~44% in Dec16 and ~57% in Dec13).

Source: www.rbi.org.in

BOARD'S REPORT

To,

The Members,
India Mortgage Guarantee Corporation Private Limited

Your Board of Directors are pleased to present their Fifteenth Annual Report on the business and operations of India Mortgage Guarantee Corporation Private Limited (“**IMGIC**” or “**Company**”) together with the audited financial statements for the financial year ended March 31, 2021.

FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2021 is summarized below:

Figures in INR (000's)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Mortgage Guarantee Fee	2,15,749	1,92,634
Processing Fee	358	1,154
Other operating revenue	1,68,440	1,79,881
Other Income	1,478	501
Total revenue	3,86,025	3,74,170
Operating Expenditure	4,43,953	4,59,633
Mortgage Guarantee Provisions	1,85,414	46,139
Total expenses	6,29,367	5,05,772
Loss before Tax	2,43,342	1,31,602
Loss for the Year	2,43,342	1,31,602
Contingency Reserve	86,300	77054
Balance carried to Balance Sheet	3,29,642	2,08,656

OPERATING AND FINANCIAL PERFORMANCE

The Directors are glad to share with the shareholders, that the Company has signed Master Mortgage Guarantee Agreements with Piramal Capital and Housing Finance Limited, Hero Housing Finance Limited, GIC Housing Finance Limited and launched the short tenor product with ICICI.

During the year, the Company guaranteed loans amounting to INR 2,465 Cr. (Comprising of LIC 1280 Cr, AXIS INR 414 Cr, ABHFL INR 397 Cr, ICICI INR 278 Cr, HHFL INR 64 Cr, TCHFL INR 18Cr, PCHFL INR 14 Cr).

As at March 31, 2021 the Company has issued mortgage guarantees (since inception) covering loans, amounting to INR 11,705 Cr, with outstanding guarantee exposure of INR 1,735 Cr.

During the year under review, the Company recognized mortgage guarantee fees of INR 21.6 Cr as revenue. The Company also earned an income of INR 16.8 Cr from the funds invested in accordance with the Mortgage Guarantee Companies Investment (Reserve Bank) Directions, 2008.

The overall operating expenses for the year have decreased by INR 1.6 Cr as compared to the last year due to the following factors:

- a) Lower business promotion expense by INR 1.1 Cr since no events were conducted during FY21 due to covid-19;
- b) Lower travelling expense by INR 1.6 Cr is on account of limited travel due to covid-19 outbreak during the year;
- c) Increase of INR 1.1 Cr in software support charges is due to higher spend on PAS maintenance activities by INR 0.9 Cr and other software maintenance cost by INR 0.2 Cr during the year.

Provision on Mortgage Guaranteed Loans increased substantially by INR 13.9 Cr primarily on account of increased delinquencies due to Covid.

The net loss of the Company for the year is INR 24.3 Cr, as compared to the net loss of INR 13.2 Cr in the previous year.

The Company has also created a Contingency Reserve as a percentage of mortgage guarantee fee earned, to comply with the RBI guidelines.

STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

Covid-19 proved challenging initially. The lockdown ensured there were no revenues. With gradual unlocking, it took some time for lenders to resume operations at full capacity. Heightened risk perception and increased focus on affordable housing ensured existing lenders scaled up their volumes significantly. Q3 and Q4 saw strong growth over prior year and FY20-21 volumes were almost equal to previous year despite nearly 4 months of lockdown. March '21 saw INR 650 Crores login and an invoicing of INR 483 Crores which is the highest ever number done in a month. During FY21, volumes from Axis Bank doubled (INR 413 Crores in FY21 vs INR 176 Crores in FY20) while LICHF witnessed a growth of 50% (INR 1,280 cr vs INR 790 cr). The total volume of the Company (INR 2,465 cr) was lower by ~9% over last year (INR 2,717 cr) and budget for FY 20-21 (INR 2,711 cr). The Company also managed to sign up 3 new lenders: Hero Housing Finance, Piramal Housing and GICHFL.

The pandemic did impact the portfolio adversely. Gross NPAs increased to 194.6 crores from 63.4 crores last year. The gross NPA ratio therefore now stands at 2.3% versus 0.9% last year. The book under repayment moratorium saw the highest increase. Remaining segments were stable. This increase is likely to cause an increase in claims payment in FY 21-22. However, the Company is adequately capitalised to meet these requirements without financial strain.

In line with requirement, calibrated expense control measures were undertaken (FY21 Opex - INR 44 cr vs INR 46 Cr in FY20 and INR 50 cr in budget -12% lower vs budget). Expenses were lower despite increased IT spend. Some expense saves on account of lower travel etc were a consequence of the pandemic. Stress Testing was carried and a Liquidity Management framework has been put in place. The Company is on track to onboard a new shareholder and carry out the required capital infusion.

Numerous automation measures to improve underwriting efficiency were executed during the year. This enables average underwriter productivity increase to 6 loans per day versus 2.7 earlier. A mobile sales application was also developed and launched during the year. The Company also seeks to automate claims process in the next few months to cope with the rising claim payments. A voice of customer survey was also carried out to obtain lender feedback on claims processes. The Quality Assurance function has been strengthened and close monitoring of underwriting standards takes place regularly.

Employee Attrition, at 15%, was within industry norms. The Company continued to make investments in developing

capabilities in areas like risk analytics, business development, collateral evaluation and other specialised functions. This will help the Company possess the requisite skills as it builds scale.

The Company expects to guarantee loans worth 6000 crores in FY 21-22. This is on the back of strong exit momentum in Q 4 FY 21 and the increased interest of lenders in using credit enhancement products. The increase in delinquencies call for a close evaluation of portfolio dynamics. However, the heightened risk perception also provides an opportunity to onboard newer lender categories. Farming existing lenders provides massive opportunity. This includes lenders like ICICI Bank where volumes had dipped in the last 2 years. Economic uncertainty and early signs of portfolio stress have seen renewed engagement. Smaller HFCs have begun to see value in the proposition. We will aim to build on the improved traction.

Underwriting efficiency and sharpened technological capabilities will stay at centre of plate. The Company is moving most functions onto the cloud in keeping with contemporary practice and cost imperatives. Implementation of a Business Rule Engine is also at an advanced stage of decisioning.

The Company will get a shot in the arm if lenders get some regulatory dispensation for usage of Mortgage Guarantee. Periodic representations continue to be made to the RBI. Some lenders have also expressed an intent to seek dispensation by writing independently. The RBI continues to stay engaged with a positive disposition. Interaction with other stakeholders like Ministry of Finance, Ministry of Housing, IBA etc are also being stepped up to create a favourable advocacy platform.

The focus on maintaining the highest standards of governance will continue unabated. The Company will also invest in nurturing and recruiting high quality talent as we prepare to build scale.

Periods of uncertainty typically bode well for businesses engaged in insurance or guarantees. The Company is poised to leverage the current phase of opportunity to grow significantly from here.

TRANSFER TO RESERVES

The Company has not made any profit during the year and therefore does not propose to transfer any amount to the General Reserve.

DIVIDEND

The Directors do not recommend any dividend for the year ended March 31, 2021.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION PROTECTION FUND

The Company has not declared any dividend in the past and there is no unclaimed dividend pending, which is required to be transferred to Investor Education Protection Fund by the Company as per the provisions of Section 125 of the Companies Act, 2013.

PUBLIC DEPOSITS

Your Company has neither invited nor accepted any deposits from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Detailed information on the operations of the Company is covered in the Management Discussion and Analysis Report and forms part of this Annual Report for the year ended 31st March 2021.

SHARE CAPITAL

The Authorised Equity Share Capital of the Company was increased during the year from existing INR 2,50,00,00,000 (Indian Rupees Two Hundred Fifty Crores Only) divided into 25,00,00,000 (Twenty Five Crore Only) Equity Shares of INR 10 (Indian Rupees Ten) each to INR 7,50,00,00,000 (Indian Rupees Seven Hundred and Fifty Crores Only) divided into 50,00,00,000 (Fifty Crores) Equity Shares of INR 10/- (Indian Rupees Ten) each amounting to INR 5,00,00,00,000 (Indian Rupees Five Hundred Crores Only) and 25,00,00,000 (Twenty Five Crores) Preference Shares of INR 10/- (Indian Rupees Ten) each amounting to INR 2,50,00,00,000 (Indian Rupees Two Hundred and Fifty Crores Only). The issued, subscribed and paid-up Equity Share Capital of the Company was INR 2,56,37,37,470 divided into 25,63,73,747 equity shares of INR 10/- each, which was held by Genworth Financial Mauritius Holdings Private Limited (48.68%), National Housing Bank (29.64%), International Finance Corporation (10.84%) and Asian Development Bank (10.84%). During the current year, the Company has raised fresh equity share capital through rights issue amounting to around INR 35 Crores.

CAPITAL ADEQUACY RATIO

As per RBI guidelines, a Mortgage Guarantee Company is required to maintain capital at higher of the following:

- (a) Ten percent (10%) of aggregate on balance sheet risk weighted assets and risk adjusted value of off-balance sheet items or,
- (b) Net owned fund of INR 100 crore

We confirm that the Net Owned Funds as per the financials as on March 31, 2021 is INR 137.2 Crore and is well within the prescribed limit. We further confirm that the Net worth as per the financials as on March 31, 2021 is INR 142.8 Cr.

CREDIT RATING

The Company enjoys the following issuer ratings from the two credit rating agencies:

Rating Agency	Rating Assigned
Credit Analysis and Research Limited	CARE AA (Is); (Stable) (pronounced Double A Stable)
ICRA Limited	[ICRA] AA (Negative)(pronounced ICRA Double A negative)

STATUTORY AND REGULATORY COMPLIANCE

The Company has complied with all the applicable statutory provisions, including those of the Companies Act, 2013 and rules thereunder and the Income Tax Act, 1961. Further, the Company has complied with all applicable RBI directions, circulars and notifications including Master Directions - Mortgage Guarantee Companies (Reserve Bank) Directions, 2016, Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 except for composition of Audit Committee with a Chartered Accountant as a member of the Committee (Refer Note 3.34 to financial statements). Further, the Company has also complied with accounting standards issued by the Institute of Chartered Accountants of India.

SUBSIDIARY/JOINT VENTURE/ASSOCIATE COMPANY

The Company has no subsidiary, associate and Joint Venture Company and therefore no information is required to be reported.

DIRECTORS

During the year, Mr. Rakesh Awasthi (DIN: 00252540) was re-appointed as the Nominee Director of NHB in place of Mr. Padmanabhan Raja Jaishankar (DIN:06711526) on June 04, 2020. Mr. Rakesh Awasthi was again replaced by Mr. Rahul Bhave (DIN: 09077979) as the Nominee Director of NHB on 23rd February, 2021.

Mr. Sunil Behari Mathur (DIN:00013239), Chairman of the Board was also replaced during the year by NHB and Mr. Srinivasan Sridhar (DIN:00004272) was appointed as the Nominee Director of NHB in his place on 5th August, 2020.

DECLARATION BY INDEPENDENT DIRECTORS

The Company being a private limited company is not required to appoint Independent Directors and therefore, declaration by Independent Directors under Section 149 of the Companies Act, 2013 is not applicable.

POLICY ON DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF DUTIES

The Company being a private limited company is not required to comply with the requirement of Section 178 of the Companies Act, 2013, which provides for constitution of nomination and remuneration committee and setting up policy for directors appointment, payment of remuneration and discharge of their duties.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, the Company has convened 5(five) meetings of the Board of Directors on the following dates, which met the statutory requirements:

1. May 25, 2020
2. June 26, 2020
3. August 20, 2020
4. December 03, 2020
5. February 23, 2021 and adjourned meeting on February 25, 2021

The intervening period between the Board Meetings were within the maximum time gap of 120 days as permissible under the Companies Act, 2013.

The dates for the Board meetings are fixed in advance and agenda and briefing papers for the meetings are circulated to the Directors seven days in advance to such meetings. Each meeting agenda item is provided with sufficient background, and all material information is incorporated in the agenda papers to facilitate meaningful and informed discussions at the meeting. Where it is not practicable to attach any document to the agenda papers, it is tabled at the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted with the permission of the Chairman of the meeting.

During the year under review, Fourteenth Annual General Meeting of the Company was held on August 20, 2020.

COMMITTEES OF THE COMPANY

During the period under review, the Company had the following statutory and non-statutory Committees of the Board and the senior management of the Company:

1. **Audit Committee:**

Composition :

The composition of the Audit Committee as on March 31, 2021 is given below:

- (a) Mr. Rajinder Singh – Chairman; and
- (b) Mr. Harun Rasid Khan – Member

Due to the change in Nominee Director of NHB, the Audit Committee now has only two members and the third member who is also a Chartered Accountant will be appointed by the Company in due course. All the items of the Audit Committee are being taken up by the Board in the absence of a duly constituted Audit Committee. This has been duly informed to the RBI.

Function: The functions of Audit Committee are as follows:

- the 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 auditor’s report thereon;
- Management discussion and analysis of financial conditions and results of operations;
- Review of annual financial statements with the Chief Financial Officer and the Management before submission to the Board for approval, with particular reference to :-
 1. Matters required to be included in the Directors Responsibility Statement;
 2. Changes, if any in the accounting policies and practices and rational for the same;
 3. Significant changes, if any, in the financial statements arising out of audit findings;
 4. Compliance with listing and other legal requirements relating to financial statements;
- Qualification, if any of the draft Audit Report;
- Review of all budgets and financial plans;
- Capital Calls, review of dividends and distribution to the shareholders
- Provisioning;
- 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;
- Monitoring Regulatory Compliances;
- Look into defaults in the payment to the shareholders, debenture holders, if any and the Creditors;
- Remuneration (Covering increments, variable incentive compensations, benchmarking etc.);
- Complaints (external customers and internal HR);
 1. Whistle Blower
 2. Ombudsman reporting
- Pre-approval of non-audit services;
- Review of expenses of officers of the Company;
- Any Complaint against CEO of the Company and his/her direct reports to be sent to the Chairman of the Audit Committee; and
- any other responsibility as may be assigned by the Board from time to time.

2. **Technical Committee:**

Composition :

The composition of the Technical Committee as on March 31, 2021 is given below:

- (a) Mr. Stuart Edward Take – Chairman;
- (b) Mr. Raj Vikash Verma – Member; and
- (c) Mr. Rajinder Singh - Member

Function: The functions of the Technical Committee are as follows:

1. Review of a three (3) year business plan on an annual basis.
2. Review of annual Transition Services support as recommended by the management team.
3. Review Information Technology strategy and operating plan.
4. Review the reputational risk management strategy including Public Relations.
5. Approve assumptions used for pricing, business plan projections, economic capital projections, and valuations.
6. Approve product underwriting guidelines and pricing.
7. Approve business risk appetite limits and any exception requests.
8. Review the asset liability mismatch.
9. To review the pricing of products.

3. **Bank Committee:**

Composition :

The composition of the Bank Committee as on March 31, 2021 is given below:

- (a) Mr. Mahesh Misra (CEO) – Chairman;
- (b) Mr. Amit Bhachawat (CFO)– Member; and
- (c) Mr. Shrikant Shrivastava (CRO) - Member

Function: The Bank Committee was formed with the senior management of the Company on June 10, 2019 for the following purposes:

- i) To take all necessary steps to open and maintain bank accounts, bank lockers of the Company;
- ii) To monitor and handle all administrative functions for effective operation of bank accounts of the Company;
- iii) To approve amendments in the authorised signatory(ies) including their authorization limits of the bank accounts of the Company and to take all necessary actions and steps to inform respective Banks regarding changes, if any;
- iv) To take all necessary steps to close bank accounts, bank lockers of the company, if considered expedient in the interest of the company; and
- v) Any other responsibility as may be assigned by the Board from time to time.

COMMITTEE MEETINGS

Table containing details of meetings of Committees along with dates are as below:

S No.	Name of the Committee	No. of Meetings	Date of meetings
1.	Audit Committee	3 (Three)	June 26, 2020, August 20, 2020, and December 02, 2020.
2.	Technical Committee	4 (Four)	June 26, 2020, August 20, 2020, December 02, 2020 and February 22, 2021.
3.	Bank Committee	1 (One)	March 12, 2021.

ATTENDANCE OF DIRECTORS/MEMBERS AT BOARD AND COMMITTEE MEETINGS

As per Standard 9 of the Secretarial Standards on Meetings of the Board of Directors ('SS-1'), issued by the Institute of Company Secretaries of India ('ICSI'), the attendance of Directors at Board and Committee meetings held during the financial year 2020-2021 are as under:

	Board	Audit	Technical
Mr. Sunil Behari Mathur	2	1	1
Mr. Padmanabhan Raja Jaishankar	1	-	-
Mr. Rakesh Awasthi	2	2	-
Mr. Stuart Edward Take	5	1	4
Mr. Rajinder Singh	5	2	4
Mr. Raj Vikash Verma	5	-	3
Mr. Srinivasan Sridhar	3	-	-
Mr. Rahul Bhawe	1	-	-

INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL

The Company has engaged KPMG (“Internal Auditors”) as internal auditors for the year 2020-21. The Internal Auditors have reviewed the system of internal controls implemented in the organization and tested for effectiveness of the controls. For the year under review, the scope included review of controls over Fixed Assets, Investments, Income Recognition & Provisioning, expense processing, HR payroll, Credit Origination and Underwriting, Claims, Regulatory, Legal and Secretarial compliances, Administration and Procurement and Information Technology General Controls (ITGC) over IT systems used by the Company. Based on the reports of internal audit function process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Board. During the year under review, the Internal Auditors have provided a satisfactory opinion on the internal controls of the Company.

STATUTORY AUDITORS

M/s Deloitte Haskins & Sells LLP, Chartered Accountants (FRN: 117366W/W-100018) were appointed as the Statutory Auditors of the Company at the Annual General Meeting held in the year 2017, for a term of five years; appointment being until the conclusion of the AGM to be held in the year 2022 with respect to the 5 financial years beginning April 1, 2017 and ending on March 31, 2022.

COST AUDITOR AND COST AUDIT REPORT

Keeping in view the operations of the Company, the provisions pertaining to appointment of cost auditor and maintenance of cost audit records as specified under Section 148 and related rules issued thereon, are not applicable on the Company.

RELATED PARTY TRANSACTIONS

The Company has not entered into any related party transactions as per the provisions of Section 188 of the Companies Act, 2013. The details of particulars of contracts or arrangement or transactions with related parties is provided in Form AOC 2 and enclosed herewith as **Annexure - I**.

PARTICULARS OF INVESTMENTS, LOANS AND GUARANTEES

The Company being a Non-Banking Financial Company is exempted from provisions of Section 186 of the Companies Act, 2013 (“Act”). Accordingly, there are no details of particulars of loans, guarantees or investments that are required to be provided as per Section 134(3)(g) of the Act.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Corporate Social Responsibility as specified under Section 135 of the Companies Act, 2013 are not applicable on the Company.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 134(3)(c) of the Companies Act, 2013, with respect to the Directors’ Responsibility Statement, it is hereby confirmed that:

-
- (a) in the preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (b) the Directors had 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, 2021 and of the loss of the Company for the year under review.
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the Directors had prepared the annual accounts for the financial year ended March 31, 2021 on a going concern basis.
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS' REPORT

The observations of the Auditors in their report read together with the Notes on Accounts are self-explanatory and, therefore, in the opinion of the Directors, do not call for any further explanation.

FRAUD, IF ANY REPORTED BY THE AUDITORS

The Company has not encountered any fraud and no such fraudulent activity have been reported by the Statutory Auditors of the Company in their report for the financial year ended on March 31, 2021.

EXTRACT OF THE ANNUAL RETURN

In compliance with the section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, a copy of the extract of Annual Return of the Company is annexed with this report as **Annexure – II** and placed on the website of the Company; the web-link to access the annual return is <http://www.imgc.com/corporate/public-disclosures>.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Even though operations of the Company are not energy intensive, the management has been highly conscious of the importance of conservation of energy and technology absorption at all operational levels and efforts are made in this direction on a continuous basis. In view of the nature of activities which are being carried on by the Company, the particulars as prescribed under Section 134(3)(m) of the Act read with rule 8 of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy and Technology Absorption are not applicable to the Company and hence have not been provided.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has not earned any foreign exchange during the year under review. The expenditure in foreign currency for the year under review is INR 3.71 lakhs

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

The Company is committed to provide a safe and conducive work environment to its employees. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

Sr. No.	Particulars	No. of complaints
1.	Number of complaints filed during FY2020-21	Nil
2.	Number of complaints disposed of during FY2020-21	Nil
3.	Number of complaints pending as on end of FY2020-21	Nil

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant material orders passed by regulators or courts or tribunal impacting the Company's going concern status and operations in future.

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

There have been no material changes and commitments, which affect the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

CHANGE IN REGISTERED OFFICE

The Company has changed the registered office during the year within the limits of the city from A-47, Lower Ground Floor, Hauz Khas, New Delhi – 110 016 to T-10, Third Floor, Plot No.9, H.L. Plaza, Pocket-2, Sector-12, Dwarka, Delhi – 110075. All the stakeholders were informed about the same and necessary regulatory compliances were completed in this regard.

RISK MANAGEMENT POLICY

The key risks that the Company is exposed to in the course of its business are Credit Risk, Operational Risk, Liquidity Risk and Business Risk. Keeping this in mind, the Board of Directors has defined a risk management framework for the Company, which provides for identification, assessment and control of risks, which may threaten the existence of the Company. Implementation of this framework is supervised by the Corporate Risk Committee (CRC). The committee periodically reviews risk levels and direction, portfolio composition, credit policies and claims status.

The Company, through its Risk Appetite Statement and Board Approved Policy, presents an enterprise-wide approach to conduct its business. The Company has also formed appropriate risk committees and sub-committees with clearly defined roles, responsibilities and accountabilities to establish a strong governance structure. The Company has also established an internal audit and control framework, wherein all key activities are audited regularly, and key findings are presented to the Board. The Company is committed to using Enterprise Risk Management as a critical framework for successful decision-making.

To improve the risk management framework, Company has framed a detailed Business Continuity Plan (BCP) and Stress Testing and Liquidity Management (STLM) framework in FY21. BCP enabled the Company in ensuring continuity of operations during disruptions caused by the covid -19 pandemic. The Company has also initiated the process of Stress Tests every year on its portfolio. This will help us in maintaining sufficient liquidity levels for future claims. The Company has also created a downturn playbook framework, which aims to understand the current economic situation, monitor key internal portfolio metrics and financial indicators, assess the risk of a downturn, and identify preparatory actions and mitigation action plans.

ACKNOWLEDGEMENT

Your Directors thank the Reserve Bank of India for its valuable guidance and look forward to its continued support. Your Directors also wish to place on record their deep sense of gratitude and appreciation for the commitment displayed by all the employees of the Company, resulting in the successful performance of the Company during the year under review. The Directors look forward to their continued support in the future.

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from the customers, shareholders and other business associates who have extended their valuable sustained support and encouragement during the year under review.

For and on behalf of the Board of Directors

Raj Vikash Verma
Director
DIN:03546341

Stuart Edward Take
Director
DIN:00505488

Place: Gurugram
Date: June 18, 2021

Place: Raleigh, N.C, USA
Date: June 18, 2021

FORM NO. AOC.2**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

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

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
 - a) Name(s) of the related party and nature of relationship
 - b) Nature of contracts/arrangements/transactions
 - c) Duration of the contracts/arrangements/transactions
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any
 - e) Justification for entering into such contracts or arrangements or transactions
 - f) Date of approval by the Board
 - g) Amount paid as advances, if any:
 - h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm's length basis: **NIL**
 - a) Name(s) of the related party and nature of relationship
 - b) Nature of contracts/arrangements/transactions
 - c) Duration of the contracts/arrangements/transactions
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any:
 - e) Date(s) of approval by the Board, if any:
 - f) Amount paid as advances, if any:

For and on behalf of the Board of Directors

Raj Vikash Verma
Director
DIN:03546341

Stuart Edward Take
Director
DIN:00505488

Place: Gurugram
Date: June 18, 2021

Place: Raleigh, N.C, USA
Date: June 18, 2021

ANNEXURE - II
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: U65922d12006FTC153640
- ii) Registration date: September 13, 2006
- iii) Name of the Company: India Mortgage Guarantee Corporation Private Limited
- iv) a) Category of the Company: Private Company
b) Sub-category of the Company: Indian Non-Government Company
- v) Address of the Registered office and contact details: T-10,3rd Floor, Plot No.9,H.L.Plaza,Pocket-2,
Sector -12 Dwarka, Delhi-110075

Contact Details: Tel: 0120-4898000; Email id: amit.bhachawat@imgc.com

- vi) Whether listed company: No

- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:

KFin Technologies Pvt. Ltd., Karvy Selenium Tower-B, Plot no. 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad (A.P.) – 500 032.

Contact details: 040-67162222

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:

S.No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover
1.	Other financial service activities, except insurance and pension funding activities	64990	99.6

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES
– NOT APPLICABLE

S.No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary / Associate	% of shares held	Applicable Section
1.					

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
A. Promoters									
1. Indian									
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt.	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Banks / FI	7,60,00,000	-	7,60,00,000	32.5	7,60,00,000	-	7,60,00,000	29.64	-2.86
(f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):	7,60,00,000	0	7,60,00,000	32.5	7,60,00,000	0	7,60,00,000	29.64	-2.86
2. Foreign									
(a) NRIs Individuals	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	10,22,06,896	10,22,06,896	43.7	-	124,787,541	124,787,541	48.68	4.98
(d) Banks / FI	5,55,86,206	-	5,55,86,206	23.8	5,55,86,206	-	5,55,86,206	21.68	-2.12
(e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	5,55,86,206	10,22,06,896	15,77,93,102	67.5	5,55,86,206	124,787,541	180,373,747	70.36	2.86
Total Shareholding of Promoters A=A(1)+A(2)	13,15,86,206	10,22,06,896	23,37,93,102	100	13,15,86,206	124,787,541	256,373,747	100	0
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt.	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIIs/ Foreign Venture	-	-	-	-	-	-	-	-	-
Sub-total B(1):	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
(a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
(c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total B(2):	-	-	-	-	-	-	-	-	-
Total Public	-	-	-	-	-	-	-	-	-
Shares held by Custodian	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	13,15,86,206	10,22,06,896	23,37,93,102	100	13,15,86,206	124,787,541	256,373,747	100	0

ii) Shareholding of Promoters

S No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	National Housing Bank	7,60,00,000	32.5	Nil	7,60,00,000	29.64	-	-2.86
2	Genworth Financial Mauritius Holdings Limited	10,22,06,896	43.7	Nil	12,47,87,541	48.68	-	4.98
3	International Finance Corporation	2,77,93,103	11.9	Nil	2,77,93,103	10.84	-	-1.06
4	Asian Development Bank	2,77,93,103	11.9	Nil	2,77,93,103	10.84	-	-1.06
	Total	23,37,93,102	100	Nil	25,63,73,747	100	Nil	0

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

S No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	National Housing Bank				
	At the beginning of the year	7,60,00,000	32.5	7,60,00,000	32.5
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):	No change	-	No change	-
	At the End of the year	7,60,00,000	29.64	7,60,00,000	29.64
2	Genworth Financial Mauritius Holdings Limited				
	At the beginning of the year	10,22,06,896	43.7	10,22,06,896	43.7

	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):	May 25, 2020 (Allotment of 2,25,80,645 equity shares)	-	May 25, 2020 (Allotment of 2,25,80,645 equity shares)	-
	At the End of the year	12,47,87,541	48.68	12,47,87,541	48.68
3	International Finance Corporation				
	At the beginning of the year	2,77,93,103	11.9	2,77,93,103	11.9
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/sweat equity, etc.):	No change	-	No change	-
	At the End of the year	2,77,93,103	10.84	2,77,93,103	10.84
4	Asian Development Bank				
	At the beginning of the year	2,77,93,103	11.9	2,77,93,103	11.9
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/sweat equity, etc.):	No change	-	No change	-
	At the End of the year	2,77,93,103	10.84	2,77,93,103	10.84

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

S No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel: NIL

S No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)				

V. INDEBTEDNESS: NIL

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:
A. Remuneration to Managing Director, Whole-time Directors and/or Manager: No remuneration is paid to the Directors.

S No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		--	--	--	--	
1.	Gross salary a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s 17(2) Income-tax Act, 1961 c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961					
2.	Stock Option					
3.	Sweat Equity					
4.	Commission - as % of profit - others, specify...					
5.	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

B. Remuneration to other Directors: Not Applicable

S. No.	Particulars of Remuneration	Name of Directors				Total
		----	----	----	---	
	1. Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify					
	Total (1)					
	2. Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: Not applicable

S No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s 17(2) Income-tax Act, 1961 c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority [RD/NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					