

IMGCC

Defining Tomorrow

ANNUAL REPORT 2022-23



Promoting
Early Home Ownership
& Financial Inclusion

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PERFORMANCE OVERVIEW

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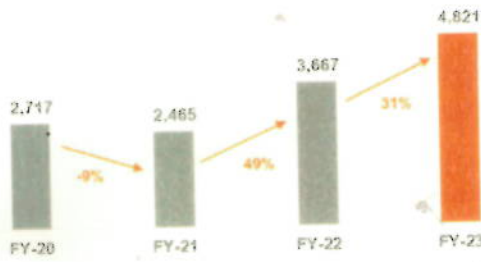
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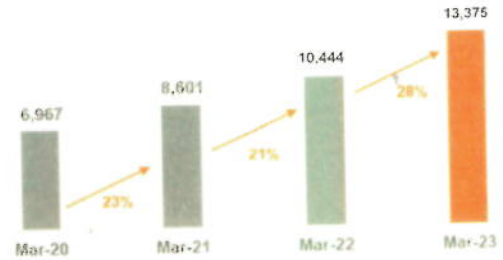
KEY PERFORMANCE INDICATORS

(in Cr)

New Guarantees Written



Guarantee In Force



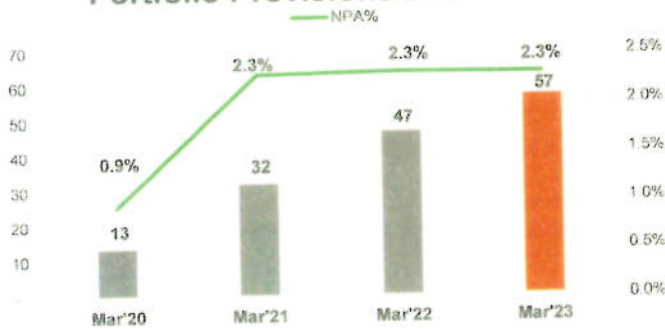
Profit and Loss



Revenue



Portfolio Provisions and Losses



Operating Expenses



BOARD OF DIRECTORS

The board of directors comprises eminent industry leaders with rich experience in risk management, business development, and regulations. The board has a diverse mix of professionals with in-depth experience and expertise in financial services.

STUART TAKE

Nominee Director

Stuart brings over 30 years' experience building and managing global operating and transaction platforms in the financial services space for Fortune 500 companies.

In 1997 he joined GE Capital / Genworth and has since held several senior management positions located in both Asia and the Americas, including President and CEO of Genworth's Canadian Mortgage Insurance business and Head of Asia-Pacific Business Development. Most recently, Stuart held the position of Corporate Head of Global Business Development for Genworth Financial. Previously, Stuart led Deutsche Banks' Financial Institution investment banking practice for Asia (ex-Japan).

In addition to his board role at India Mortgage Guarantee Corporation, he is Board President of Genworth Seguros de Credito a la Vivienda S.A. de C.V. (Mexico).

RAJINDER SINGH

Nominee Director

Mr. Singh is a seasoned Global Financial Services Executive with expertise in Financial & Investment Risk Management, Advanced Analytics, and Business Strategy. In addition to IMGCC, he currently serves as a director on the boards of Sagen Canada and Appalachian Trail Conservancy.

He has held senior leadership roles in enterprise risk management, including Chief Risk Officer of NewRez/Caliber Home Loans, Chief Risk Officer for Genworth's Global Mortgage Insurance, Chief Risk Officer for Citigroup's U.S. Mortgage, Chief Credit Risk Officer for Ally Financial (fka GMAC Financial Services), Chief Risk Officer for GE Money Americas (a division of GE Capital), and Head of Retail Risk at U.S. Bancorp. He has also served on the boards of Genworth Australia, Seguros de Credito a la Vivienda, Mexico and Banco de America Central (BAC) International Bank.

He holds an MBA in Finance from the University of Rochester's Simon Business School, an MS in Mechanical and Aerospace Engineering from Rutgers University and a B.Tech. in Mechanical Engineering from the Indian Institute of Technology Kanpur. He is a graduate of Wharton's Advanced Risk Management Program.



HARUN RASID KHAN

Independent Director

He retired as the Deputy Governor from the Central Bank of India (Reserve Bank of India). At RBI, he managed diverse areas and led major projects related to financial markets, payments and settlements systems, financial inclusion, foreign exchange management, and banking regulation and supervision.

He has represented the RBI on the Board of several Indian Banks and financial institutions like National Housing Bank (NHB) and National Bank for Agriculture and Rural Development (NABARD) and he has represented the RBI and the country in several international fora.

With an M. Phil from Jawahar Lal Nehru University and a PGDM from Narsee Monjee Institute of Management Studies besides being a certified associate of Indian Institute of Bankers.

RAHUL BHAVE

Nominee Director

He is the Executive Director of National Housing Bank. Apart from his expertise in retail operations, he also has experience in recovery, risk management, and IT.

He has an MBA in Public Management and Policy from IIM, Ahmedabad, and is also a qualified CAIIB professional.

STUART KENDRICK LEVINGS

Nominee Director

Before his current role, he had served in the roles of Senior Vice President, Chief Operating Officer, and Chief Risk Officer. He joined Sagen in July 2000 as the Financial Controller and has also held positions in finance and product development, including five years as Chief Financial Officer. Before that, he spent seven years with Deloitte & Touche. He holds a CPA, CA professional designation and has over 20 years of professional experience in a variety of industry sectors.

He holds a Bachelor of Accounting Science degree from the University of South Africa and is a member of the Canadian Institute of Chartered Accountants.



ADITYA HEMANT JOSHI

Nominee Director

He joined Brookfield in March 2019. Before Brookfield, he was a principal at Apax Partners in India and led and participated in deals across healthcare, technology services, and financial services. Before joining Apax, he worked at The Blackstone Group in India, focusing on investment opportunities primarily across technology and business services. Before Blackstone, he worked at Morgan Stanley in India, where he worked on fundraising and mergers and acquisitions across technology services, business services, and telecom, amongst other industries.

He holds a Master of Business Administration degree from The Wharton School, University of Pennsylvania, a bachelor's degree in accounting and finance from the University of Pune and is a chartered accountant and member of The Institute of Chartered Accountants of India. He is a member of FICCI's national committee on private equity for India.



SENIOR LEADERSHIP TEAM

MAHESH MISRA

Chief Executive Officer

Mahesh Misra is the CEO of the India Mortgage Guarantee Corporation (IMGC), India's first mortgage guarantee institution. IMGC is an NBFC registered with the RBI and was set up as a public-private partnership with marquee international shareholders. The company works with all leading lending institutions in the country and has guaranteed loans across India.

He joined IMGC in January 2018 and has over 25 years of experience in the financial services sector. Before joining IMGC, he was the Chief Distribution Officer at Aviva Life Insurance. He has worked extensively in banking, with diverse stints at Citibank and Standard Chartered Bank.

Mahesh has a Master's in International Business from the Indian Institute of Foreign Trade and a bachelor's degree in accounting. An avid golfer, he also enjoys tennis, reading, and engaging in culinary pursuits.

SHRIKANT SHRIVASTAVA

Chief Risk Officer

Shrikant Shrivastava is the CRO of IMGC since its inception in 2012. In his current role, he is responsible for the overall risk philosophy and enterprise risk management of the company, including credit risk, liquidity risk, security risk, regulatory compliance risk, operational risk, and quality assurance.

He has over 28 years of work experience with banks, financial institutions, and law firms. Prior to joining IMGC, he worked as the CRO of PNB Housing, the Risk Head-Secured Loans at ABN AMRO Bank, the Head of Country Operations at Genworth Inc., the VP and Business Head-MF, Corporate Banking - at Royal Bank of Scotland, the Resident Manager at HDFC, and the Associate Counsel at Singhania & Co.

He is a B. Com. and LLB from Delhi University and was a UNDP-certified trainer for housing finance at the center for housing finance, Lonavala.



HARPREET SANDHU

Chief Human Resources Officer

In her role as CHRO, she is responsible for developing and defining Human Resource and communication strategies. She is responsible for shaping the strategic direction of the HR function and enhancing the core HR processes to meet the company's business requirements.

A key facet of her role includes shaping the unique culture of IMGIC in line with the company's values and vision. In terms of communications, her efforts would be in building awareness as well as the reach of the brand across all stakeholders. Harpreet has over 17 years of experience, primarily in the financial services industry. She has experience working in diverse roles, which include HR business partnering, mergers and acquisition, talent acquisition, organisation design, and effectiveness and change management. She has worked with organisations such as American Express, GE Consumer Finance, and EXL.

Harpreet is a postgraduate in Economics and Business Administration.

AMIT BHACHAWAT

Chief Financial Officer

Amit leads the finance, treasury, secretarial and compliance function at IMGIC. He is responsible for the overall business planning, financial strategy and the monitoring of business performance to steer the organisation toward its financial objectives while maintaining financial controls and a strong corporate governance framework.

Amit has been with IMGIC since 2015 and has over 22 years of diverse experience in the financial sector and advisory services in India and abroad. Before joining IMGIC, he worked with American Express, where he played an instrumental role in launching its prepaid products in India and other Asia Pacific markets. He has also worked in different roles at PricewaterhouseCoopers, Goldman Sachs and Deloitte.

He is a commerce graduate from Delhi University and a Chartered Accountant from ICAI. He has also completed a leadership management program with ISB Hyderabad.

ANUJ SHARMA

Chief Operations Officer

Anuj Sharma, in his role with IMGIC, is leading internal business operations comprising underwriting, servicing, and claims processing units. He is responsible for building service excellence through automation and technology-led process workflows while maintaining the highest standards of quality and control.

Anuj comes with over 17 years of experience in managing underwriting (across all asset classes—secured and unsecured), policy, and risk functions. Successfully managed new process implementation, digital adoption, and automation, large teams, and complex geographies in areas of underwriting and operations. Before his current role at IMGIC, he worked with RBL Bank, Fullerton India, and GE Money in various leadership positions.



Anuj has a Master's in Business Administration from ICFAI Business School and in Finance from the London School of Economics. He pursued an Executive program in Business Analytics and Business Intelligence from the Illinois Institute of Technology and Great Lakes University. With his keen interest in technology usage in underwriting, Anuj actively speaks on global forums about process automation and has authored various papers.

SUMIT CHADHA

Chief Information Officer

Sumit Chadha leads the technology function for IMGCC and is responsible for designing and implementing an IT strategy and digital initiatives for the organisation. He is also responsible for refining the existing business processes through the adoption of the latest technology in the IT space.

He brings with him over 20 years of rich experience in the digitization of processes, IT strategy, systems implementation, and infrastructure setup, particularly in the housing finance space. He has worked with various organisations such as PNB Housing Finance, Nucleus Software, and ICICI Bank, and was instrumental in transforming and setting up the IT function at PNB Housing Finance.

Sumit is a qualified Chartered Accountant and holds a certification in contemporary business analytics practices from IIM Kolkata.

AMIT DIWAN

Chief Distribution Officer

Amit Diwan is the Chief Distribution Officer for IMGCC. He spearheads the organisation's efforts to provide effective and efficient solutions to lending institution partners. He is in charge of strengthening lending institution relationships, driving product innovation, and overseeing a pan-India sales organisation.

He has more than 20 years of experience in banking, spanning secured lending, unsecured lending, and wealth management. Before this, Amit has been with organisations like HDFC Bank, Citibank, and HSBC Bank in roles spanning sales management, strategy and business planning, and product design.

He has a Master's in Business Administration from MDI Gurgaon and is a retail assets specialist.

AKRITI SINGH

Chief Alliances Officer

She is responsible for business development and establishing alliances for IMGCC's innovative product suite with mortgage players across the country. As per Akriti "the required strategic partnership with lending institutions is to be established around the mantra client first". The focus remains on adding true value to the lending ecosystem by powering the expansion of a lender's bouquet of services in a prudent and regulated manner.



An Institute of Management Technology(IMT), Ghaziabad alumnus with more than two decades of financial services experience, she has a proven record with operating expertise and knowledge across mortgages, insurance, branch banking, and wealth management.

She has built domain knowledge in Citibank, where she essayed multiple roles. Her last assignment was with Centrum Wealth Limited.



CORPORATE INFORMATION

BOARD OF DIRECTORS

- Mr. Stuart Edward Take, Nominee Director
- Mr. Rajinder Singh, Nominee Director
- Mr. Harun Rasid Khan, Independent Director
- Mr. Rahul Bhave, Nominee Director
- Mr. Stuart Kendrick Levings, Nominee Director
- Mr. Aditya Hemant Joshi, Nominee Director

BASIC DETAILS

CIN - U65922DL2006FTC153640

Contact No. - +91-120-4898 000

E-mail id - info@imgc.com

Website - www.imgc.com

CHIEF EXECUTIVE OFFICER

Mr. Mahesh Misra

COMPANY SECRETARY

Ms. Arpita Banerjee

CHIEF FINANCIAL OFFICER

Mr. Amit Bhachawat

STATUTORY AUDITOR

M/s. SCV & Co. LLP

REGISTERED OFFICE

T-10, Third Floor, Plot No.9, H.L.

Plaza, Pocket-2, Sector-12, Dwarka, Delhi - 110075

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

CORPORATE OFFICE

4th Floor, Unit No. 405, World Trade Tower, C-1,

Sector - 16, Noida-201301,

Uttar Pradesh



MANAGEMENT DISCUSSION & ANALYSIS REPORT

Macroeconomic Outlook

The global economy was on the path of recovery after the waning of the COVID-19 pandemic until the Russia-Ukraine conflict broke out in February 2022. The conflict disrupted the global supply chains and led to a spike in prices of critical commodities, leading to an uptick in inflationary pressures. To restrain the consequent inflation, major central banks around the world undertook monetary tightening resulting in the tightening of financial conditions. As a result, increased borrowing costs and stubbornly high inflation has been reflected in multiple leading indicators of global economic activity.

Global developments have posed downside risks to India's growth and overall macroeconomic stability as well. The impact was seen in the first half of 2022-23, in the widening of the current account deficit (CAD), an uptick in retail inflation, the outflow of portfolio investments and the appreciation of the US\$ against the Rupee. In the second half of 2022-23, retail inflation has fallen below the tolerance ceiling, portfolio investments have started to return and the Rupee has stabilized against the US\$ but export growth has declined with the slowing of global growth. However, despite the unfavorable developments, as per the latest IMF World Economic Outlook estimates, the Indian economy continues to be one of the fastest growing major economies in 2022-23, which reflects India's underlying economic resilience and strong macroeconomic fundamentals. India's Real GDP and Nominal GDP were projected to grow by 7% (YoY) and 15.9% (YoY), respectively, in 2022-23 (NSO).

On the demand side, private consumption witnessed continued momentum and is estimated to have grown at 7.3% in 2022-23. Gross Fixed Capital Formation (GFCF) was estimated to grow at 11.2% in 2022-23 supported by various reforms and measures taken by the Government leading to the reinvigoration of the capex cycle and crowding-in of private investment. The government has continued to support the investment activity with capital expenditure reaching INR 5.7 lakh crore during April-January 2023 which is 29% higher than last year's corresponding period. Private investment also picked up in 2022-23, partially driven by increased public capex and because of the strengthening of the balance sheets of the corporates and the consequent increase in credit flow. Exports are estimated to grow at 11.5% in 2022-23 despite sustained supply chain disruptions and an uncertain geopolitical environment.

Retail inflation eased to 5.66% in Mar-23 (vs 6.95% in Mar-22), which is within RBI's comfort zone and the lowest in the past 15 months. The estimates indicate a continued downward trajectory in FY24.

The industry sector was likely to witness modest growth of 3.6% in 2022-23 compared to the strong growth of 11.6% in 2021-22. The sector was impacted by input cost-push pressures, supply chain disruptions, China lockdown affecting the availability of essential inputs and the slowing global economy. The services sector was expected to rebound with a YoY growth of 9.4% in 2022-23 compared to 8.8% in 2021-22.



BANKING SECTOR AND CREDIT-GROWTH

During the first half of FY23, the profitability of Scheduled Commercial Banks (SCBs) Public Sector Banks, measured in terms of Return on Equity (ROE) and Return on Assets (ROA), improved to levels last observed in FY15. At the consolidated level, Profit After Tax (PAT) witnessed a double-digit growth of 40.7% in the quarter ending September 2022, led by strong growth in Net Interest Income (NII) and a significant lowering of provisions.

The asset quality of SCBs has been improving steadily over the years. The Gross Non-Performing Assets (GNPA) ratio has decreased from 8.2% in March 2020 to a seven-year low of 5.0% in September 2022, while Net Non-Performing Assets (NNPA) have dropped to a ten-year low of 1.3% of total assets. Lower slippages and the reduction in outstanding GNPA through recoveries, upgrades and write-offs led to this decrease. Lower GNPA, combined with high provisions accumulated in recent years, contributed to a decline in NNPA. With shrinking GNPA, the Provisioning Coverage Ratio (PCR) has been increasing steadily since March 2021 and reached 71.6% in September 2022.

The recovery in economic activity in FY22, along with the enhanced financial soundness of banks and corporates, has bolstered the expansion of non-food bank credit since June 2021. The YoY growth in non-food bank credit accelerated to 15.9% as on 24th February 2023. This not only shows an acceleration in the growth of current economic activities but also an anticipation of continued momentum in economic activity in the future.

The buoyancy of the economic activity in FY23 is witnessed in the ~15% credit growth and -9.6% Deposit growth (yoy mar-23), both being the highest in a decade.

MORTGAGE FINANCE SECTOR

India's home loan (HL) market witnessed 24% growth in FY23 and reached INR 32.6 lakh crore in fiscal 2023. Non-banking finance companies (including housing finance companies) accounted for 39% of the market and Banks accounted for 61% of the market.

The post-covid recovery in mortgage sector growth has been healthy. However, it has largely been driven by high-ticket loans. The count of active loans grew by 9% (vs. 24% in balance) which indicates higher growth in the high ticket size segment. This is also reflected in the declining trend of banks' priority sector lending. As a percentage of total loan book, it stood at 32% as of Mar-23, down from 37% as of Mar-22.



In terms of annual originations, the post-covid mortgage sector growth continued in FY23. The annual originations which were in the range of INR 5.3-5.7 lakh Cr during FY19 to FY21 moved to INR 7.7 lakh Cr in FY22 and INR 9.13 lakh Cr in FY23. This is a 35% growth in FY22 and 19% growth in FY23. While we are seeing some affordability gains reversing on the back of high inflation and a cumulative 250bps rate hike in FY23, the fundamental need for housing will help sustain the longer-term growth in the sector.

Housing sector NPAs (90+DPDs) as at Mar-23 are at 2.43% vs 2.6% in Mar-22. The improvement in asset quality has been seen across the lender segments – Pvt Banks (1.58% vs 1.76%), Public sector banks (2.02% vs 2.14%), NBFCs/ HFCs (2.83% vs 3.02%).

Future outlook - The mortgage-to-GDP ratio of India is low at ~11%, even when compared to countries with similar per capita income. Improving affordability, increasing penetration beyond Tier-I locations, the rising pace of urbanisation, push from the Government, improving quality of land records, and concentration of existing loans within the top 10 states present a long growth runway.

INTEREST RATES OF KEY LENDERS IN MAY 2023

State Bank of India	ICICI Bank	HDFC	LIC Housing Finance	Axis Bank	Aadhar Housing
9.15-9.35%	9.00-10.05%	8.45-9.85%	8.60-10.5%	8.75% - 9.15%	11.75% - 17%



RESIDENTIAL MARKET: UPDATE

The residential market has been on a strong recovery path over the past 18 months as the economy emerged from the pandemic's shadow. While low-interest rates and comparatively low residential prices sparked the revival in demand, the momentum in residential sales sustained even as interest rates rose and inflationary conditions persisted in 2022-23. The residential market breached a nine-year high in terms of annual residential sales in 2022; and entered 2023 on a stable footing with the first quarter registering sales of 79,126 units, 1% higher in YoY terms.

However, it remains to be seen whether the same momentum would sustain in 2023 as well. The RBI has hiked the repo rate by 250 bps since May 2022 and the last 25 bps hike in Q1 2023 has pushed home loan rates within striking distance of those existing in pre-pandemic 2019.

The buoyancy in the residential market is driven by the demand uptick in the high-ticket segment as against the affordable segment which was the primary growth driver in the pre-pandemic period. In addition to the rise in the income gap, the impact of the transient interest rate hike has also been more visible in the affordable housing segment. An interesting trend observed is the decline in the share of affordable housing (units <INR 50 Lacs). Sales of this segment have reduced to 42% in 2022 from 45% in 2020. There has been a rise in the share of high-value properties (INR 1 Cr and above) which has increased from 25% in Q1 2022 to 29% in Q1 2023. The industry also continues to consolidate with residential developments steadily shifting into the hands of stronger developers who have been able to weather the economic storm created by the pandemic and are seeing an increased profitability in the luxury segment.

KEY HIGHLIGHTS:

SALES

- Sales grew strongly in 2022 and recorded a YoY growth of 34% over 2021.
- Despite the recent interest rates increase, last quarter registered 1% sales growth in YoY terms.
- Sales grew the most in the Hyderabad market last quarter at 19% YoY. Sales in the other larger markets of Mumbai and Bengaluru slipped slightly at -6% and -2% YoY.
- Ahmedabad, Mumbai, and Chennai have shown growth, while the rest of the major Indian cities have witnessed a slowdown in Q1 2023 compared to Q4 2022.



NEW LAUNCHES

- New launches recorded a YoY growth of 41% in 2022 over the previous year 2021.
- New launches have gone up by 12% YoY in the last quarter, as developers continued to capitalize on steady homebuyer demand.
- Pune, Bengaluru, and NCR have witnessed the highest number of new launches (YoY).

PRICE

- There has been positive price appreciation across all the major cities in the range of 4-7% in the year 2022. The upward trend has continued in Q1 2023 with Bengaluru, Mumbai and NCR growing by 7%, 6% and 3% YoY respectively.

OUTLOOK

- Sales and launch momentum are likely to continue in the medium to long term. While the sector could witness a minor tapering in activity towards the middle of the year due to lagged impact of monetary tightening and slowing economic growth, strong market fundamentals would ensure that residential activity remains above the 5-year average trend.



BOARD'S REPORT

Dear Members,

The Board of Directors of India Mortgage Guarantee Corporation Private Limited ("the Company" or "IMGC") is pleased to present the 17th (Seventeenth) Annual Report and the Audited financial statements of the Company for the financial year ended 31st March 2023 (financial year under review").

FINANCIAL SUMMARY & HIGHLIGHTS

The Company's financial performance for the financial year ended 31st March 2023 as compared to the previous financial year ended 31st March 2022 is summarised below:

(₹ in Cr.)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Mortgage Guarantee Fee	35.16	28.28
Processing Fee	-	0.02
Other operating revenue	30.87	18.80
Other Income	0.01	0.04
Total revenue	66.03	47.14
Operating Expenditure	52.38	45.01
Mortgage Guarantee Provisions	10.27	14.93
Total expenses	62.66	59.95
Profit/(Loss) before Tax	3.37	(12.80)
Earlier year tax adjustment	(0.02)	(0.15)
Profit/(Loss) for the Year	3.39	(12.65)
Contingency Reserve	14.06	11.31
Balance carried to Balance Sheet	(10.67)	(23.97)



OPERATING AND FINANCIAL PERFORMANCE

During the year, the Company guaranteed loans amounting to INR 4,821 Cr which was the highest-ever volume and 31% more than the previous year. As at 31 March, 2023 the Company has issued mortgage guarantees (since inception) covering loans, amounting to INR 20,179 Cr, with an outstanding guarantee exposure of INR 2,694 Cr.

This was the first year of profitability and the Company made a net profit of INR 3.4 Cr against a net loss of INR 12.7 Cr in the previous year.

During the year, the Company recognized mortgage guarantee fees of INR 35.2 Cr as revenue. The Company also earned an income of INR 30.9 Cr from the funds invested by it in various fixed-income instruments in accordance with the Mortgage Guarantee Companies (Reserve Bank) Directions, 2016 (updated on 29th December, 2022).

The overall operating expenses for the year was INR 52.4 Cr (compared to INR 45 Cr in the previous year). The Company increased its headcount by 18% to support growth plans contributing to an increase in the compensation cost. However, other operating expenses were managed prudently. The Opex ratio (Operating Expenses / Total Revenue) continues to reduce and was down to 79% in current year compared to 95% in the previous year.

Provisions on Mortgage Guaranteed Loans during the year were lower than the previous year by INR 4.7 Cr. Asset quality has improved steadily in line with the industry trend. GNPA % has remained constant at 2.3% while 90+ DPD has reduced by 28 bps during the year (2.23 % in FY 22 and 1.95% in FY23).

The Company continues to create a Contingency Reserve in accordance with the RBI guidelines and the balance in the reserve stood at INR 51.97 Cr as on 31 March, 2023 (INR 14.06 Cr created during the current year).

The Company during FY 2022-23 have surpassed the total asset size of INR 500 crores and henceforth shall adhere to the RBI regulations applicable on the Company arising out of such change in asset size.

STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

The Company witnessed another year of strong volume growth and it achieved its highest-ever business volume of INR 4,821 Cr (previous year INR 3,667 Cr). The Company managed to scale up volumes significantly with its top lender partners LIC Housing Finance Ltd, Aditya Birla Housing Finance Limited and Piramal Capital and Housing Finance Limited. With the completion of the takeover and merger of DHFL operations, the Management expects a significant ramp-up of business volume with Piramal Housing in the next financial year. The Company initiated business with SBI, the largest mortgage player in India, in Nov 2022. The business has initially been launched with SBI in 3 circles and a pan India rollout is expected in the first half of the next financial year. The relationship with SBI will play an important role in the coming years as it has a huge business potential for the Company including the opportunity to open doors with other public sector banks. The Company signed up 3 new lenders during the year: Federal Bank, RBL Bank and Mahindra Rural Housing Finance Limited (April, 2023). The Management expects to onboard 2-3 lenders in the first half of the next financial year.



The quality of the guaranteed portfolio improved during the year. 90+ days overdue accounts decreased from 2.22% in Mar 2022 to 1.95% in Mar 2023, a 27 bps year-on-year reduction. In accordance with the RBI circular issued on 12th Nov'21, regarding asset classification, certain loan accounts which have overdue of less than 90+ days also needs to be classified as NPA w.e.f 31 Mar 2022. Such loans with less than 90+ days overdue but classified as NPA account for 0.33% of the total portfolio on 31 Mar 2023. Even after considering such NPA loans, the Gross NPA ratio of the Company has remained constant at 2.3% on 31 March 2023 compared to 2.3% as on March 2022. The book under repayment moratorium/restructuring reduced significantly from 0.7% to 0.1% of the portfolio in the current year. The recovery rate of the restructured loans (normalization of repayment after the end of the restructuring period) has been better than expected. Of the 318 accounts which completed the restructuring period during the current year, 61 were classified as NPA as on 31st Mar 2023. The Company maintains a strong capital base to cover risks inherent in the business and to meet any unforeseen increase in delinquencies and claim payments. The company had a capital adequacy ratio of 37.7% as on 31st Mar 2023 against the 10% stipulated by the Reserve Bank of India (RBI) for a Mortgage Guarantee Company.

During the year, the Company onboarded Sagen MI Canada Inc, largest private mortgage guarantee company in Canada, as a strategic investor for its next phase of growth. This investment is a strong endorsement of the high potential of our business model. We look forward to leveraging Sagen's expertise to drive innovation and transformation to further deepen the mortgage guarantee in India. We are encouraged by the trust placed in us to actively participate in our growth journey.

To keep pace with its growth, the Company implemented Business Rule Engine (BRE) in the current year which revamped and automated the underwriting process and has positively impacted underwriters' productivity. The first phase of BRE was launched in May 2022, followed by the second phase in Jan 2023. This automation has not only improved average underwriter productivity from 6 loans per day to 7.5 loans but has also reduced the error rate (from 12% to 9.9%) due to reduced human intervention in the underwriting process. To further improve the underwriting efficiency, work on an AI-based document reading and extraction tool, Intelligent Document Processing (IDP), is underway. It will reduce the average final approval time for an underwriter from 30 minutes to 15 minutes and reduce manual intervention enabling higher accuracy in data entry. The Company has also initiated the next level of claims automation process which will reduce manual interventions and make the process more robust. Another focus area of technology upgradation in the next year will be the building up of Datamart for analytics and decision-making. This will help in leveraging data and technology for improving the analytical capabilities of the Company thereby helping in efficient underwriting, better pool selection, and product innovations. The Company will continue to focus on driving more technological capabilities leading to efficiency gains and customer delight.

The Quality Assurance function remains strong, and close monitoring of underwriting standards takes place regularly.

After the spike in the employee attrition rate in the post-Covid period, it has stabilised at 25% in the current year. The Company continued to invest in developing regional and technical capabilities in areas like risk analytics, business development, collateral evaluation, and other specialised functions. The Company will continue to recruit and nurture high-quality talent as it builds scale.

In FY 23-24, the Company expects to guarantee loans worth INR 9,500 crores. This projection is on the back of strong growth in the business with most of the established lenders and a scale-up expected in SBI and PCHFL. Further, there is a multi-pronged engagement with the dormant lender partners to revive business with them.

Since the Company's net worth has crossed INR 250 crores during the year, it will migrate to IndAS accounting from FY 23-24. As per Ind AS 109 a Company is required to make provisions for impairment of financial assets using a Expected Credit Loss (ECL) Framework. Accordingly, the Company has developed an ECL Framework to make provisions on guaranteed loans. This ECL Framework was approved by the Board in Feb 2023.



As the Company's Mortgage Guarantee offers a first loss default guarantee covering both principal and interest on an overdue loan, the ECL provisioning requirement for a NBFC/HFC under IndAS 109, will be lower on a guaranteed loan as compared to a non-guaranteed loan. Further the lender will also benefit under ECL as the Company starts providing a cash flow support (payment of EMI's overdue) on the guaranteed loan once it becomes an NPA. Accordingly, the lenders are expected to have significant reduction in the ECL provisions on their guaranteed pool.

Interaction with the Ministry of Finance, Ministry of Housing, Indian Banks' Association, etc. is also being stepped up to create a favorable advocacy platform.

The focus on maintaining the highest standards of governance will continue unabated.

TRANSFER TO RESERVES

The Company has not created any statutory reserve under Section 45-IC of the RBI Act, 1934 due to exemption under Clause 2(vi) of the Master Direction -Exemptions from the provisions of RBI Act, 1934, dated August 25, 2016. However, the Company has created Contingency Reserve as per the provisions of Master Directions - Mortgage Guarantee Companies (Reserve Bank) Directions, 2016.

DIVIDEND

The Board of Directors did not recommend any dividend for the financial year under review.

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 the Investor Education Protection Fund by the Company as per the provisions of Section 125 of the Companies Act, 2013.

PUBLIC DEPOSITS

Your Company is a Non-Deposit taking Non-Banking Finance Company and has neither invited nor accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the FY 2022-23.

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 2023.

SHARE CAPITAL

The Authorised Equity Share Capital of the Company as on 31st March, 2023 was 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 250,00,00,000 (Indian Rupees Two Hundred and Fifty Crores Only). The issued, subscribed, and paid-up Equity Share Capital of the Company as on 31st March 2023 was INR 3,73,68,75,370 divided into 37,36,87,537 Equity Shares of INR 10/- each, which was held by Genworth Financial Mauritius Holdings Private Limited (42.20%), Sagen International Holdings, Inc. (40.20%), National Housing Bank (10.16%), International Finance Corporation (3.72%) and Asian Development Bank (3.72%).



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 Cr.

We confirm that the Net Owned Funds as per the financials as on March 31, 2023, is INR 315.69 Cr and is well within the prescribed limit. We further confirm that the Net worth as per the financials as on March 31, 2023, is INR 322.9 Cr. The Company maintains an actively managed capital base to cover risks inherent in the business and has a healthy Capital Adequacy Ratio of 37.7%, which is almost 4 times the capital adequacy requirement specified by the Reserve Bank of India (RBI).

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 (Stable) (pronounced Double A Stable)
ICRA Limited	ICRA AA (Stable) (pronounced Double A Stable)

STATUTORY AND REGULATORY COMPLIANCE

The Company has complied with all the applicable statutory provisions, rules, regulations, directions and notifications, including those of the Companies Act, 2013 and rules thereunder and the Income Tax Act, 1961. Further, during the year the Company has complied with all applicable RBI directions, circulars and notifications including Master Direction - Mortgage Guarantee Companies (Reserve Bank) Directions, 2016, Master Direction - Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. The Company has also complied with accounting standards issued by the Institute of Chartered Accountants of India. Pursuant to the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016, the Company has received a report from the Statutory Auditors to the Board of Directors of the Company and the Company continues to fulfil all the norms and standards laid down thereunder by RBI.

COMPLIANCE WITH SECRETARIAL STANDARDS

Pursuant to the approval from the Ministry of Corporate Affairs, the Institute of Company Secretaries of India (ICSI) has on April 23, 2015 notified the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) effective from July 01, 2015 and revised version effective from October 01, 2017. The Company is fully compliant with the same.



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

As on March 31, 2023, the Board of the Company comprised of 6 (Six) Non-Executive Directors out of which 5 (five) are nominated by the shareholders of the Company and one is an Independent Director. The composition of the Board is in conformity with the Companies Act and other applicable laws. During the year, two new directors nominated by Sagen, Mr. Stuart Kendrick Levings (DIN:09425946) and Mr. Aditya Hemant Joshi (DIN:08684627) have been appointed as Non-Executive Directors w.e.f. 09-06-2022. Due to a decrease in shareholding and resultant loss of the right to nominate directors on the Board, Mr. Harun Rasid Khan (DIN: 07456806) nominee of Asian Development Bank ceased to be director from the Board w.e.f 19-10-2022, Mr. Raj Vikash Verma (DIN: 03546341) nominee of International Finance Corporation ceased to be director from the Board w.e.f 20-10-2022 and Mr. Srinivasan Sridhar (DIN: 00004272) nominee of National Housing Bank ceased to be director from the Board w.e.f 18-10-2022 by the Nominated Shareholders. Thereafter, Mr. Harun Rasid Khan (DIN: 07456806) has been appointed as an Independent Director w.e.f 09-11-2022 on the Board of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

The Board has an Independent Director and the Independent Director have submitted disclosure that he meets the criteria of independence as provided under Section 149 (6) of Companies Act, 2013.

The Independent Director of the Company has also confirmed that he has enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs ('IICA') in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

The Board is of the opinion that the Independent Director of the Company has the required integrity, expertise and experience (including proficiency) and fulfill the conditions as specified in the Act and rules made thereunder and are independent of the management.

POLICIES

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 setting up policy for directors' appointment, payment of remuneration and discharge of their duties.

Vigil Mechanism/Whistle Blower Policy

Your Company is committed to the highest standards of ethical, moral and legal business conduct. However, the Company being a private limited company is not required to formulate any Vigil Mechanism/Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013.



CORPORATE GOVERNANCE

The Company and Directors reaffirm their commitment to maintain the highest standards of corporate governance as applicable to the Company. Corporate Governance principles form an integral part of the core values of the Company.

Governance has an intricate web of practices, processes, and rules and regulations, considering the interests of the various stakeholders of the Company. IMGC's practices are characterised by the Company's focus on integrity, accountability, professionalism, transparency, and customer satisfaction to achieve sustainable growth.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, the Company has convened 6(six) meetings of the Board of Directors on the following dates, which met the statutory requirements:

1. May 17, 2022
2. June 08, 2022
3. June 22, 2022
4. August 30, 2022
5. November 18, 2022
6. February 27, 2023

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, the Sixteenth Annual General Meeting of the Company was held on August 30, 2022, the Eighth Extraordinary General Meeting and the Ninth Extraordinary General Meeting of the Company were held on May 30, 2022 and June 09, 2022.

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, 2023 is given below:

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



Due to the Amended and Restated Shareholders Agreement dated March 28 2022, executed by and between India Mortgage Guarantee Corporation Private Limited, National Housing Bank, International Finance Corporation, Asian Development Bank, Genworth Financial Mauritius Holdings Limited and Sagen International Holdings Inc., Mr. Aditya Hemant Joshi (DIN: 08684627) was appointed as the third member of the Audit Committee on 9th June, 2022 nominated by the Sagen International Holdings Inc.

Terms of Reference:

The terms of reference 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:

- (a) Mr. Stuart Edward Take – Chairman;
- (b) Mr. Rajinder Singh – Member;
- (c) Mr. Stuart Kendrick Levings– Member; and
- (d) Mr. Christopher C. Ahn – Member;

Terms of Reference:

The terms of reference of the Technical Committee shall include the business of mortgage guarantees, including, without limitation, issues relating to risk, finance, marketing, and information technology, and shall include the following in particular :

1. Review of a three (3) year business plan on an annual basis.
2. Review and approve the Risk Appetite Statement, tolerances, limits, and any exception requests.
3. Review and approve the Broad Policy Framework
4. Review and approve the Enterprise Risk Management Framework
5. Review and approve material changes to any Master Guarantee Agreement.
6. Review and approve risk-sharing / transfer frameworks, requirements, and transactions including the adequacy of limits.
7. Evaluate and approve new product lines.
8. Supervise and coordinate with the Corporate Risk Committee, Strategic Growth Committee, the Investment Committee and any other committees or sub-committees in respect of the risk management function of the Company, which shall, at all times, report to the Technical Committee.
9. Without prejudice to the foregoing, any matters which have been specifically escalated to the Technical Committee by the Chair of any of the sub-committees of the Board or any management committee(s) or any officer of the Senior Management.
10. Review, set, and approve the Delegation of Authority: the delegation of any of the matters which are within the scope of the Technical Committee to one or more sub-committee(s) or the Senior Management.
11. Review Information Technology strategy and operating plan.
12. Review the reputational risk management strategy including Public Relations.
13. Review and approve assumptions used for pricing, business plan projections, economic capital projections, and valuations.
14. Approve product underwriting guidelines and pricing, including any material changes and all new flow customers and all bulk deals.
15. Review the Asset Liability Management Framework.
16. Review and approve the pricing of products and risk onboarding.
17. Review and decide on such other matters concerning risk that the Chair of the Technical Committee deems necessary to be reviewed and discussed by the Technical Committee.



3. Nomination Committee:

Composition:

The composition of the Nomination Committee as on March 31, 2023 is given below:

- (a) Mr. Stuart Edward Take – Member;
- (b) Mr. Rahul Bhave – Member; and
- (c) Mr. Aditya Hemant Joshi– Member

Terms of Reference:

The terms of reference of the Nomination Committee are as follows:

- a. To identify candidates for consideration by the Shareholders for appointment as Non- Af filiated Directors of the Company as defined in the Shareholders Agreement.
- b. Any other roles and responsibilities may be assigned from time to time by the Board of Directors of the Company.

4. Internal Committee:

Composition of Internal Committee (Noida Office):

- (a) Ms. Harpreet Sandhu- Member;
- (b) Mr. Shrikant Shrivastava- Member;
- (c) Ms. Ratna Vishwanath- Member;
- (d) Ms. Smita Affinwalla- Member; and
- (e) Ms. Arpita Banerjee- Member;

Composition of Internal Committee (Mumbai Office):

- (a) Ms. Harpreet Sandhu- Member;
- (b) Mr. Amit Diwan- Member;
- (c) Ms. Smita Affinwalla- Member; and
- (d) Ms. Aditya Raikar- Member;



Terms of Reference: The terms of reference of the Internal Committee are as follows:

- a. To formulate the Prevention of Sexual Harassment Policy in order to ensure the prevention of sexual harassment and the safety of women employees at the workplace.
- b. To conduct the meeting in case of any complaint received in writing from any women employees, to settle the grievances and to ensure the proper action is taken in case of any misconduct, harassment with the women employees either physically or mentally.
- c. Provide a safe working environment at the workplace.
- d. Organize workshops and awareness programs at regular intervals.



5. Bank Committee:

Composition:

The composition of the Bank Committee as on March 31, 2023 is given below:

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

Terms of Reference: 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 AND INDEPENDENT DIRECTOR 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	4 (Four)	June 21, 2022, August 30, 2022, November 17, 2022 and February 27, 2023
2.	Technical Committee	4 (Four)	June 21, 2022, August 30, 2022, November 17, 2022 and February 27, 2023.
3.	Bank Committee	2 (Two)	September 08, 2022 and January 13, 2023.
4.	Independent Director Meeting	1 (One)	March 27, 2023



ATTENDANCE OF DIRECTORS/MEMBERS AT BOARD AND COMMITTEE MEETINGS

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

In accordance with 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 2022-2023 is tabled as under:

	Board	Audit	Technical	Independent Director
Mr. Harun Rasid Khan	6	4	-	1
Mr. Stuart Edward Take	6	-	4	-
Mr. Rajinder Singh	6	4	4	-
Mr. Raj Vikash Verma	4	-	2	-
Mr. Srinivasan Sridhar	4	-	-	-
Mr. Rahul Bhave	6	-	-	-
Mr. Stuart Kendrick Levings	3	-	3	-
Mr. Aditya Hemant Joshi	4	4	-	-
Mr. Christopher C. Ahn	-	-	4	-



INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL

Your Company has aligned its current systems of internal financial control with the requirements of the Companies Act. The Company is continuing to monitor the efficacy of internal controls through a comprehensive Internal Control Framework which has been designed to ensure transparency and accountability by the different stakeholders of the Company. The Internal Control Framework is commensurate with the nature, size and complexity of the business. During the year under review, the Company has engaged RSM Astute Consulting Private Limited for assisting in the internal audit process. 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 Credit Origination and Underwriting, Invoicing, Claims Settlement, Treasury Management, Regulatory Compliances, Portfolio Monitoring, Legal and Secretarial compliances, Administration and Procurement, Finance and Accounts, Invoicing, HR and payroll, Information Technology and General Controls (ITGC) over IT systems used by the Company. Based on the internal audit reports 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, a satisfactory opinion has been provided on the internal controls of the Company.

STATUTORY AUDITORS

M/s. SCV & Co. LLP, Chartered Accountants, (FRN: 000235N/N500089) were appointed as the Statutory Auditors of the Company at the 16th Annual General Meeting held on August 30, 2022 from the conclusion of the sixteenth Annual General Meeting till the conclusion of twenty-first Annual General Meeting of the Company i.e. for the next 5 (five) financial years beginning from April 1, 2022 and ending on March 31, 2027.

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 particulars of contracts, arrangement or transactions with related parties is provided in Form AOC-2 and enclosed herewith as Annexure - I.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company being a Non-Banking Financial Company registered with RBI 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(5) of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, the Board of Directors hereby confirms that:

- (a) in the preparation of the Annual Accounts for the financial year ended March 31, 2023, 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, 2023 and of the profit or 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, 2023 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 Auditors' Report to the shareholders does not contain any qualification, reservation or adverse remark. 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. Further, there were no frauds reported by the Statutory Auditors to the Board.

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, 2023 under Section 143(12) of the Companies Act, 2013.

ANNUAL RETURN

In compliance with the sections 134(3)(a) and 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, a copy of the Annual Return of the Company is available on the website of the Company; the web-link to access the annual return is as follows: https://www.imgc.com/public/uploads/pdf/public/Draft_Form_MGT_7_1686650819.pdf

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 10.56 lakhs

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

Your Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company has in place a robust policy on the prevention of sexual harassment in the workplace. The policy aims at the prevention of harassment of employees and lays down the guidelines for identification, reporting, and prevention of sexual harassment. There is an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy.

Your directors further state that during the year under review, there were no complaints received/ cases filed/ cases pending under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

The Company had voluntarily filed a compounding application with RBI for delay in filing of Form FC-GPR and the same was compounded by an order dated November 30, 2022, upon payment of INR 3,77,000.

However, 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

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

RISK MANAGEMENT POLICY

The Company's risk philosophy involves developing and maintaining a high credit-quality portfolio within its risk appetite and the regulatory framework. 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 senior management who periodically reviews risk levels and direction, portfolio composition, credit policies and claims status.

The Company, through its Risk Appetite Statement and Board Approved Policy, adopts an enterprise-wide approach to conduct its business. The Company has also formed appropriate risk management committee and sub-committees such as corporate risk committee 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) framework. BCP enables the Company in ensuring continuity of operations during disruptions. 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.

The Company's internal control system are designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. The Company's internal control system is commensurate with the size, nature and operations of the Company.

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.

Place: Noida
Date: June 22, 2023

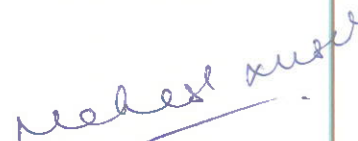


Director

DIN: 08684627



For and on behalf of
the Board of Directors



Managing
Director & CEO

DIN: 10100943



ANNEXURE - I

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:

Place: Noida
Date: June 22, 2023



Director

DIN: 08684627



For and on behalf of
the Board of Directors



Managing
Director & CEO

DIN: 10100943

