

ALTICO

Financing India's Future
Directors Report
FY 2019-20

To
The Members of
Altico Capital India Limited (“Company” or “Altico”)
(formerly *Altico Capital India Private Limited*)

Your Directors have pleasure in presenting the Sixteenth Annual Report of your Company along with the Audited Financial Statements for the financial year (“FY”) ended March 31, 2020.

Financial Highlights:

(Amount in INR crore)

| Particulars | Standalone | | Consolidated | |
|--------------------------------------------------|------------|------------|--------------|----------|
| | FY 2019-20 | FY 2018-19 | FY 2019-20 | FY 18-19 |
| Total Income | 1138.44 | 1234.70 | 1138.44 | 1234.70 |
| Total Expenditure | 3289.97 | 1003.64 | 3289.99 | 1003.66 |
| Profit Before Tax and exceptional items | (2151.53) | 231.06 | (2151.55) | 231.04 |
| Provision for Tax | 74.16 | 83.8 | 74.16 | (83.8) |
| Profit for the year | (2225.68) | 147.26 | (2225.96) | 147.24 |
| Other comprehensive Income (net of tax) | (0.26) | (0.52) | (0.26) | (0.52) |
| Total comprehensive Income for the period | (2225.94) | 146.74 | (2225.96) | 146.72 |
| Earnings per share (Face Value INR 10) | | | | |
| Basic (Rs.) | (41.65) | 3.07 | (41.65) | 3.07 |
| Diluted (Rs.) | (41.65) | 3.05 | (41.65) | 3.05 |

NBFCs witnessed tightening of liquidity and risk aversion post the default by IL&FS in September 2018. Since then and over last 18 months credit availability has worsened While the initial impact was more pronounced for NBFCs running ALM mismatches with the passage of time the lack of funding has significantly adversely affected the NBFC sector and in particular the wholesale NBFCs with underlying exposure to real estate.

Expectedly, the severe contraction in credit availability to the real estate sector has compelled lenders to curtail disbursements even to real estate projects under development. This has degenerated into a vicious cycle impacting the asset quality of NBFCs and has further worsened the risk perception about the sector. Consequently, there have been rating downgrades of many NBFCs. The situation has been further aggravated by a series of defaults by corporate borrowers. While the impact of these defaults has been felt by all class of lenders, it has been the particularly severe for mutual funds which have virtually withdrawn from the credit market and have in fact, pressed for prepayments to meet the redemption pressure. A decisive political mandate to the Modi government for a second term and the subsequent policy measures announced by the government and RBI had little impact to alleviate the situation.

In light of the worsening conditions, the Company substantially reduced new lending, while continuing its focus on prudent liquidity management.

For FY 2019-20, the Company’s standalone total revenue was INR 1,138.44 crore as against INR 1,234.70 crore for FY 2018-19. The total expenditure for FY 2019-20 was INR 3,289.97 crore as against INR 1,003.64 crore for FY 2018-19. The expenditure for FY 2019-20 included loan loss provision (including write-offs and fair valuation loss) of INR 2654.16 crore as against loan loss provision of INR 336.35 crore in FY 18-19. This

resulted in Loss before Tax of INR 2,151.53 crore for FY 2019-20 as against Profit of INR 231.06 crore in FY 2018-19. The Loss after Tax for the year was INR 2,225.68 crore as against Profit of INR 147.26 crore in FY 2018-19. The Net Owned Fund of the Company as at March 31, 2020 stood at INR 808.35 crore, as against the Net Owned Funds of Rs. 2957.53 crores IN FY 2018-19, thereby registering a decrease of 72.67% over the previous year.

Since the company has incurred a loss of Rs. 2225.68 crore for the year 2019-20, amount transferred to Special Reserve fund is INR NIL (FY 2018-19: INR 29.35 crore) pursuant to the requirement of Section 45-IC of the Reserve Bank of India ("RBI") Act, 1934.

Capital Adequacy:

The Company's capital adequacy ratio was 18.37% as on March 31, 2020 (43.24% in the previous year) which is above the threshold limit of 15% as prescribed by RBI.

IND-AS Reporting:

The financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards as notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and other accounting principles generally accepted in India.

DIVIDEND

The Directors' do not recommend any dividend for FY 2019-20.

RESOURCES & LIQUIDITY

Company had raised Rs 447 Cr during H1 FY 20 and the debt outstanding as on 31st March 2020 is Rs 4240.53 Cr

During its annual rating review exercise on September 3, 2019, one of the Company's rating agencies downgraded the Company's long-term credit rating by one notch and changed the Outlook from 'Stable' to 'Negative'. This downgrade triggered ratings linked events of default under some loan facilities thereby allowing lenders to accelerate debt repayment thus creating a liquidity mismatch in assets and liabilities. The Company defaulted on one of its debt repayments on September 12, 2019.

Pursuant to the default, the lenders of the Company formed a steering committee and appointed a resolution advisor. The Company was informed that a resolution plan as submitted by ARES SSG Capital Management (Singapore) Pte Limited (ARES SSG) had been unanimously approved by the lenders. Thereafter at the request of the lenders, Altico submitted an application to RBI in mid July 2020 to seek approval for a 'change in control' to implement the ARES SSG Resolution Plan. The application included ARES SSG's requests for dispensations, waivers and relaxations. RBI returned the application as it did not confirm to the instructions laid down in circular dated July 9, 2015 on change of control of NBFCs. Altico was, and is prepared to submit such a revised application, but has not done so at the request of lenders. We are in discussion with the lenders and understand that the Lenders are in discussions with ARES SSG

and await their direction for submitting the revised application. The RBI approval, when received, should ensure a going concern status for the Company.

During the year and post default the steering committee instructed the Company to make a cash distribution of Rs 250 crores as a debt repayment to all lenders basis their pro rata outstanding balances as at September 12, 2019. The payment was made in December 2019. Since this was an ad hoc payment sought by the lenders and not in line with scheduled repayments, the Company in its books apportioned the amounts against each loan firstly towards unpaid interest up to November 2019 and thereafter towards principal repayments. Lenders may have appropriated the receipts as per their own internal computations which could differ from one lender to other. This resulted in differences in balances as shown by the Company compared to the lenders' respective books. Post default one of the Company's banks appropriated Rs. 207.50 crores towards their outstanding loan. As these were ECB funds with specific end use, the Company challenged such appropriations and requested regulatory involvement. Since then the amounts have been returned by the bank to the ECB lender.

DEBT EQUITY RATIO

The Company's Debt: Equity ratio as on March 31, 2020 stands at 5.36: 1

CREDIT RATINGS

During the FY under review, Company's credit rating profile stood as under:

| Instrument | Credit rating agency | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------|-------------------------------------------------------------------|----------------------|----------------------|
| Commercial Paper (Short Term) | India Ratings & Research Private Limited / ICRA Limited* | A4 | A1+ |
| Bank Term Loan (Long Term) | India Ratings & Research Private Limited / CARE Ratings Limited** | D | AA- / Stable Outlook |
| NCD^ (Long Term) | India Ratings & Research Private Limited / CARE Ratings Limited** | D | AA- / Stable Outlook |

Notes: *During the course of FY20, Altico's Commercial Papers were redeemed. Hence Altico's short term rating from ICRA Limited was duly withdrawn. As a result, no ratings from ICRA Limited existed as of March 31, 2020

**CARE Ratings Limited rated Altico in FY19. The rating was withdrawn during the course of FY20 as the long-term rating wasn't utilised by Altico. Thereby, no ratings from CARE Ratings Limited was outstanding as of March 31, 2020.

^The Company also received PP-MLD AA-emr (Stable) from India Ratings & Research Private Limited for its market linked debentures. The same was revised to PP-MLD C-emr in September 2019.

Altico has credit ratings outstanding from only one rating agency as of March 31, 2020 - India Ratings & Research Private Limited. Here is the rating action during the course of FY20:

| Instrument | As at March 31, 2020 | As at September 30, 2019 | As at September 13, 2019 | As at September 03, 2019 | As at March 31, 2019 |
|-------------------------------|----------------------|--------------------------|--------------------------|--------------------------|----------------------|
| Commercial Paper (Short Term) | A4 | A4 | A4 | A1 | A1+ |
| Bank Term Loan (Long Term) | D | D | D | A+/Negative Outlook | AA- / Stable Outlook |
| NCD (Long Term) | D^ | D^ | C | A+/Negative Outlook | AA- / Stable Outlook |

[^]Ratings for market linked debentures retained at PP-MLD C-emr as of September 30, 2019 and continued the same as on March 31, 2020

As part of annual ratings review by India Ratings & Research Private Limited, Altico's credit ratings, as of September 3, 2019, was downgraded (highlighted in table above). This resulted in receipt of acceleration notices from various lenders amounting to INR 1,055.95 Crores.

STATE OF COMPANY'S AFFAIRS

The operating and financial performance of the Company has been covered under the Management Discussion and Analysis Report which forms part of this Report.

During the year there has been no change in the nature of business of the Company.

Pursuant to the default, the lenders of the Company formed a steering committee and appointed a resolution advisor. The lenders have unanimously approved a resolution plan submitted by ARES SSG Capital Management (Singapore) Pte Limited (ARES SSG). The shareholders and the lenders are currently under discussions with regards to implementation of the approved resolution plan and seeking regulatory approval on the change of control application with RBI.

The Company has not made any disbursements since default based on the directive of the lenders.

A Monitoring Committee of the lenders oversees the underlying loans of Altico with the aim that the economic value of the underlying loans is preserved. A Company representative has been appointed on the Monitoring Committee.

PROPOSED REVIVAL STEPS TO BE TAKEN BY THE COMPANY

Post the default, the lenders of the Company formed a steering committee and appointed a resolution advisor. We understand that the lenders have unanimously approved a resolution plan submitted by ARES SSG.

As discussed earlier, we await directions from the lenders for submitting the revised change of control application.

SHARE CAPITAL

During the year under review, the Share Capital of the Company has remained unchanged.

DIRECTORSHIP

a) Appointments' & Cessation

During the year under review, the changes undertaken in the composition of the Board of Directors, who are representative of the shareholders, are summarised below:

| Name of the Director | Designation | Nature of Change | Date of Appointment / Cessation |
|-----------------------------|--------------------------------------------------|------------------|---------------------------------|
| Mr. Vishal Kumar | Alternate Director | Cessation | June 25, 2019 |
| Mr. Vishal Kumar | Additional Director | Appointment | June 25, 2019 |
| Ms. Naina Lal Kidwai | Independent Director | Cessation | September 3, 2019 |
| Mr. Vishal Kumar | Additional Director | Cessation | September 3, 2019 |
| Dr. Yao Chye Chiang* | Alternate Director - Mr. Robert Petty | Appointment | September 6, 2019 |
| Mr. Hitesh Gupta | Additional Director | Appointment | February 6, 2020 |
| Mr. Francisco Borja Cuellar | Director | Cessation | February 2, 2020 |
| Mr. Hitesh Gupta | Alternate Director - Mr. Francisco Borja Cuellar | Cessation | February 2, 2020 |
| Mr. Hitesh Gupta | Additional Director | Appointment | February 2, 2020 |

**Dr. Yao Chye Chiang, being Alternate Directors, ceases to be an Alternate Directors whenever the original directors return to the place where the meetings are generally held. In view of the same, the most recent dates of their appointment(s) are presented in the above table.*

b) Director(s) Disclosure/Board 's Independence

Based on the declarations and confirmations received in terms of the applicable provisions of the Act, circulars, notifications and directions issued by the RBI and other applicable laws, none of the Directors of the Company are disqualified from being appointed as Directors of the Company.

c) Independent Director(s):

The Company has received necessary declarations from each Independent Director under Section 149(7) of the Act, that he/she meets the criteria of independence laid down in Section 149 (6) of the Act.

KEY MANAGERIAL PERSONNEL

During the year under review, the changes undertaken in the composition of Key Managerial Personnel (“KMP”), The changes are summarised below:

| Name of the KMP | Designation | Nature of Change | Date of Appointment / Cessation |
|------------------------|-------------------------|-------------------------|----------------------------------------|
| Mr. Sanjeev Grewal | Chief Executive Officer | Cessation | September 25, 2019 |
| Mr. Sanjeev Agrawal | Chief Executive Officer | Appointment | October 15, 2019 |
| Mr. Sanjeev Agrawal | Chief Executive Officer | Cessation | November 26, 2019 |
| Mr. Binoy K. Parikh | Company Secretary | Cessation | March 20, 2020 |

ANNUAL EVALUATION OF THE BOARD

During the year under review, the Nomination and Remuneration Committee carried out an annual evaluation of the Board as well as of the Board’s working committees and individual Directors of the Board. This exercise was carried out through the Diligent online platform where prepared questionnaires for the Board, Committees of the Board and Individual Directors were uploaded and completed by the relevant directors. The Chairman’s performance evaluation was carried out considering the assessments and views of other Directors.

The questionnaire for Board evaluation was prepared taking into consideration various aspects of the Board’s functioning such as Board members’ understanding of their roles and responsibilities; Board meetings and the reporting process; time devoted by the Board to the Company’s long-term strategic issues; quality and transparency of Board discussions; quality, quantity and timeliness of the information flow between Board members and management; Board’s effectiveness in disseminating information to shareholders and in representing shareholder interests; Board information on industry trends and regulatory developments; and discharge of fiduciary duties by the Board.

Performance of the committees was evaluated based on their effectiveness in carrying out their respective mandates as laid down by the respective committee’s charters.

Peer assessment of Directors, based on parameters such as participation and contribution to Board deliberations, the ability to guide the Company in key matters, and knowledge and understanding of relevant areas were received by the Board for individual feedback.

Basis the above, Nomination and Remuneration Committee submitted the summaries of the performance evaluation reports to the Board and provided feedback to the Individual Directors.

The Board have expressed their satisfaction with the said evaluation process and thank the Independent Directors for the excellent and timely management of the review process.

TRADEMARK REGISTRATION

The Company has following registered trademarks under Class 36 of Trademark Act, 1999:

- a) the word mark 'Altico Capital'
- b) the logo of 'Altico' (with raised 'I')
- c) the logo with 'Altico' with the phrase 'Financing India's Future'

The Company also extends the use of the aforesaid trademarks by its Subsidiary i.e. "Altico Housing Finance India Limited."

HUMAN RESOURCE MANAGEMENT

The year under review has been a challenging year for the NBFC and the Real Estate Sector. The Human Resources has evolved its strategy considering the external environment. The Company has over the years built a strong organisation with highly qualified and experienced team managers and members, creating a highly engaged workplace. HR has designed its programs - retention, performance appraisals, remuneration, rewards and recognition to maintain the culture and the ethos organisation. As on March 31, 2020 the Company had 44 employees on its payroll.

SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANIES

A wholly owned subsidiary viz. "Altico Housing Finance India Limited" ("AHFIL") was incorporated on November 12, 2018. Pursuant to the provisions of Section 29A of the National Housing Bank Act, 1987, the wholly owned subsidiary shall obtain registration/license from National Housing Bank before commencing the business as a housing finance company. An application for obtaining the aforesaid registration/license from the National Housing Bank has yet to be made.

The Company does not have any Joint Venture or Associate Companies in accordance with the provisions of the Act, and hence, disclosure regarding the same is not applicable.

However, Clearwater Investment Advisors India Private Limited is an Associate Company as per IND AS 24 and the same is disclosed in the notes to Accounts in the standalone audited financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

In terms of Section 129 of the Act read with rules framed thereunder, consolidated audited financial statements of the Company and its subsidiaries shall be laid before the ensuing Annual General Meeting of the Company along with the standalone audited financial statements of the Company for the financial year ended March 31, 2020. The standalone and consolidated audited financial statements along with the salient features of the financial statements of the subsidiary of the Company in the prescribed Form **AOC-1** forms part of the Annual Report and is also available on the website of the Company at www.alticocap.com/financials

PUBLIC DEPOSITS

The Company being a “Non-Deposit Accepting Non-Banking Financial Company” provisions of Section 73 and Section 74 of the Act read with Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, are not applicable to the Company.

During the year under review, the Company has not accepted any fixed deposits including from the public and shall not accept any deposits from the public without obtaining prior approval from the Reserve Bank of India.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In terms of Section 178 of the Act read with rules framed thereunder and other applicable law, the Board has adopted, ‘Policy on Selection Criteria/ “Fit & Proper” Person Criteria’ for appointment of Directors and Senior Management Personnel of the Company. Details of the said policy is available on the website of the Company at www.alticocap.com/policies.

EXTRACT OF THE ANNUAL RETURN

In accordance with Section 134(3)(a) and Section 92(3) of the Act, an extract of the annual return in prescribed **Form No. MGT-9** is marked and annexed as **Annexure A** to this report and is also available on the website of the Company at www.alticocap.com/financials

SECRETARIAL STANDARDS

The Company complies with the applicable Secretarial Standards with respect to the Board Meetings & General Meetings.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES AND POLICY ON RELATED PARTY TRANSACTIONS

In terms of section 188 of the Act there were no Related Party Transactions (RPTs), entered into by the Company during the FY under review. However, a statement showing the disclosure with related party as per Ind AS 24 is set out in Note No. 37 to the standalone audited financial statements.

The Company has in place RPT Policy as required under the applicable laws. Details of the RPT policy is available on the website of the Company.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

In terms of Section 186(11) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014, the provisions of Section 186 in respect of loans made, guarantees given or securities provided by the Company are not applicable to the Company. During the year under review, the Company has made investment in (i) equity share capital of AHFIL, wholly owned subsidiary company as mentioned herein; and (ii) liquid units of mutual funds in terms of the Resource Planning Policy of the Company.

For details of investments of the Company, please refer Note No. 6 of the standalone audited financial statements of the Company for the financial year ended March 31, 2020.

INTERNAL CONTROL/INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's statutory auditors in their report on internal financial control with reference to the stand alone financial statements have referred to material weaknesses in several areas of the Company's operations. One, the Company did not comply with applicable laws regarding key managerial personnel as post the default, several senior executives elected to terminate their employment. We believe post the implementation of the Change of Control by the new investor, the Company will be able to fill these important positions including KMP and CRO. Second the Company did not have appropriate internal controls for the determination and review of fair value changes due to modification of contractual cash flows receivable from the borrowers. The Company's borrowings are secured under loan agreements which specify the cash flows. The Company had reviewed the fair value changes and determined that the consequential changes to be immaterial given the size of the balance sheet and any meaningful impact is expected to be in the subsequent years. The Company believes obtaining updated cash flows is of limited value since there were no significant disbursements made in the last 12 months and the impact of COVID-19 related RBI moratorium extension was only towards end March 2020.

The observations are largely a reflection of the Company's financial position and accordingly once the Change of Control is implemented, the Directors believe the Company will have the ability to re-instate the above internal financial controls.

RISK MANAGEMENT

The Company is classified as a systemically important non-deposit accepting non-banking financial company and is in compliance with all applicable laws and regulations. The Company continues to adhere to the highest standards of risk management and governance through ongoing investments in people, policies and processes. The Company has in place well defined underwriting standards, robust lending and related documentation procedures and is vigilant and prudent in its ongoing loan management. The Company has in place an Enterprise Risk Management Committee within the Company to strengthen the Risk Management processes at an enterprise level.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has established a vigil mechanism for persons connected with the Company to report their genuine concerns and provide for adequate safeguards against victimization of the persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. We affirm that no employee was denied access to the Chairman of the Audit Committee. Details of the Whistle Blower policy is available on the website of the Company at www.alticocap.com/policies.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars regarding foreign exchange earnings and outgo appear as separate items in the notes to the standalone audited financial statements.

Since, the Company does not own or carry out any manufacturing activity, the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Accounts) Rules, 2014 are

not applicable. However, as a prudent practice the Company ensures optimum utilization of energy & use of natural resources by eliminating wastage of such resources.

Accordingly, the details of conservation of energy, technology absorption and foreign exchange earnings and outgo is marked and annexed as Annexure B to this report.

REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

Independent Non-Executive Directors (“INEDs”):

INEDs are paid sitting fees for each meeting of the Board or its committees attended by them and are also eligible for profit related commission.

The INEDs have not been granted any stock options of the Company. Except the INEDs, none of the other directors are remunerated.

Particulars of remuneration to Employees:

In accordance with the provisions of Section 197(12) of the Act and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of every employee covered under the said rule are available at the registered office of the Company during working hours for a period of 21 days before the Annual General Meeting and will be made available to any shareholder on request.

Disclosures with respect to the remuneration of Directors and employees as required under Section 197(12) of Act read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is marked and annexed as Annexure C to this Report.

In terms of Section 178 of the Act, the Board of Directors adopted a Remuneration Policy inter-alia setting out the criteria for deciding remuneration of Executive Directors, Non-Executive Directors, senior management and other employees of the Company. Details of the Remuneration Policy is available on the website of the Company at www.alticocap.com/policies

EMPLOYEE STOCK OPTION SCHEME

The Company believes that its success is largely determined by the quality of its workforce and their commitment towards achieving the goals of the Company. In order to enable the employees of the Company to participate in the future growth and success of the Company, the Company has in place “Altico Capital India Limited Stock Based Incentive Plan 2015”.

In terms of Section 62 of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, the disclosures for FY ended on March 31, 2020 is marked and annexed as Annexure E to this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the CSR Policy, the Charter and the approval matrix post the default, the Company had approached the Steering Committee of the Lenders and the CSR committee in March 2020 for the approval of the CSR fund. The approval was not provided, and as a result the Company has not spent its entire CSR

fund for FY 2019-2020. Out the total budgeted CSR budget of INR 8.47 crore, the Company has spent only an amount of INR 0.24 crore.

During the course of the said year, the Company has monitored the CSR projects that were invested into in FY 2018-19.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms part of this Report.

AUDITORS

STATUTORY AUDITORS AND THEIR REPORT

M/s MSKA & Associates Chartered Accountants, Mumbai, (ICAI Firm Registration No. 105047W) were appointed as the Statutory Auditors of the Company to fill the casual vacancy M/s. Price Waterhouse Chartered Accountants LLP hold office for a period of 5 years from the AGM for the year 2018-19 and up to the AGM date for the year 2023-24.

The Auditors' Report is qualified and replies to their qualification are enclosed as **Annexure -1** to this Report.

SECRETARIAL AUDITORS AND THEIR REPORT

Pursuant to the requirements of Section 204(1) of the Act, and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Aashish K Bhatt & Associates, Practising Company Secretaries, to undertake the secretarial audit of the Company.

The Company has annexed to this Board's Report Annexure F a Secretarial Audit Report given by the Secretarial Auditor.

The Secretarial Audit Report is qualified and replies to their qualification are enclosed as **Annexure -2** to this Report.

INTERNAL AUDITORS AND THEIR REPORT

Pursuant to the requirements of Section 138 of the Act and rules made thereunder, M/s Aneja & Associates, Chartered Accountants are the Internal Auditors of the Company. The Internal Audit reports are reviewed semi-annually by the Audit Committee.

The internal audit report does not contain any qualification, reservation, adverse remark or disclaimer.

REPORTING OF FRAUDS BY AUDITORS

During the year under review the Statutory Auditors, Secretarial Auditors and the Internal Auditors have not reported any instance of frauds committed in the Company by its officers or employees to the Audit Committee under section 143(12) of the Act details of which needs to be mentioned in this Report.

DISCLOSURES

Your Directors wish to state the following additional disclosures with respect to the applicable laws:

- (i) The Company has renewed its Legal Entity Identifier India Limited (LEIL) no. 335800A8BUHR8L8UVF19 within prescribed time.
- (ii) The Chief Executive Officer of the Company did not receive any remuneration or commission from Altico Housing Finance India Limited, a wholly owned subsidiary company, for holding office as a non-executive director.
- (iii) The Company has not issued any equity shares with differential voting rights as to dividend, voting or otherwise.
- (iv) The Company is not required to maintain cost records as per sub-section (1) of Section 148 of the Act.

CORPORATE GOVERNANCE

The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through its transparent practices and processes. The Company is accountable to its customers, government, regulatory authorities and other stakeholders. The Company's activities are carried out in accordance with good corporate governance practices and striving towards enhancing its corporate governance framework. The Company believes that good Corporate Governance practices enables the Board and the Management to direct and control the affairs of the Company in an efficient manner thereby helping the Company to achieve its goal and benefit the interest of all its stakeholders.

a) Board of Directors

The Board of Directors, along with its Committees provide leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company. The size of the Board of the Company is commensurate with the size and business operations. In addition to the governance practices, the Board lays strong emphasis on transparency, accountability and integrity.

At present, the Board comprises 8 (eight) Directors comprising of 5 (five) Non-Executive Directors, representing shareholders and 2 (two) Independent Non-Executive Directors. In addition, the Company also has 1 (one) Alternate Non-Executive Director.

Composition & Board Diversity:

| S.no. | Name of the Director(s) | Category |
|-------|----------------------------------|----------------------------------------|
| 1. | Mr. Amit Gupta | Non-Executive Director |
| 2. | Ms. Subhashree Dutta | Non-Executive Director |
| 3. | Mr. Robert Petty | Non-Executive Director |
| 4. | Mr. Stephen Marzo | Independent Non-Executive Director |
| 5. | Dr. Yao Chye Chiang ¹ | Alternate Director to Mr. Robert Petty |
| 6. | Mr. Ali Haroon | Non-Executive Director |
| 7. | Mr. Rahul Merchant | Independent Non-Executive Director |
| 8. | Mr. Hitesh Gupta | Non-Executive Director |

Notes:

1. Dr. Yao Chye Chiang was appointed as Alternate Non-Executive Director to Mr. Robert Dean Petty w.e.f. September 6, 2019.

Selection, Appointment & Tenure of Directors:

The Nomination and Remuneration Committee Charter lays down the manner in which the Committee would identify persons qualified to be appointed as Directors and recommend their appointment to the Board of Directors.

The Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the provisions of the law. The Independent Directors are appointed for a fixed term not exceeding five years. Non-executive Directors (except Independent Directors) are liable to retire by rotation and are eligible for re-appointment, unless otherwise specifically provided under the Articles of Association or under any statute. The Company has issued formal letters of appointment to the Independent Directors and their terms and conditions of appointment are posted on the Company's website and can be accessed at www.alticocap.com/others.

Board Meetings:

The Board met 11 times during the year and the maximum interval between two meetings did not exceed 120 days. The Company adheres to the Secretarial Standards on the Board and Committee Meetings as prescribed by the Institute of Company Secretaries of India. The yearly calendar of the meetings is finalized before the beginning of the year. Additional meetings are held whenever necessary. The Directors are also given an option of attending the board meeting through video conferencing. Agenda papers containing all necessary information/documents are made available to the Board/Committee Members in advance to enable them to discharge their responsibilities effectively and take informed decisions. The Board also takes decisions by circular resolutions which are noted by the Board at their subsequent meeting.

Attendance at the Board Meetings:

| Sr. No. | Date of Board Meetings | NAINA LAL KIDWAI | BORJA CUELLAR | AMIT GUPTA | SUBHASHREE DUTTA | ROBERT DEAN PETTY | STEPHEN JEFFREY MARZO | YAO CHYE CHIANG | ALI MOHAMMAD HAROON | RAHUL NARANDAS MERCHANT | HITESH GUPTA | VISHAL KUMAR |
|---------|------------------------|------------------|---------------|------------|------------------|-------------------|-----------------------|-----------------|---------------------|-------------------------|--------------|--------------|
| 1 | 09.05.2019 | P | P | P | P | P | P | P | P | LOA | NA | NA |
| 2 | 04.07.2019 | LOA | VC | VC | VC | VC | VC | - | VC | LOA | - | VC |
| 3 | 22.07.2019 | P | A | P | LOA | P | P | - | P | P | P | P |
| 4 | 13.08.2019 | VC | LOA | VC | VC | VC | VC | - | VC | LOA | - | VC |
| 5 | 05.09.2019 | - | P | P | P | P | P | - | P | P | - | - |
| 6 | 15.10.2019 | - | P | P | P | VC | VC | - | VC | LOA | - | - |
| 7 | 13.11.2019 | - | VC | P | P | VC | VC | - | P | VC | - | - |
| 8 | 22.01.2020 | - | A | P | VC | VC | VC | - | VC | VC | VC | - |
| 9 | 06.02.2020 | - | - | P | VC | VC | VC | - | VC | VC | VC | - |
| 10 | 19.03.2020 | - | - | VC | VC | VC | VC | - | VC | VC | VC | - |
| 11 | 31.03.2020 | - | - | VC | VC | VC | VC | - | VC | VC | VC | - |
| | TOTAL | 3 | 5 | 11 | 10 | 11 | 11 | 1 | 11 | 7 | 5 | 3 |

P - Personally attended, VC-Video Conference, LOA-Leave of absence, NA-Not Applicable, A-Absent

Meeting of the Independent Directors

The Independent Directors meeting was held on March 26, 2020 without the presence of the Chairman and the Senior Management team. The Independent Directors reviewed the performance of:

- (i) the Non-Independent Directors and the Board as a whole;
- (ii) reviewed the performance of the Chairman of the Company taking into account the views of other Directors; and
- (iii) assessed the quality, quantity and timeliness of flow of information between the Company, Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

b) Committees

The Committees of the Board play an important role in governance and making informed decisions with specific terms of reference to focus on the specific issues and ensure expedient resolution on diverse matters. Each Committee is guided by its respective Charter which broadly provides for the roles & responsibilities; appointing the chairman; membership of the committee; secretary at the meeting; quorum; frequency of the meetings; invitees at the meetings etc. The Committee's recommendation is placed before the Board for approval and adoption.

In accordance with the applicable provisions of the Act, the circular(s), notification(s) and directions issued by the Reserve Bank of India and the Company's internal corporate governance requirements, the Board has constituted various Committees. The list of various Committees along with their composition is summarized below:

| SR. NO. | | Audit Committee | Corporate Social Responsibility Committee | Nomination & Remuneration Committee | Finance Committee | Credit Committee | Assets Liability Management Committee | Risk Committee | IT Strategy Committee |
|---------|-------------------------|-----------------|-------------------------------------------|-------------------------------------|-------------------|------------------|---------------------------------------|----------------|-----------------------|
| 1 | Naina Lal Kidwai | M | - | - | - | - | - | - | - |
| 2 | Borja Cuellar | - | - | - | M | M | - | - | - |
| 3 | Amit Gupta | - | - | - | - | M | - | - | - |
| 4 | Subhashree Dutta | - | M | - | - | M | - | - | - |
| 5 | Robert Dean Petty | M | - | M | - | C | - | - | - |
| 6 | Stephen Jeffrey Marzo | C | C | M | C | | C | C | - |
| 7 | Yao Chye Chiang | M | - | - | M | - | M | - | M |
| 8 | Ali Mohammad Haroon | | M- | - | M | M | - | - | - |
| 9 | Rahul Narandas Merchant | M | - | C | - | - | - | M | C |
| 10 | Hitesh Gupta | - | - | - | M | - | - | - | - |
| 11 | Vishal Kumar | - | - | - | M | M | - | - | - |
| 12 | Kunal Choksi | - | - | - | - | - | - | - | M |
| 13 | Sanjeev Agrawal | - | - | - | - | - | M | M | - |
| 14 | Dhruv Jain | - | - | - | - | - | M | M | - |
| 15 | Amit Pachisia | - | - | - | - | - | - | M | - |

C- Chairman, M- Members

The Alternate Directors attend the Committee Meetings as a Member / Observer in the event the Original Director was unable to attend the said Meeting. The Company Secretary acts as the Secretary for all the aforementioned Committees. The Committees also take decisions by way of circular resolution which is noted by the respective Committee at its subsequent meeting. The minutes of the meetings of all Committees along with summary of key decision/discussion taken at each Committee, is placed before the Board for discussion / noting /approval.

Audit Committee

The composition of the Audit Committee is in accordance with Section 177 of the Act with Independent Directors forming a majority. The Chairman of the Audit Committee is an Independent Director. All the Members of the Audit Committee possess sound knowledge on accounts, taxation, internal controls etc.

During the year under review, the Audit Committee was reconstituted vide Board Resolution dated June 26, 2019 with Mr. Stephen Marzo, Mr. Ali Haroon, Mr. Borja Cuellar / Mr. Hitesh Gupta, Mr. Robert Petty/ Dr. Yao Chye Chiang and Ms. Naina Lal Kidwai* as its Members. Below are the details of meetings held and attendance of the members, during the year under review:

Attendance at the Audit Committee Meetings:

| Sr. No. | Date of Meeting | Naina Lal Kidwai* | Robert Dean Petty | Stephen Jeffrey Marzo | Yao Chye Chiang | Rahul Narandas Merchant | Ali Haroon |
|---------|-----------------|-------------------|-------------------|-----------------------|-----------------|-------------------------|------------|
| 1 | 09.05.2019 | P | 0 | P | P | 0 | A |
| 2 | 13.08.2019 | VC | VC | VC | 0 | 0 | A |
| 3 | 04.10.2019 | 0 | 0 | VC | AC | VC | A |
| 4 | 11.11.2019 | 0 | AC | VC | 0 | VC | A |
| 5 | 06.03.2020 | 0 | 0 | VC | AC | VC | A |
| | TOTAL | 2 | 2 | 4 | 3 | 3 | 0 |

**Ms. Naina Lal Kidwai ceased to be the member of the committee w.e.f. September 3, 2019*

Corporate Social Responsibility Committee (CSR)

The CSR Committee has been constituted in accordance with Section 135 of the Act. The Company through its CSR project(s) /programme(s) aims to enhance value creation in society and communities in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate citizen. The Company's CSR projects targeted 3 key cause areas:

- Education
- Health
- WASH

The CSR Committee comprises with Mr. Stephen Marzo, Ms. Subhashree Dutta, Mr. Ali Haroon and Mr. Borja Cuellar as its Members. Below are the details of meetings held and attendance of the members, during the year under review:

Attendance at the CSR Meetings:

| Sr. No. | Date of Meeting | Subhashree Dutta | Stephen Jeffrey Marzo | Borja Cuellar* | Ali Mohammad Haroon |
|---------|-----------------|------------------|-----------------------|----------------|---------------------|
| 1 | 18.06.2019 | VC | VC | LOA | LOA |
| 2 | 26.11.2019 | VC | VC | LOA | LOA |
| | TOTAL | 2 | 2 | 0 | 0 |

P - Personally attended, VC-Video Conference, LOA-Leave of absence, NA-Not Applicable, A-Absent

**Mr. Borja Cuellar ceased to be the member of the committee w.e.f. February 02, 2020.*

Nomination and Remuneration Committee (NRC)

. The NRC Committee is constituted in accordance with Section 178 of the Act. The NRC Committee focused on review of initiatives relating to talent acquisition, succession planning, employee compensation, promotions and long-term incentive plans.

During the year under review, the NRC Committee was reconstituted vide Board Resolution dated June 26, 2019 with Mr. Rahul Merchant, Mr. Stephen Marzo, Ms. Naina Lal Kidwai* and Mr. Robert Petty /Dr. Yao Chye Chiang as its Members. Below are the details of meetings held and attendance of the members, during the year under review:

Attendance at the NRC Meetings:

| Sr. No. | Date of Meetings | Naina Lal Kidwai* | Rahul Merchant | Robert Dean Petty | Stephen Jeffrey Marzo |
|---------|------------------|-------------------|----------------|-------------------|-----------------------|
| 1 | 05.09.2019 | NA | P | P | P |
| | TOTAL | - | 1 | 1 | 1 |

P - Personally attended, NA- Not Applicable

**Ms. Naina Lal Kidwai ceased to be the member of the committee w.e.f. September 3, 2019*

Finance Committee (FC)

The FC has been constituted under Section 179 of the Act to exercise powers relating to borrowing of funds on behalf of the Company.

During the year under review, the FC was reconstituted vide Board Resolution dated June 26, 2019 with Mr. Stephen Marzo, Mr. Ali Haroon, Mr. Robert Petty/ Dr. Yao Chye Chiang and Mr. Borja Cuellar/ Mr. Hitesh Gupta as its Members. Below are the details of meetings held and attendance of the members, during the year under review:

Attendance at the FC Meetings:

| Sr. No. | Date of Meeting | Borja Cuellar* | Hitesh Gupta | Stephen Jeffrey Marzo | Robert Pett | Yao Chye Chiang | Ali Haroon | Vishal Kumar** |
|---------|-----------------|----------------|--------------|-----------------------|-------------|-----------------|------------|----------------|
| 1 | 15.04.2019 | VC | NA | VC | A | VC | LOA | NA |
| 2 | 06.05.2019 | LOA | NA | VC | A | VC | LOA | NA |
| 3 | 20.05.2019 | VC | NA | VC | A | VC | NA | VC |
| 4 | 10.06.2019 | LOA | VC | VC | A | VC | NA | NA |
| 5 | 17.06.2019 | LOA | VC | VC | A | VC | NA | NA |
| 6 | 22.08.2019 | LOA | VC | LOA | A | VC | NA | NA |
| | TOTAL | 2 | 3 | 4 | 0 | 6 | 0 | 1 |

P - Personally attended, VC-Video Conference, LOA-Leave of absence, NA-Not Applicable, A-Absent

* Mr. Borja Cuellar ceased to be the member of the committee w.e.f. February 02, 2020

**Mr. Vishal Kumar ceased to be the member of the committee w.e.f. June 25, 2019.

Credit Committee (CC)

The CC has been constituted under Section 179 of the Act to exercise the powers of granting loans in the ordinary course of its business.

During the year under review, the CC was reconstituted vide Board Resolution dated June 26, 2019 with Mr. Robert Petty, Ms. Subhashree Dutta, Mr. Amit Gupta, Mr. Ali Haroon, and Mr. Borja Cuellar/ Mr. Hitesh Gupta and Mr. Vishal Kumar as its Members. Below are the details of meetings held and attendance of the members, during the year under review:

Attendance at the CC Meetings:

| Sr. No. | Date of Meeting | Borja Cuellar* | Amit Gupta | Subhashree Dutta | Robert Dean Petty | Ali Haroon | Vishal Kumar** |
|---------|-----------------|----------------|------------|------------------|-------------------|------------|----------------|
| 1 | 23.05.2019 | VC | VC | VC | VC | LOA | A |
| 2 | 04.06.2019 | LOA | VC | LOA | VC | A | VC |
| 3 | 11.06.2019 | LOA | LOA | VC | VC | A | VC |
| | TOTAL | 1 | 2 | 2 | 3 | 0 | 2 |

P - Personally attended, VC-Video Conference, LOA-Leave of absence, NA-Not Applicable, A-Absent

*Mr. Borja Cuellar ceased to be the member of the committee w.e.f. February 02, 2020

**Mr. Vishal Kumar ceased to be the member of the committee w.e.f. June 25, 2019.

Asset Liability Management Committee (ALCO)

The ALCO has been constituted in accordance with the Master Direction-Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time. ALCO monitors, assesses and manages the balance sheet (including off-balance items) in order to achieve the optimal return on capital employed for the shareholders, to retain appropriate liquidity and to protect the Company from any asset liability management risks.

During the year under review, the CC was reconstituted vide Board Resolution dated June 26, 2019 with Mr. Stephen Marzo, Mr. Robert Petty/ Dr. Yao Chye Chiang, Mr. Sanjeev Agrawal and Mr. Dhruv Jain as its Members. Below are the details of meetings held and attendance of the members, during the year under review:

Attendance at the ALCO Meetings:

| Sr. No. | Date of Meeting | Sanjeev Agrawal* | Dhruv Jain | Stephen Jeffrey Marzo | Yao Chye Chiang** | Robert Petty |
|----------------|------------------------|-------------------------|-------------------|------------------------------|--------------------------|---------------------|
| 1 | 10.04.2019 | P | P | VC | VC | - |
| 2 | 17.07.2019 | P | P | VC | VC | - |
| 3 | 18.12.2019 | 0 | LOA | VC | VC | VC |
| 4 | 24.03.2020 | 0 | VC | VC | VC | VC |
| | TOTAL | 2 | 3 | 4 | 4 | 2 |

P - Personally attended, VC-Video Conference, LOA-Leave of absence, NA-Not Applicable, A-Absent

**Mr. Sanjeev Agrawal ceased to be the member of the committee w.e.f. October 15, 2019.*

***Dr. Yao Chye Chiang is an alternative director to Mr. Robert Dean Petty*

Risk Committee

The Risk Committee has been constituted in accordance with Master Direction-Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time. Risk Committee identifies, assesses, monitors and reviews risks across the enterprise through integrated risk management strategies, systems and mechanisms. In doing so, the Risk Committee assists the Board in balancing risks and rewards of the business.

The Risk Committee comprises of Mr. Stephen Marzo, Mr. Rahul Merchant, Mr. Sanjeev Agrawal, Mr. Dhruv Jain, and Mr. Amit Pachisia as its Members. Below are the details of meetings held and attendance of the members, during the year under review:

Attendance at the Risk Meetings:

| Sr. No. | Date of Meeting | Rahul Narandas Merchant | Stephen Jeffrey Marzo | Dhruv Jain | Amit Pachisia | Sanjeev Agrawal* |
|---------|-----------------|-------------------------|-----------------------|------------|---------------|------------------|
| 1 | 26.04.2019 | VC | VC | P | P | P |
| 2 | 25.10.2019 | VC | VC | P | P | A |
| | TOTAL | 2 | 2 | 2 | 2 | 1 |

P - Personally attended, VC-Video Conference, LOA-Leave of absence, NA-Not Applicable, A-Absent

*Mr. Sanjeev Agrawal cessed to be the member of the committee w.e.f. October 15, 2019.

IT Strategy Committee (IT)

The IT Committee has been constituted in accordance with the Master Directions – Information Technology Framework for NBFC Sector issued by the Reserve Bank of India on June 08, 2017 as may be amended from time to time. The IT Committee is responsible for providing strategic inputs to the IT Steering Committee and review IT projects undertaken and / or review proposed IT projects. The IT Committee also reviews these projects, plan (framework) and IT budget in sync with the overall organization’s business strategy, priority setting, resource allocation and project tracking and IT Governance.

During the year under review, the IT Committee was constituted vide Board Resolution dated June26, 2019 with Mr. Rahul Merchant, Mr. Robert Petyy/ Dr. Yao Chye Chiang, Mr. Sanjeev Agrawal and Mr. Kunal Choksi, as its Members. Below are the details of meetings held and attendance of the members, during the year under review:

Attendance at the IT Meetings:

| Sr. No. | Date of Meeting | Rahul Merchant | Kunal Choksi | Yao Chye Chiang | Sanjeev Agrawal* |
|---------|-----------------|----------------|--------------|-----------------|------------------|
| 1 | 17.04.2019 | VC | P | VC | LOA |
| 2 | 04.09.2019 | VC | P | P | LOA |
| 3 | 02.03.2020 | VC | P | P | NA |
| | TOTAL | 3 | 3 | 3 | 0 |

P - Personally attended, VC-Video Conference, LOA-Leave of absence, NA-Not Applicable, A-Absent

*Mr. Sanjeev Agrawal cessed to be the member of the committee w.e.f. October 15, 2019.

Internal Committee (IC)

The IC has been constituted in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, (“Sexual Harassment Act”) The objective of the IC is to prevent, prohibit and redress sexual harassment of women at workplace.

During the year under review, the IC was re-constituted vide Board Resolution dated October 30, 2018 with Ms. Sonal Shah, Mr. Gaurav Maheshwari, Ms. Megha Gupta, Ms. Rajeshwari Ramaswamy and Dr. Anagha Sarpotdar as its Members.

Composition of the IC:

| Sr. No. | Name of the Members | Designation | Status |
|----------------|----------------------------|--------------------------------------------------|-------------------|
| 1. | Ms. Sonal Shah | Managing Director – Chief Human Resource Officer | Presiding Officer |
| 2. | Mr. Gaurav Maheshwari | Executive Director – Head of Finance | Member |
| 3. | Ms. Megha Gupta | Director - Legal | Member |
| 4. | Ms. Rajeshwari Ramaswamy | Director - Finance | Member |
| 5 | Dr. Anagha Sarpotdar | PhD, Social Sciences | External Member |

The terms of reference of the IC inter-alia includes:

- a. conducting an inquiry into complaints made by any aggrieved at the workplace;
- b. arriving at a conclusion as to whether the allegation against whom the complaint has been filed was proved or not; and
- c. take necessary actions to resolve the complaint(s).

The Board confirms that during the year under review the Company did not receive any sexual harassment complaints.

c) Policies / Code.

In terms of the RBI Regulations, the applicable provisions of the Act and the applicable regulations issued by the Securities and Exchange Board of India, the Board of Directors has adopted several policies/guidelines for the effective governance of the Company which includes the following:

| | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1</p> <p>Fair Practices Code</p> <p>This code lays down the standard of communication with the customers.</p> | <p>2</p> <p>Investment Policy</p> <p>This policy lays down the principles for classifying the investment in securities.</p> | <p>3</p> <p>Demand/call loan policy</p> <p>This policy lays down the broad principles for providing demand and call loans.</p> | <p>4</p> <p>Guidelines on Know Your Customer & Anti Money Laundering Policy</p> <p>This policy lays down the minimum KYC and AML checks that the Company should abide to.</p> | <p>5</p> <p>Interest Rate Policy</p> <p>This policy lays down the principles for pricing each loan based on customer risk categorization.</p> |
| <p>6</p> <p>Asset Liability Management Policy</p> <p>This policy lays down the key operating limits and guidelines for the asset liability management of the Company.</p> | <p>7</p> <p>“Fit & Proper” Person Criteria</p> <p>This policy lays down the Fit and Proper Person criteria for the appointment of a director.</p> | <p>8</p> <p>Whistle Blower Policy / Vigil Mechanism</p> <p>This policy lays down mechanism for the directors, employees & other stakeholders to report genuine concern.</p> | <p>9</p> <p>Corporate Social Responsibility Policy</p> <p>This policy lays down the mechanism for value creation in the society and community through its services, conduct and initiatives, thereby promoting sustained growth for the society at a large.</p> | <p>10</p> <p>Related Party Transaction Policy</p> <p>This policy lays down the manner of dealing in contracts or arrangements with a related party of the Company.</p> |
| <p>11</p> <p>Code of Conduct to Regulate, Monitor and Report trading by Designated Persons and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information</p> <p>This code lays down the principles for handling of unpublished price sensitive information and trading in securities by Designated Persons of the Company.</p> | <p>12</p> <p>Credit Risk Management Policy</p> <p>This policy lays down the credit underwriting criteria and procedures for managing the credit risk associated with the business of the Company.</p> | <p>13</p> <p>Record Retention Policy</p> <p>This policy lays down the process for retaining and destroying the important records and documents of the Company.</p> | <p>14</p> <p>Code of Corporate Governance</p> <p>This code lays down the best practices and the highest standards of Corporate Governance that the Company has put in place for its stakeholders.</p> | <p>15</p> <p>Fraud Prevention & Detection Policy</p> <p>: This policy lays down the manner in which fraud should be detected, reported and monitored.</p> |
| <p>16</p> <p>Policy for Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace</p> <p>: This policy lays down the manner of handling issues surrounding sexual harassment of women at workplace.</p> | <p>17</p> <p>Information Technology and Cyber Security Policy</p> <p>This policy lays down the safeguard of the Information Confidentiality, Integrity and availability of all Altico information assets thereby reducing the risks arising from any potential information and cyber security breaches.</p> | <p>18</p> <p>Remuneration Policy for Directors’ and Key Managerial Personnel</p> <p>This policy lays down the remuneration philosophy for Directors and Key Managerial Personnel of the Company.</p> | <p>19</p> <p>Resource Planning Policy</p> <p>This policy lays down the principles for planning and mobilizing of resources to fund the Company’s business needs.</p> | <p>20</p> <p>Valuation and Collateral Policy</p> <p>This policy lays down the guidelines regarding valuation of different kinds of security and collateral with respect to frequency of valuation and methodology.</p> |

DIRECTOR’S RESPONSIBILITY STATEMENT

In terms of the provisions of section 134 (5) of the Act, the Directors hereby confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of

affairs of the Company as at March 31, 2020 and of the loss of the Company for the year ended as on that date;

- They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts for FY ended March 31, 2020, on a going concern basis;
- They have laid down internal financial controls to be followed by the Company and such internal controls are largely adequate for the current operating profile of the Company
- They note observations made by the Statutory Auditor regarding certain internal financial controls which have been affected by the Company's financial position which should improve as the position becomes more stabilized;
- Appointment of Key Managerial Personal will be done upon Change of Control approval from RBI.
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MATERIAL ADVERSE ORDERS, IF ANY

RBI in its supervisory report on the financial position of the company for the year ended March 2019, had advised the following:

1. Company should not expand the balance sheet size (no incremental borrowings are allowed except roll over of existing facilities).
2. Company should not give any fresh loans/make investments except investment in Government securities.
3. Company should not pay any dividend.
4. Company should submit to the Bank, within a fortnight from the date of this letter, an action plan to cure the default in its debt obligations within three months as well as to bring down the net NPA ratio below 4%.
5. The shareholders of Company should infuse equity in order to repay the debt obligations of the company.

The Company has responded to RBI's supervisory report stating our position. In addition, post approval of the Change of the Control application the RBI could possibly ease some of these operating restrictions thus contributing to a going concern status for the Company.

There are no significant and material orders passed by the RBI or the Ministry of Corporate Affairs or courts or Tribunals or other Regulatory / Statutory authorities which will have an impact on the going concern status of the Company and Company's operations in future.

RBI GUIDELINES

The Company has constituted various committees in compliance with applicable regulations/directions issued by the RBI (as amended from time to time). These Committees primarily measure, monitor, report

and control risks of the Company. The Company always aims to operate in compliance with the applicable laws including RBI regulations and deploys its best efforts towards achieving the same. The Company to the best knowledge of its management has complied with all applicable regulations and guidelines issued by the applicable authorities including the RBI.

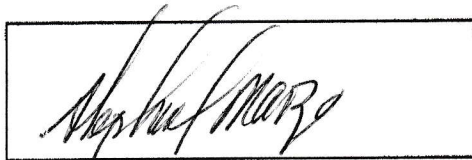
As required by RBI under the Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the management of the Company, in addition to this report, have prepared a management discussion analysis report which forms part of this report.

ACKNOWLEDGEMENTS

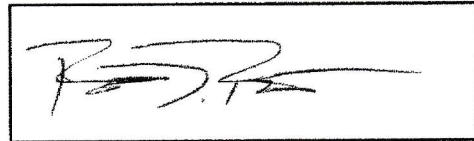
The Board wishes to place on record their appreciation for the dedication and hard work put in by the employees of the Company at all levels and the support extended by various stakeholders of the Company. Effective business relationships with regulatory authorities and clients remained good during the year under review.

The Board is also thankful to the Reserve Bank of India and other regulatory authorities and their lenders for their cooperation, guidance and support extended by them to the Company in its endeavours during this difficult period.

**For and on behalf of the Board of Directors of
Altico Capital India Limited**



Stephen Jeffrey Marzo
Independent Director
(DIN: 01443338)



Robert Dean Petty
Non- Executive Director
(DIN: 00385586)

Place: Mumbai
Date: September 05, 2020

Annexure 1 to Directors' Report

COMPANY REPLIES TO INDEPENDENT AUDITOR'S QUALIFICATIONS

| <u>Sr. No.</u> | <u>Independent Auditor's Qualification</u> | <u>Company's Reply</u> |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | <p>The Company incurred a net loss aggregating to Rs. 2,225.94 Crores during the year ended March 31, 2020. (including Comprehensive Income) which has substantially eroded the net worth of the Company. Further, the Company's credit rating has been reduced to 'Default Grade'. The lenders of the Company formed a Steering Committee amongst themselves and appointed a resolution advisor. Further, the Lenders approved the resolution plan submitted by one of the investors. Further, Company submitted application to the Reserve Bank of India (the RBI) for approval of change in control. The RBI sought certain additional information and suggested the Company to resubmit the application to it for approval. The Company is in the process of resubmitting application to the RBI. These conditions indicate significant uncertainty about the Company's ability to continue as a going concern. The Management has prepared these standalone financial statements on a going concern basis. The outcome of the application to the RBI for change in control is presently unascertainable.</p> | <p>During its annual rating review exercise on September 3, 2019, the rating agency downgraded the Company's long-term credit rating by one notch and the outlook changed from 'Stable' to 'Negative'. This immediately triggered recall of some of the loan facilities, thereby causing a liquidity mismatch in assets and liabilities resulting in company's inability to meet its debt obligations on September 12, 2019. Pursuant to the default, the company was unable to make further disbursements and went into a lender driven resolution process. Certain other business restrictions also contributed to the deterioration of the asset quality and consequently increase in stage 3 loans. The ECL provision for the year is Rs. 2654.16 crs contributing to the loss for the year at Rs. 2225.94 crs. Since then, the resolution plan as submitted by ARES SSG Capital Management (Singapore) Pte Limited has been unanimously approved by the lenders. The shareholders and the lenders are currently under discussion on the next steps regarding implementation of the lenders approved resolution plan including filing the change of control application with RBI. Upon approval, the going concern status for the company is maintained.</p> |
| 2. | <p>During the year, the Company defaulted in repayment of dues to lenders and the Company's credit rating was reduced to default "D". In accordance with the loan agreements entered into with the lenders, the Company has not recognized penal interest and additional Interest due to default and downgrade of the credit rating. The impact, if any due to non-recognition of interest as aforesaid on the borrowings and Interest Expense thereof is not ascertainable at present</p> | <p>Consequent to the default, the Company is going through Lender driven resolution plan and as a part of the process, the Lenders had formed a Steering committee comprising of nominees of few lenders and has appointed a resolution advisor. The Lenders have unanimously approved the resolution plan submitted by ARES SSG Capital Management (Singapore) Pte Limited. RBI application is also being filed for change of control. Consequent to the RBI approval and implementation of the resolution plan by ARES SSG, lenders will get paid their dues as full and final settlement and these differences will no longer exist.</p> |

| | | |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>3.</p> | <p>The Company made partial repayment of debts during the year to the lenders in proportion to their respective outstanding balances. The Company appropriated repayment amount first against interest liability and then against principal outstanding. Consequently, this appropriation created material unreconciled differences in balance as per books of the Company and lenders as at March 31, 2020. Accordingly, we are unable to comment on the completeness and accuracy of the borrowings and interest expense thereof as at March 31, 2020 and for the year ended on that date respectively</p> | <p>Based on the instruction from the steering committee and as approved by Altico Board, the payment of Rs. 250 crs to all lenders was made to all lenders basis their pro rate of their outstanding balances as at September 12, 2019. The payment was made in December 2019. Since this was an adhoc payment sought by the lenders and not in line with the scheduled payment, the company in its books apportioned the amounts against each loan firstly towards unpaid interest till November 2019 and thereafter towards principal repayments. Lenders may have appropriated the receipts as per their own internal computations which could differ from one lender to other. This resulted in differences in balances as shown by Altico and that appearing as outstanding on the books of the respective lenders. Consequent to the RBI approval of change of control and implementation of the lenders approved resolution plan of ARES SSG, lenders will get paid their dues as full and final settlement and these differences will no longer exist.</p> |
| <p>4.</p> | <p>There were modifications in the contractual cash flows from the borrowers of the Company on account of a change in the estimate in life of asset, moratorium on loans and default in repayment made by borrowers. However, the Company has not considered the modifications in the contractual cash flows to recalculate the gross carrying amount of the financial assets and the consequential gain or loss to the Statement of profit or loss which is not in accordance with Ind AS 109 'Financial Instruments'. The impact, if any due to non-consideration of the modification in the contractual cash flows as aforesaid on the loans and interest on the loans thereof, is not ascertainable at present.</p> | <p>Modification in the life of the loan was changed in FY19 to 42 months which is very close to the actual life of the loans which are between 48-60 months on an average. In the views of the Company since there were insignificant fresh loans in FY 2019-20 the remaining life of the overall loan book has significantly reduced. Therefore, any impact consequent to the change in estimated life from existing 42 months is not likely to have a material impact. Moreover, any change in estimated life arising out of moratorium relief granted under COVID-19 policy by RBI is insignificant for FY 2019-20 as the COVID impact was seen only in the last fortnight of the month of March'20.</p> |
| <p>5.</p> | <p>There are material mismatches between the Tax Deducted at Sources ('TDS') receivables balance as per books and as per Form 26 AS. In the absence of the reconciliation, we are unable to comment on the completeness and accuracy of TDS receivable balance as at March 31, 2020</p> | <p>As per the Income Tax act, the onus and obligation of depositing the TDS lies solely with the tax deductor. For all such instances where the borrower has deducted TDS and is not deposited with the tax authorities, Form 26AS will not tally with the advance tax details of the company's records. Altico continues to record TDS on accrual basis at the time when we received net amounts from our borrowers. Regular follow ups with the borrowers are done on a periodical basis</p> |

| | | |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>6.</p> | <p>The Company has Employee Stock Option Plan 2015 ('ESOP Plan'), and options are vested to its employees accordingly. During the year, the net worth of the Company has been substantially eroded and the value of the options is lower than the exercise price. Due to this, there is significant uncertainty around the continuation of the existing ESOP Plan and employees exercising the options.</p> <p>Further, the Company has been amortising ESOP expenses from 2015 onwards taking Strategic Sale Date into consideration rather than Vesting conditions of service period as defined in the ESOP plan. During the year, the Company has accounted Rs 5.70 Crores towards ESOP Expenses. In view of this we are unable to comment on the accuracy, completeness of ESOP expenses charged to the Statement of Profit and Loss for the year.</p> | <p>In the absence of any other indicators, Company was guided by the strategic sale date of September 23, 2019 as per the ESOP plan.</p> <p>The continuity of the existing ESOP plan / any other ESOP plan will depend on the incoming investors plans for employee retention.</p> |
| <p>7.</p> | <p>The lenders of the Company formed a Steering Committee amongst themselves and appointed a resolution advisor. The Steering Committee appointed a forensic auditor to carry out an independent assessment on behalf of the lenders. We have neither been given access to the forensic audit report and the resolution plan nor have we been given access to the minutes of the Steering Committee Meetings</p> | <p>Following the default, the lenders had formed a steering committee and appointed a resolution advisor. Further, Steering Committee had appointed forensic auditor to carry out an independent assessment on Company. We have been given to understand that the final forensic report has since been submitted to the steering committee. There have been no further requirements from the steering committee nor have the Company be informed about any of the findings or the reports shared</p> |
| <p>8.</p> | <p>As required by The Companies (Amendment) Act, 2017, in our opinion, according to information and explanations given to us, the remuneration paid by the Company to its directors is not within the limits prescribed under Section 197 of the Act and the rules thereunder.</p> | <p>Remuneration to independent Directors have been paid in excess of limits prescribed under section 198 of the companies act, 2013. Waiver of refund has been sought from lenders for the excess amounts paid. The waiver upon approval by the lenders will need to be approved by the shareholders with a special resolution for approval of the said amounts.</p> |
| <p>9.</p> | <p>The Company has not complied with the provisions of Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015 relating to the submission of the results for the half year and year ended March 31, 2020 to the Securities and Exchange Board of India (SEBI) within the stipulated time of July 31, 2020. Penalties on account of such non-compliances are presently not ascertainable and not provided for in the books of account. Consequently, we are unable to comment on the impact, if any, on the financial Statements</p> | <p>The Company has written to SEBI in May 2020 to grant extension for submission of the annual audited accounts upto December 2020, a follow up communication was sent from the chairman of the audit committee in July'20. Since no response was received from SEBI regarding granting of further extension beyond July 2020, the Company has now finalized the accounts and getting the same approved by the Board for submission to the Stock exchange and comply with the listing requirements.</p> |

Annexure 2 to Directors' Report

COMPANY REPLIES TO SECRETARIAL AUDITOR'S QUALIFICATIONS

| <u>Sr. No.</u> | <u>Secretarial Auditor's Qualification</u> | <u>Company's Reply</u> |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | The Compliance officer has resigned on 20.03.2020 and since then the position is vacant. | Santosh Parab is the designated compliance officer. |
| 2. | The board had approved financials as on 31.03.2019 in its board meeting held on 09.05.2019, while the statutory auditors signed company the financials on 11.05.2019 pursuant to which the same was intimated to stock exchange on 11.05.2019 and thereafter published in newspaper on 13.05.2019 | Being a debt listed entity, the Company has 48 hours within which it is required to publish the audited results. Since the auditor signed on 11th May 2019 the results were published on 13th May 2019. |
| 3. | The Company did not have resident director for the period 03.09.2019 and since then the same is vacant | We are in the process of appointing the concerned person. |
| 4. | The Company did not spend the required CSR amount during the year | As a result of the Company's default and the subsequent appointment of the steering committee, the Company sought approval for the CSR spend from the steering committee which was not forthcoming as the committee gave no such approval was received, the amount was not spent. |
| 5. | The Company has paid Independent Directors in excess of the limits prescribed under section 197 of the companies Act, 2013 | Shareholder Directors have written to the steering committee for waiver of the excess paid to the Independent Directors. Upon receipt of the lender approval, the shareholders will approval a special resolution granting the waiver. |
| 6. | The Company did not have a third Independent director for the period 04.09.2019 to 31.03.2020 as per Section 149. | We are in the process of appointing the concerned person, but due to the Company's financial position it is difficult to find a suitable person. |
| 7. | Composition of the Board was not as per Act and Articles of Association of the Company | The Company's Board was not constituted as per the Companies Act, 2013. Both the the Risk Committee & the Board were aware if the situation, but due to the Company's financial position it is difficult to find a suitable person. However, post implementation of the resolution plan we have been advised by the proposed investor that the Board Composition will be aligned as per applicable laws. |
| 8. | The Company has not circulated signed minutes to directors as per Secretarial Standards – 1 | Since the Board of the Company is located globally & due to confidentiality the Minutes were never couriered to them. Due to logistic challenge the |

| | | |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | signed Minutes could not be circulated |
| 9. | Nomination and Remuneration Committee did not recommend appointment of Mr. Yao Chye Chiang as an alternate director to Mr. Robert Petty w.e.f. 24.07.2019 However the Board of Directors subsequently approved his appointment in their meeting. | However, the Board of Directors have approved his appointment in their meeting |
| 10 | Form MGT-14 pursuant to issue of debentures was not filed with Registrar of Companies | We confirm the Company inadvertently failed to file the form and this has since been rectified |
| 11 | Reserve Bank of India Master Direction on Information Technology Framework for the NBFC Sector pertaining to having a Chief Information Officer (CIO) in the Company, reporting the functioning of BCP to Board periodically and conducting a formal training for IT security education | Mr. Kunal Choksi is the Chief Information Officer since April 2018. |
| 12 | The Company did not have a Grievance Redressal Officer between 21st March,2020 and 31 st March, 2020. | Mr. Santosh Parab, Managing Director – General Counsel, appointed as the Grievance Redressal Officer in place of Mr. Binoy Parikh w.e.f June 08, 2020 |
| 13 | Reserve Bank of India Master Direction Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company pertaining to adopting Liquidity risk management framework guidelines notified on November 04, 2019 and pursuing its related compliances | The Company has not adopted this policy since consequent to the default, the Company is undergoing a lender driven resolution process |

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1. **Sl. No. 1**
2. **Name of the subsidiary:** Altico Housing Finance India Limited
3. **The date since when subsidiary was acquired:** The subsidiary was incorporated on 12.11.18
4. **Reporting period for the subsidiary concerned, if different from the holding company's reporting period:** March 31, 2020 (same as holding company)
5. **Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries:** N.A.
6. **Share capital: Authorised Share Capital: INR 5,00,000**
Paid up Capital: INR 1,00,000
7. **Reserves and surplus: INR (452,257)**
8. **Total assets: INR 1,20,000**
9. **Total Liabilities: INR 1,20,000**
10. **Investments: Nil**
11. **Turnover: Nil**
12. **Profit before taxation: INR (204,610)**

13. **Provision for taxation: Nil**
14. **Profit after taxation: INR (_204,610)**
15. **Proposed Dividend: Nil**
16. **Extent of shareholding (inpercentage): 100%**

Notes:

1. Names of subsidiaries which are yet to commence operations: **Altico Housing Finance India Limited**
2. Names of subsidiaries which have been liquidated or sold during the year: **None**

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]

REGISTRATION AND OTHER DETAILS:

| Sl. No | Particulars | Details |
|---------------|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) | CIN | U65993MH2004PLC144260 |
| (ii) | Registration Date | January 28, 2004 |
| (iii) | Name of the Company | Altico Capital India Limited (formerly Altico Capital India Private Limited) |
| (iv) | Category / Sub-Category of the Company | Public Company limited by shares |
| (v) | Address of the Registered office and contact details | Altico Capital India Limited 21, 2nd Floor, 5 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra East Mumbai 400051 Phone: 022-67154000 Fax:022-67154001 |
| (vi) | Whether listed company | Equity Shares: No Debentures: Yes |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Sharex Dynamic (India) Private Limited Unit-1, Luthra Industrial Premises, 1st Floor, 44-E, M Vasanti Marg, Andheri- Kurla Road, Safed Pool, Andheri West, Mumbai-400072 Tel: 022-2851 5606 |

Fax: 022-28512885

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---------------------------------------------------------------------|----------------------------------|------------------------------------|
| 1 | Credit Granting (Non-Deposit Taking Non-Banking Financial Activity) | 64920 | 100 |

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATES COMPANIES

| Sr. No | Name and Address of the Company | CIN/ GLN | Holding/Subsidiary/As sociates | % of Shares held | Applicable Section |
|--------|-----------------------------------------------------------------------------------------------------|-------------------------|--------------------------------|------------------|---------------------------------------------|
| 1. | India Credit Pte Limited Address: 6 Temasek Boulevard #38-03 Suntec Tower Four, Singapore 038986 | N.A | Holding Company | 100% | 2 (46) and 2 (87) of the Companies Act 2013 |
| 2. | Altico Housing Finance India Limited | U65990M H2018PLC 316947 | Wholly owned subsidiary | 100% | 2 (87) of the Companies Act 2013 |

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

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--------------------------|-------------------------------------------------|----------|-------|-------------------|-------------------------------------------|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | - | - | - | - | - | - | - | - | - |
| a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | | | | | | | | |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other... | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(1): | - | | | | | | | | |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other – Individuals | - | 1 | 1 | 0.00 | - | 1 | 1 | 0.00 | - |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|----------------------------------------------------------------------------------|-------------------------------------------------|----------|-------------|-------------------|-------------------------------------------|----------|-------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2): | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 534,381,209 | 6 | 534,381,215 | 100.00 | 534,381,209 | 6 | 534,381,215 | 100.00 | - |

(ii) Shareholding of Promoters

Altico Capital India Limited

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding 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 | India Credit Pte. Ltd. | 534,381,209 | 100.00 | - | 534,381,209 | 100.00 | - | - |
| 2 | Mr. Robert Petty* (holding on behalf of India Credit Pte. Ltd.) | 1 | 0.00 | - | 1 | 0.00 | - | - |
| 3 | India Credit Pte. Ltd. Jt. with India Credit Holdings Pte. Ltd. | 1 | 0.00 | - | 1 | 0.00 | - | - |
| 4 | India Credit Pte. Ltd. Jt. with India Credit Holdings Cayman Ltd. | 1 | 0.00 | - | 1 | 0.00 | - | - |
| 5 | India Credit Pte. Ltd. Jt. with Clearwater Capital Partners Fund IV, L.P. | 1 | 0.00 | - | 1 | 0.00 | - | - |
| 6 | India Credit Pte. Ltd. Jt. with Clearwater Capital Partners Singapore Fund IV, Private Limited | 1 | 0.00 | - | 1 | 0.00 | - | - |
| 7 | India Credit Pte. Ltd. Jt. with Clearwater ICPL Co-investment Fund L.P. | 1 | 0.00 | - | 1 | 0.00 | - | - |
| | Total | 534,381,215 | 100.00 | - | 534,381,215 | 100.00 | - | - |

*Mr. Robert Petty, registered shareholder of the Company, has transferred the beneficial interest in the said equity share to India Credit Pte Ltd.

(iii) Change in Promoters' Shareholding:

| Sl. No. | For each of the Promoters | 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 | - | - | - | - | - |

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

| Sl. No. | For Each of the Top 10 Shareholders | 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 | N.A | N.A | N.A | N.A |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / | N.A | N.A | N.A | N.A |
| | At the End of the year (or on the date of separation, if separated during the year) | N.A | N.A | N.A | N.A |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. 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 Directors and KMP | | | | |
| | Robert Petty (nominee of India Credit Pte. Ltd.) | | | | |
| | At the beginning of the year | 1 | 0.00 | 1 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / | - | - | - | - |
| | At the End of the year | 1 | 0.00 | 1 | 0.00 |

V. INDEBTEDNESS

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

(Amt in INR Crores)

*

| | Secured Loans excluding deposits * | Unsecured Loans* | Deposits | Total Indebtedness |
|------------------------------------------------------------|------------------------------------|------------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 5289.92 | 9.60 | - | 5299.52 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 102.21 | 2.39 | - | 104.61 |
| Total (i+ii+iii) | 5392.14 | 11.99 | - | 5404.13 |
| Change in Indebtedness during the financial year | | | | |
| · Addition | 448.75 | 244.00 | - | 692.75 |

| | | | | |
|------------------------------------------------------|----------------|--------------|---|------------------|
| · Reduction | 1507.75 | 244.00 | - | 1751.75 |
| Net Change | (1058.99) | 0.00 | - | (1058.99) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 4230.93 | 9.60 | - | 4240.53 |
| ii) Interest due but not paid | 146.15 | 3.61 | - | 149.76 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 4377.08 | 13.21 | - | 4390.29 |

* On principal outstanding basis

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **Not Applicable**

| Sl. no. | Particulars of Remuneration | Name of Directors | 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) Income- tax Act, 1961 | N.A. | N.A. |
| 2. | Stock Option | -- | -- |
| 3. | Sweat Equity | -- | -- |

Altico Capital India Limited

| | | | |
|----|------------------------|------|------|
| . | Commission | | |
| | - as % of profit | -- | -- |
| | - others, specify | -- | -- |
| 5. | Others, please specify | -- | -- |
| | Total (A) | N.A. | N.A. |
| | Ceiling as per the Act | | N.A. |

B. Remuneration to other directors:

[Amt in INR Crores]

| Sl. no. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---------|----------------------------------------------|-------------------|------------------------------------------------------|--------------------|--------------|
| | | Mr. Stephen Marzo | Ms. Naina Lal Kidwai 1-April 2019 to 3 rd | Mr. Rahul Merchant | |
| 1 | Independent Directors | | | | |
| | · Fee for attending board committee meetings | 0.30 | 0.05 | 0.16 | 0.51 |
| | · Commission | 1.21 | 0.85 | 0.59 | 2.64 |
| | · Others | | | | |
| | Total (1) | 1.51 | 0.90 | 0.75 | 3.15 |
| | Other Non-Executive Directors | | | | |
| | · Fee for attending board committee meetings | - | - | - | - |
| | · Commission | - | - | - | - |
| | · Others (Directors Remuneration) | - | - | - | - |
| | Total (2) | - | - | - | - |
| | Total (B)= (1+2) | 1.51 | 0.90 | 0.75 | 3.15 |
| | Total Remuneration | 1.51 | 0.90 | 0.75 | 3.15 |
| | Overall Ceiling as per the Act | Nil | | | |
| | | | | | |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WT

[Amt in INR in crore]

| Sl. no. | Particulars of Remuneration | Name of Key Managerial Personnel* | | | | |
|---------|-------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------|---------------------------|-----------------------|-----------|
| | | Mr. Sanjay Grewal | Mr. Sanjeev Agrawal | Mr. Dhruv Jain | Mr. Binoy Parekh | Total |
| | | (Chief Executive Officer) | (Chief Executive Officer) | (Chief Financial Officer) | (Company Secretary) | |
| | | 1-Apr-19 to 25-Sep-19 | 15-Oct-19 to 25-Nov-19 | 1-Apr-19 to 31-Mar-20 | 1-Apr-19 to 20-Mar-20 | |
| 1 | Gross salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1.84 | 2.42 | 1.88 | 0.46 | 6.60 |
| | (b) Value of perquisites under section 17(2) Income-tax Act, 1961 | - | | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | | - | - | - |
| 2 | No of Stock Option as of March 31, 2019 | 52,38,302 | There was no grant given when he became CEO | 12,75,416 | - | 66,95,342 |
| 3 | Sweat Equity | - | | - | - | - |
| 4 | Commission | - | | - | - | - |

| | | | | | |
|---|------------------------|-------------|-------------|-------------|-------------|
| | - as % of profit | | | | |
| | - others, specify | | | | |
| 5 | Others, please specify | - | | - | |
| | TOTAL | 1.84 | 2.42 | 1.88 | 0.46 |
| | | | | | 6.60 |

***Assumptions & Note**

KMP remuneration means actual fixed salary paid in the financial year Plus the accrued bonus for the same period which will be paid in following financial year. However for FY 2019 - 2020 there has been no bonus accrual, hence KMP remuneration is only fixed salary + retention bonus where applicable + reimbursements, food coupons, Employer's side of PF; Gratuity and Leave Encashment.

In case of Sanjeev, the recovery done towards the hardship allowance & Continuity allowance is deducted in actuals.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

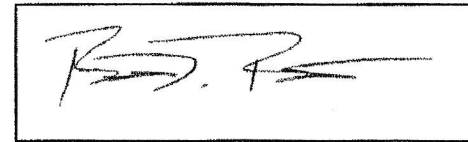
Altico Capital India Limited

| | | | | | |
|-------------|-----|-----|-----|-----|-----|
| Punishment | N.A | N.A | N.A | N.A | N.A |
| Compounding | N.A | N.A | N.A | N.A | N.A |

**For and on behalf of the Board of Directors of
Altico Capital India Limited**



Stephen Jeffrey Marzo
Independent Director
(DIN: 01443338)



Robert Dean Petty
Non- Executive Director
(DIN: 00385586)

Place: Mumbai
Date: September 05, 2020

DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

I. CONSERVATION OF ENERGY

- (i) the steps taken or impact on conservation of energy- Not applicable
- (ii) the steps taken by the Company for utilising alternate sources of energy- Not applicable
- (iii) the capital investment on energy conservation equipment- Not applicable

II. TECHNOLOGY ABSORPTION

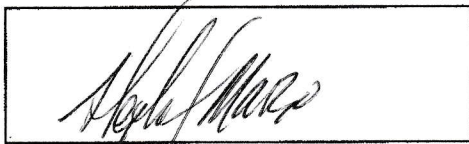
- (i) the effort made towards technology absorption- Not applicable
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution- Not applicable
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not applicable
- (iv) the expenditure incurred on Research and Development: Not applicable

The Company is not a manufacturing Company; however, energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimise energy. The Company is constantly active in harnessing and tapping the latest and best technology in the industry, wherever possible.

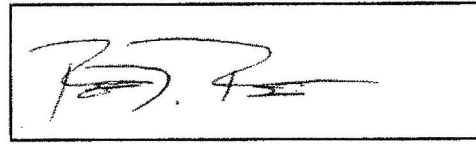
III. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year ended March 31, 2020, the Company has spent amounts of INR 5.04 crores (equivalent USD 0.7 million) in foreign exchange. The Company does not have any earnings in foreign exchange.

**For and on behalf of the Board of Directors of
Altico Capital India Limited**



Stephen Jeffrey Marzo
Independent Director
(DIN: 01443338)



Robert Dean Petty
Non- Executive Director
(DIN: 00385586)

Place: Mumbai
Date: September 05, 2020

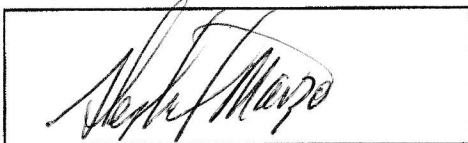
ANNEXURE C

Disclosures in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year ended March 31, 2019

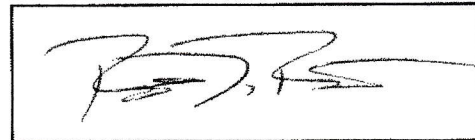
| Sr. No. | Requirement | | Disclosure |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year | Name of the Director 1. Mr. Stephen Marzo 2. Ms. Naina Lal Kidwai 3. Mr. Rahul Merchant 4. Mr. Robert Petty 5. Mr. Amit Gupta 6. Mr. Ali Haroon 7. Ms. Subhashree Dutta 8. Mr. Borja Cuellar 9. Dr. Yao Chye Chiang | 3.9:1 2.32:1 1.5:1 N.A. N.A. N.A. N.A. N.A. N.A. |
| 2 | The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year | Name of Director / CEO /CFO/CS 1. Mr. Stephen Marzo 2. Ms. Naina Lal Kidwai 3. Mr. Rahul Merchant 4. Mr. Robert Petty 5. Mr. Amit Gupta 6. Mr. Ali Haroon 7. Ms. Subhashree Dutta . Mr. Borja Cuellar 9. Dr. Yao Chye Chiang 10. Mr. Sanjay Grewal (CEO) 11. Mr. Dhruv Jain (CFO) 12. Mr. Binoy Parikh (CS) | % increase in their remuneration during the Financial year ended 2019 25% -45% -34% N.A. N.A. N.A. N.A. N.A. N.A. -33% N.A. |
| 3 | the percentage increase in the median remuneration of employees in the financial year | -28.7% | |
| 4 | the number of permanent employees on the rolls of company | 44 | |

| | | |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 5 | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was -31% whereas the average percentile increase in the managerial remuneration was -33%. The average increase every year is in line with the Company's performance and benchmarking to be competitive to our peer group Companies. | |
| 6 | Affirmation that the remuneration is as per the remuneration policy of the company | It is affirmed that the remuneration is as per the Remuneration Policy of the Company. |

**For and on behalf of the Board of Directors of
Altico Capital India Limited**



Stephen Jeffrey Marzo
Independent Director
(DIN: 01443338)



Robert Dean Petty
Non- Executive Director
(DIN: 00385586)

Place: Mumbai
Date: September 05, 2020

ANNUAL REPORT ON CSR ACTIVITIES

[As prescribed under section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014]

1) During the year Company has not undertaken any CSR activities.

2) Composition of the CSR Committee

The CSR Committee of the Company consist of following members:

- Mr. Stephen Marzo (Independent Director and Chairman)
- Ms. Subhashree Dutta
- Mr. Ali Haroon / Mr. Hitesh Gupta

The Committee was

3) Average net profit of the Company for last three financial years

INR 4,23,21,45,105/- (Indian Rupees Four Hundred Twenty-Three Crores Twenty-One Lakh Forty-Five Thousand One Hundred and Five only)

(b) Amount unspent, if any; 8,23,10,380/-_

**For and on behalf of the Board of Directors of
Altico Capital India Limited**



Stephen Jeffrey Marzo
Independent Director
(DIN: 01443338)



Robert Dean Petty
Non- Executive Director
(DIN: 00385586)

Place: Mumbai
Date: September 05, 2020

Disclosure under the Altico Capital India Limited Stock Based Incentive Plan 2015 pursuant to the provisions of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on Financial year ended March 31, 2020

| Particulars | Disclosure as per the Altico Capital India Limited Stock Based Incentive Plan 2015 |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Number of options granted | 2,08,76,594 |
| Number of options vested | 68,18,756 |
| Number of options exercised | NIL |
| Total number of shares arising as a result of exercise of options | NIL |
| Number of options lapsed / cancelled | 81,95,744 |
| Exercise Price | INR 39.50 to 74.10 |
| Variation of terms of options | NIL |
| Money realised by the exercise of options | NIL |
| Total number of options in force | 1,26,80,850 |

Details of options granted to Key Managerial Personnel (“KMP”) under the Altico Capital India Limited Stock Based Incentive Plan 2015

| Sr. No. | Name of the KMP | Designation | Options Granted (as on March 31, 2020) | Options Vested | Options Lapsed |
|---------|-----------------|-------------------------|----------------------------------------|----------------|----------------|
| 1 | Sanjay Grewal | Chief Executive Officer | 52,38,303 | 22,68,534 | 29.69,769 |
| 2 | Dhruv Jain | Chief Financial Officer | 12,75,416 | - | - |
| 3 | Binoy Parikh | Company Secretary | 1,81,624 | 29,397 | 151,687 |

Details of employees who received a grant of options in any one year of options amounting to five per cent or more of options granted during the year 2019-20.

| Sr. No. | Name of the Employee | Designation | Options Granted |
|---------|----------------------|-------------------------------------|-----------------|
| 1 | Santosh B Parab | Managing Director - General Counsel | 7,00,000 |

Identified employees who were granted options during any one year equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

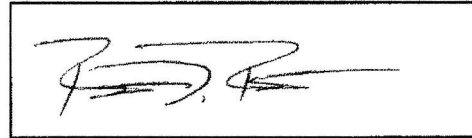
| Sr. No. | Name of the Employee | Designation | Options Granted |
|---------|----------------------|-------------------------|------------------------------------------------------------------------------|
| 1 | Sanjay Grewal | Chief Executive Officer | 52,38,303 Before Equity infusion - 1.09% After Equity infusion - 0.98% |

| *Assumptions & Note | |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | <i>KMP remuneration means actual fixed salary paid in the financial year Plus the accrued bonus for the same period which will be paid in following financial year. However, for FY 2019 - 2020 there has been no bonus accrual, hence KMP remuneration is only fixed salary + retention bonus where applicable + reimbursements and food coupons</i> <i>Items not considered are Employer's side of PF; Gratuity and Leave Encashment</i> |
| 2 | <i>For Median calculation the actual salary paid in the financial year and actual bonus (0 for FY 19-20) which is accrued for the same period has been considered</i> |
| 3 | <i>Headcount is taken as active employees as of 31 March 2020</i> |
| 4 | <i>Directors remuneration is actual payment made in INR in the financial year. Professional Fees, Commission fees and Sitting Fees elements are considered. Expense reimbursement, travel cost & Consultancy fees elements are excluded.</i> |
| 5 | <i>For % age increase in remuneration, annualised CTC 2019 - 2020 have been considered</i> |
| 6 | <i>For Average percentile increase in salaries, annualised CTC of 2018 - 2019 have been considered</i> |
| 7 | <i>Calculation is done basis 2018 - 2019 V/S 2019 - 2020</i> |

**For and on behalf of the Board of Directors of
Altico Capital India Limited**



Stephen Jeffrey Marzo
Independent Director
(DIN: 01443338)



Robert Dean Petty
Non- Executive Director
(DIN: 00385586)

Place: Mumbai
Date: September 05, 2020

Disclosures pursuant to Regulation 53(f) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2019

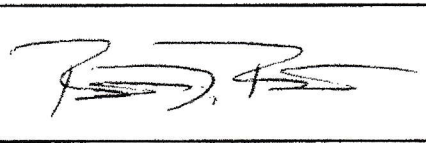
Related Party Disclosure

| Sr. No. | In the accounts of | Disclosures of amounts at the year end and the maximum amount of loans / advances / investments outstanding during the year | Details |
|---------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 1 | Holding Company India Credit Pte. Ltd. | <ul style="list-style-type: none">Loans and advances in the nature of loans to subsidiaries by name and amountLoans and advances in the nature of loans to associates by name and amountLoans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount | -- |
| 2 | Subsidiary Company Altico Housing Finance India Limited | <ul style="list-style-type: none">Loans and advances in the nature of loans to parent by name and amountLoans and advances in the nature of loans to associates by name and amountLoans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount | |
| 3 | Holding Company India Credit Pte. Ltd. | Investment by the loanee in the shares of parent company and subsidiary company, when the Company has made a loan or advance in the nature of loan | -- |

**For and on behalf of the Board of Directors of
Altico Capital India Limited**



Stephen Jeffrey Marzo
Independent Director
(DIN: 01443338)



Place: Mumbai
Date: September 05, 2020