MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

ANNUAL REPORT 2021-22

Corporate Identification No.	:	U74900GJ2007PLC051383
Registered Office	:	4th Floor, Narayan Chambers B/h. Patang Hotel, Ashram Road, Ahmedabad – 380 009. Gujarat.

Board of Directors:

Mr. Kamlesh Gandhi	:	Chairman & Managing Director
Mrs. Darshana Pandya	:	Director & Chief Operating Officer
Mr. Bala Bhaskaran	:	Independent Director
Mr. Chetan Shah	:	Independent Director
Mr. Subir Nag	:	Independent Director

Chief Financial Officer	:	Mr. Ankit Jain
Company Secretary	:	Mr. Darshil Hiranandani

Auditors:

Outgoing:
M/s. Rajpara Associates
Chartered Accountants
D-1107, The First, Opp/ Shivalik Ship-2,
Near Keshavbaug Part Plot, Vastrapur,
Ahmedabad - 380015.

Incoming:
M/s. MAAK & Associates
Chartered Accountants
5, 1st Floor, Devashish Complex,
Near Hotel Bawarchi, C G Road,
Ahmedabad – 380 006.

Registrar & Share Transfer Agent:

KFin Technologies Pvt Ltd
Tower B Plot No: 31 & 32, Selenium,
Financial District, Nanakramguda, Gachibowli
Hyderabad, Telangana - 500 032
Toll Free No: 18003454001 Email: einward.ris@karvy.com

DIRECTORS' REPORT

To,
The Members,
MAS Rural Housing & Mortgage Finance Limited
Ahmedabad.

Your Directors have pleasure to present the Fifteenth (15th) Annual Report of your Company together with the Audited Statement of Accounts for the year ended on March 31, 2022.

The Company's financial performance for the year under review along with previous year's figures is given hereunder:

SUMMARISED FINANCIAL HIGHLIGHTS:

(Amount in INR)

Particulars	**March 31, 2022**	**March 31, 2021**
Interest Income	33,33,11,031	34,21,43,548
Gain on Assignment of Financial Assets	1,38,98,351	78,08,220
Income from Operations & Other Sources	1,10,90,276	27,60,864
Total Income	**35,82,99,658**	**35,27,12,632**
Total Expenditure	29,75,77,996	31,04,41,941
Profit before Depreciation and Taxes	6,07,21,662	4,22,70,691
Depreciation and Amortization	29,52,875	44,25,241
Profit before Taxes	**5,77,68,787**	**3,78,45,450**
Provision for Taxation (including Deferred Tax)	1,21,20,057	89,82,213
Profit after Taxes	**4,56,48,730**	**2,88,63,237**
Profit brought forward from previous year	10,29,30,604	8,56,88,656
Add/(Less) : Item of other comprehensive income recognised directly in retained earnings	1,85,998	6,51,264
Profit available for Appropriation	**14,87,65,332**	**11,52,03,157**
Appropriations		
Reserves u/s. 29-C of the NHB Act, 1987 and Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961	1,46,30,000	1,12,00,000
Dividend Paid (including Interim dividend)	10,18,867	10,18,867
Dividend Distribution Tax on Dividend	-	53,686
Surplus Balance Carried to Balance Sheet	**13,31,16,465**	**10,29,30,604**

BUSINESS PERFORMANCE:

The portfolio at the end of the year 2021-22 was INR 316.34 Cr., which increased by 11.04% as compared to the previous year. The quality of the portfolio remained robust during the period which has always remained the main plank of the Company. The stage III assets net of provisions of the Company during the period under review were 0.38% as compared to the previous year being 0.26%. This performance is withstanding the various macro headwinds the industry has been facing since some time aggravated by the onset of COVID 19 pandemic.

During the year under review the Interest Income of the Company was INR 33.33 Cr. Further, the total income of the Company remained 35.83 Cr.

The profit after taxes stands up to INR 4.56 Cr. during the year compared to the profits of INR 2.89 Cr. during the Previous Year which shows an increase of 58.16% profits compared to the Previous Year. The Company's average borrowing rates reduced from 9.40% p.a. to 8.95% p.a.

The Company will continue to very cautiously observe the development in the affordable space given the current unprecedented situation and will calibrate its strategy and execution policies accordingly anchoring to the belief that this type of distortion shall also pass and the real potentiality of the segment remains intact giving sufficient opportunities of growth going forward post the pandemic period.

The current government's various initiatives are expected to further expand the housing segment in order to realise the dream of housing for all.

The Company is committed to deliver quality credit to this sector and is on the mission:

"To be a very significant provider of efficient financial services in the housing loan segment, thereby being the catalyst in realizing the dreams of the millions of households, especially among the LIG and MIG class in semi urban and rural areas and create value on a very large scale."

The Company continues to focus on creating quality assets, aware of the fact that, extending loans to the informal and the rural class of the society is in its nascent stage and hence it has its own set of challenges, which is being dealt very carefully and efficiently. As stated earlier, the Board has taken a conscious decision to build up the portfolio slowly during the initial years of operations and concentrate more on understanding the market we serve and setting the suitable credit evaluation process. "Extending credit where it is due." remains the basic plank and putting the same into practice requires abundance of perseverance and patience. The key positive of the same is building up of quality assets.

RURAL INITIATIVE:

The rural initiative continues to remain one of the major focuses of the Company. The company believes and practices the policy of adapting to the ground level realities as fast as possible. Rural housing finance is undoubtedly a huge market, characterized by number of challenges ranging from financial literacy to acceptable titles of the property. However we are confident of finding sustainable solutions to each of the challenges, we face during our journey.

We firmly believe that once the business cycle is set, regular business may be expected from all the areas of operations. The company follows the business model of serving such villages through dedicated relationship officers who are responsible to offer them customized housing financing solution. Based on the experience of these villages necessary change in the business model will be implemented to explore the latent potential of the segment.

SYSTEMS AND OPERATIONS:

The current year also sharpened our learning curve to a considerable extent. The feedback from the customers, relationship officers and the vigilant analysis of the credit team enabled us to frame a well-articulated credit screens which we very firmly believe will be a major lever to serve the targeted segment effectively. The effectiveness of the credit screen is reflected in the quality of the portfolio. The company is now focusing to improve its turnaround time for disbursing the loans without compromising with the quality of credit. Various efforts are undertaken such as training the relationship officers, the branch credit officers, and the credit team at the central processing unit.

Adequate care is taken for providing efficient post disbursement services to the customers.

Various educative programs organized by NHB (National Housing Bank) give us in depth insight of the housing finance activities, process, appraisal techniques and the focus of the government in this sector.

RESOURCES:

The Total Equity of the Company as on March 31, 2022 was INR 61.42 Cr. Number of institutions have shown keen interest in participating in the future debt and the capital requirement of the Company. The Company is quite optimistic to tie up their financial requirement for the year 2022-23.

MAS' RESPONSE TO COVID-19:

Despite the pandemic, the Company was able to withstand the challenges and continued to deliver business performance on back of its direct sourcing deep customer connect model. While we navigated the first wave through various efforts shared with all of you before, the second wave poised new challenges and more severe on the lives of the people which is always a very difficult task to navigate. We are more resilient and determined than ever before to face this unprecedented challenge that we have witnessed never before. The main plank during this time also revolved round the activities to closely engage with our borrowers and understand and educate them on the various aspects of not only the loan taken from us but also on their overall financial planning. This should ideally result in to a very positive response from all the borrowers and we anticipate that this time also they will demonstrate a very high level of financial discipline. The Company on its part will extend all necessary support to all the eligible borrowers.

The learning from the first wave of the pandemic enabled the human resource of the Company to stand up to this challenge also and ensured continuity irrespective of their location of work and the challenging situation they faced especially concerning the health of their near and dear ones. The adequate support by the technology and software team ensured high level of efficiency. In consistence to the belief of the Company team MAS demonstrated high level of capabilities and grit in facing this challenge deserves appreciation.

The financial implications of this pandemic will unfold over the next few quarters which is endeavored to be mitigated through prudent COVID provisioning to the extent of 1.19% of our on book assets. All out efforts will be made to engage with the borrowers and monitor each and every account closely to maintain the quality of the assets which has been the hallmark of our working over these years.

The high capitalization levels and an immaculate track record have kept the Company in good stead in maintaining comfortable liquidity position and also healthy ALM.

THE NATIONAL HOUSING BANK (NHB) AND THE RESERVE BANK OF INDIA (RBI) COMPLIANCES:

Pursuant to the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by the Reserve Bank of India dated February 17, 2021, the Company complies with said guidelines and also continues to comply with the guidelines issued by RBI regarding accounting standards, capital adequacy, concentration of credit, credit rating, 'Know Your Customer'- (KYC), fair practices code and capital market exposures. The Company has provided for impairment of loans and advances as per IND AS 109 prescribed under section 133 of the Companies Act, 2013 and as per the RBI Guidelines. The National Housing Bank Act, 1987, empowers RBI/NHB to levy a penalty on Housing Finance Companies for contravention of the Act or any of its directions. RBI/NHB has not levied any penalty on MRHMFL during the year.

HUMAN RESOURCE:

We understand the importance of this very important resource and are always eager to harness the latent potentiality of our young team. Continuous training and motivational programs play an important role in their performance. The Company throughout the year supported its team to excel. We have taken various learning initiatives delivered through an e-Learning platform and web based programs. This year special emphasis has been on developing 'digital learning mediums". We have embedded technology to ease our people processes. Directors and Senior Leadership connects at regular interval have been instrumental in driving the right culture and messaging among the employees. Keeping employees engaged and emotionally invested in the organisation is imperative for the growth of the organisation.

DIVIDEND:

Your Directors recommend a final dividend at a fixed rate of 6% p.a. to the preference shareholders amounting to INR 1,06,35,616.44/- (Rupees One Crore Six Lakh Thirty Five Thousand Six Hundred and Sixteen decimal Forty Four Only) and a final dividend at the rate of 0.48% to the Equity Shareholders amounting to INR 10,18,867/- (Rupees Ten Lakh Eighteen Thousand Eight Hundred and Sixty Seven Only) for the financial year ended on March 31, 2022.

CHANGE IN NATURE OF BUSINESS:

The Company continues to operate in the same business and there is no change in the nature of business during the period under review.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no material changes and commitments that affect financial position of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company has crossed the limits of Net Profit as per Section 135 of the Companies Act, 2013 during this financial year ended on March 31, 2022 and accordingly, the provisions of Corporate Social Responsibility are applicable to the Company from the current financial year i.e. 2022-23 and accordingly Company will ensure its Compliances in this Financial Year.

As the CSR provisions are applicable to the Company from the current financial year, therefore it is not required to attach the details of Annual Report on Corporate Social Responsibility as prescribed u/s 135 of the Companies Act, 2013.

AUDITORS:

Statutory Auditors:

In terms of the transitional provisions applicable to Statutory Auditors under the Companies Act, 2013, Rajpara Associates, Chartered Accountants (Firm Registration No. 113428W), Ahmedabad were appointed as the statutory auditors of the Company for a period of 5 (five) years in the 10th Annual General Meeting (AGM) of the Company held on June 2, 2017. The tenure of the M/s. Rajpara Associates ends in the ensuing Annual General Meeting.

Based on the recommendation of the Audit Committee, the Board of Directors in their Meeting held on Wednesday, June 22, 2022 had appointed M/s. MAAK & Associates, Chartered Accountants (Registration No. 135024W), as the Statutory Auditors of the Company subject to the approval of members. The Company is confident of benefitting from the indulgence of the engagement partners based at Ahmedabad. The resolution for their appointment has been mentioned in the Notice convening the 15th Annual General Meeting.

Secretarial Auditors:

In the Board Meeting held on January 19, 2022, M/s. Parth P. Shah, Practicing Company Secretaries were appointed as Secretarial Auditor of the Company for the financial year 2021-22.

SECRETARIAL AUDIT REPORT:

Pursuant to Section 204 of the Companies Act, 2013, the unqualified Secretarial Audit Report for the Financial Year ended March 31, 2022 given by Mr. Parth P. Shah, Practicing Company Secretary is annexed to this Report as an "***Annexure – A***".

EXPLANATION OR COMMENTS BY BOARD ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS:

(i) By the auditor in his report;

There is no qualification, reservation or adverse remark or disclaimer in audit report issued by the auditors of the Company.

(ii) By the company secretary in practice in his secretarial audit report;

There is no qualification, reservation or adverse remark or disclaimer in audit report issued by the auditors of the Company.

FRAUDS REPORTED BY THE AUDITOR:

During the Year under review, no frauds were reported by the Auditor (Statutory Auditor, Secretarial Auditor) to the Audit Committee / Board.

PUBLIC DEPOSITS:

The Company is a Housing Finance Company registered with NHB not accepting public deposits and is prohibited from accepting public deposits and therefore the Company has not accepted deposits from public during the year under review.

ANNUAL RETURN:

The Annual Return of the Company as on March 31, 2022 is available on the Company's website and can be accessed at www.mrhmfl.co.in

INFORMATION OF BOARD OF DIRECTORS, AND ITS MEETINGS:

- **Composition and Category of Directors on date of this report is:**

Name of the Director / Key Managerial Personnel	No. of other Directorships*	No. of Board Meetings attended during 2021-22	Attendance at the AGM held on 26/05/2021
Whole-time Directors			
Mr. Kamlesh Gandhi Chairman & Managing Director DIN: 00044852	4	5	Yes
Mrs. Darshana Pandya Director & Chief Operating Officer DIN: 07610402	3	5	Yes
Independent Directors			
Mr. Bala Bhaskaran Independent Director DIN: 00393346	3	5	Yes
Mr. Chetan Shah Independent Director DIN: 02213542	1	5	Yes

Mr. Subir Nag Independent Director DIN: 02169915	3	5	Yes
Key Managerial Personnel			
Mr. Darshil Hiranandani Company Secretary	Nil	5	Yes
Mr. Ankit Jain Chief Financial Officer	Nil	5	NA

* Excluding Directorship of MAS Rural Housing & Mortgage Finance Limited;

We believe that our Board needs to have an appropriate mix of Executive and Independent Directors to maintain its independence, and separate its functions of governance and management. Further, Mrs. Darshana Pandya, Director & Chief Operating Officer of the Company, is designated as Woman Director for the Company in terms of second proviso to the Section 149 (1) of the Companies Act, 2013. The Composition of Board fulfills the regulatory requirements.

- **Details of Directors or Key Managerial Personnel (KMP) who were appointed or have resigned during the year:**

a. The Shareholders of the Company in the 14th Annual General Meeting of the Company have approved the re-appointment of Mr. Subir Nag (DIN: 02169915) as an Independent Director of the Company for a term of 5 years wef December 30, 2020 on the recommendations received from the Members of the Nomination & Remuneration Committee and the Board of Directors of the Company.

b. The Company in its Meeting of Board of Directors held on Wednesday, May 12, 2021 on the recommendations of Nomination & Remuneration Committee and Audit Committee of the Company, have appointed Mr. Ankit Jain as the Chief Financial Officer of the Company.

Further, all the directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of section 164 & 165 of the Companies Act, 2013.

- **Directors eligible for retirement by rotation:**

In accordance with the requirement of Companies Act, 2013 and pursuant to the applicable provisions of Articles of Association, Mr. Kamlesh C. Gandhi, Chairman & Managing Director of the Company is eligible to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The Board of Directors in its meeting held June 22, 2022, on the recommendations of the Nomination and Remuneration Committee (NRC), further recommends to the members of the Company to re-appointment of Mr. Kamlesh C. Gandhi (DIN: 00044852), as director liable to retire by rotation.

- **Board Meetings:**

Regular meetings of the Board are held at least once in a quarter to review the Quarterly Results and other items on the agenda, and also on the occasion of Annual General Meeting (AGM). Additional Board meetings are convened to discuss and decide on various business policies, strategies and other businesses. The Company Secretary drafts the Agenda for each meeting, along with explanatory notes, in consultation with the Directors, and distributes these in advance to the Directors.

The gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Act.

Every Board Member can suggest the inclusion of additional items in the agenda.

The Company had 5 Board Meetings during the financial year under review.

Sr. No.	Date of Meeting	Total Number of Directors as on the date of Meeting	Number of Directors attended
1.	May 12, 2021	5	5
2.	June 7, 2021	5	5
3.	August 4, 2021	5	5
4.	October 20, 2021	5	5
5.	January 19, 2022	5	5

Mr. Darshil Hiranandani, Company Secretary acts as the Secretary to the Board.

Independent Directors and Evaluation of Directors and the Board:

In terms of Section 149 of the Companies Act, 2013 and rules made there under, the Company has three Non-Promoter Independent Directors in line with the Companies Act, 2013. The Company has received necessary declaration from each independent director under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013.

With the objective of enhancing the effectiveness of the board, the Nomination and Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board and each director. The evaluation of the performance of the board is based on the approved criteria such as the board composition, strategic planning, role of the Chairman, non-executive directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the board and adherence to compliance and other regulatory issues.

The Board of Directors of the Company were satisfied with the outcome of the performance evaluation process of the Directors, Board and its Committees. They were of the view that the Directors have been discharging their roles and responsibilities as expected by the Board and the regulatory provisions and the Board is duly constituted representing various expertise, skill sets and qualification required for the banking business. There was no observation during the performance evaluation in the current year.

A separate meeting of Independent Directors was held on January 19, 2022 to review the performance of Non-Independent Directors and Board as whole.

INFORMATION OF COMMITTEE AND ITS MEETINGS

- **Audit Committee:**

Our Audit Committee comprised of 3 Directors as on March 31, 2022:

a. Mr. Bala Bhaskaran - Chairman
b. Mr. Chetan Shah - Member
c. Mrs. Darshana S. Pandya - Member

Mr. Darshil Hiranandani, Company Secretary acts as the Secretary to the Audit Committee.

The composition of committee inter alia meets with the requirement of Section 177 of the Companies Act, 2013.

The Scope of Audit Committee is enhanced in accordance with the Companies Act, 2013.

The Company has established a vigil mechanism and overseas through the Committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company. The board has approved a policy for vigil mechanism which has been hosted on the website of the Company. The weblink for the same is www.mrhmfl.co.in

The Company had 4 Audit Committee Meetings during the Financial Year under review:

Sr. No.	Date of Meeting	Total Number of Members as on the date of Meeting	Number of Members attended
1.	May 12, 2021	3	3
2.	August 4, 2021	3	3
3.	October 20, 2021	3	3
4.	January 19, 2022	3	3

- **Nomination and Remuneration Committee:**

The Company constituted its Remuneration Committee on 6th October, 2011 and the nomenclature of the Remuneration Committee was changed to "Nomination and Remuneration Committee" on 20th February, 2015 pursuant to section 178 of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 by way of resolution passed in accordance with, provisions of the Companies Act, 2013.

Our Nomination and Remuneration Committee comprised of 3 Directors as on March 31, 2022:

a. Mr. Bala Bhaskaran - Chairman
b. Mr. Chetan Shah - Member
c. Mr. Subir Nag - Member

Mr. Darshil Hiranandani, Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

The Company had 1 Nomination & Remuneration Committee Meeting during the Financial Year under review:

Sr. No.	Date of Meeting	Total Number of Members as on the date of Meeting	Number of Members attended
1.	May 12, 2021	3	3

The composition of committee inter alia meets with the requirement of section 178 of the Companies Act, 2013. Further, criteria for making payment, if any, to nonexecutive directors are provided under the Nomination and Remuneration Policy of the Company which is hosted on the website of the Company viz; www.mrhmfl.co.in

The role and responsibilities, Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other related matters are in conformity with the requirements of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

(b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

(c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) The directors have prepared the annual accounts on a going concern basis.

(e) The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

(f) The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:

The Company has received declarations from each Independent Director of the Company under section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence as prescribed under sub section (6) of section 149 of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

The Company being a Housing Finance Company registered with National Housing Bank with the principal business, inter alia, of Housing Finance, the provisions of Section 186 except sub-section (1) are not applicable to it. However, there are no investments made during the year in any Company in accordance with the provisions of Section 186(1) of the Companies Act, 2013 and hence no particulars thereof as envisaged under Section 134(3)(g) are covered in this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188:

The particulars of Contracts or Arrangements made with related parties pursuant to Section 188 during the year are furnished in "***Annexure – B***" (Form AOC-2) and is attached to the report.

AMOUNT, IF ANY, WHICH THE BOARD PROPOSES TO CARRY TO ANY RESERVES:

During the year under review INR 1,46,30,000/- transferred to reserve fund under Section 29-C of NHB Act, 1987 & Special Reserve U/s 36(1)(viii) of Income-tax Act, 1961.

CAPITAL:

1. AUTHORISED SHARE CAPITAL:

During the year under review, the Authorised Share Capital of the Company was increased from INR 35,00,00,000/- (Rupees Thirty Five Crores only) to INR 45,00,00,000/- (Rupees Forty Five Crores only) vide a resolution passed by the Members of the Company in their Extra-ordinary General Meeting held on June 9, 2021.

The Authorised Share Capital as on March 31, 2022 was:

INR 45,00,00,000-/ (Rupees Forty Five Crores only) divided into 4,50,00,000 (Four Crores and Fifty Lakh) Shares of INR 10/- each, which is further divided as INR 24,00,00,000/- (Rupees Twenty Four Crores Only) divided into 2,40,00,000 [Two Crores Forty Lakh] Equity shares of INR 10/- each and INR 21,00,00,000/- [Rupees Twenty One Crores Only] divided into 2,10,00,000 [Two Crores and Ten Lakh] Preference Shares of INR 10/- each

2. PAID UP SHARE CAPITAL:

During the year under review, the Paid Up Share Capital of the Company was increased from INR 31,22,64,040/- (Rupees Thirty One Crore Twenty Two Lakh Sixty Four Thousand and Forty Only) to INR 41,22,64,040/- (Rupees Forty One Crore Twenty Two Lakh Sixty Four Thousand and Forty Only) through issue of 1,00,00,000 6% Optionally Convertible Preference Shares of the Company of INR 10/- (Rupees Ten only) each.

The Paid Up Share Capital as on March 31, 2022 was:

INR 41,22,64,040/- (Rupees Forty One Crore Twenty Two Lakh Sixty Four Thousand and Forty Only) divided into 2,12,26,404 Equity Shares of INR 10/- each and 2,00,00,000 6% Optionally Convertible Preference Shares of INR 10/- each.

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

Conservation of Energy and Technology Absorption:

Since the Company is operating in service sector, the provisions of Section 134(3)(m) of the Companies Act, 2013 regarding conservation of energy and Technology Absorption are not applicable.

Foreign Exchange earnings and outgo:

The Company has no Foreign Exchange earnings and outgo.

ADEQUACY OF INTERNAL FINANCIAL CONTROL:

The Companies Act, 2013 read with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 re-emphasizes the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. The Company has devised proper system of internal financial control which is commensurate with size and nature of Business. Even, the Board had appointed Internal Auditors pursuant to provisions of Section 138 of the Companies Act, 2013 in order to ensure proper internal financial control for the Financial Year 2021-22. Further, the Statutory Auditors of the Company also ensure adequacy of the Internal Financial Controls for the Company and during the period under review the same is found satisfactory.

RISK MANAGEMENT:

Company's Risk Management framework provides the mechanism for risk assessment and mitigation. The Company has a risk management policy approved by the Board for identifying, evaluating, monitoring and minimizing the identifiable risks in the organization. The Company also has Asset Liability Management Committee (ALCO) and Audit Committee for overseeing the risk management measures.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any Subsidiary, Joint Venture and Associate Company.

PARTICULARS OF EMPLOYEES:

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 and the rules thereunder.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DISCLOSURE FOR MAINTENANCE OF COST RECORDS:

The provision of Application of Cost Record in Compliance of Companies (Accounts) Rules, 2014 & in respect of section 148(1) of the Companies Act, 2013 is not applicable to the Company.

GENERAL DISCLOSURE:

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134(3) of the Act and Rule 8 of The Companies (Accounts) Rules, 2014 to the extent the transactions took place on those items during the year.

Your Directors further state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

a. Issue of Equity Shares with differential rights as to dividend, voting or otherwise;
b. Issue of shares (including sweat equity shares) to employees of the Company under any scheme and ESOS;
c. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

ACKNOWLEDGEMENTS:

The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

We firmly believe that this shall also pass and we all will not only be triumphant again but emerge stronger.

Your Directors sincerely express their deep appreciation to employees at all levels and its core team in special who so selflessly work for the company with immense dedication. Your Directors also extend their deep appreciation to NHB, RBI, lenders, customers and shareholders for their sustained support and co-operation and hope that the same will continue in future. I understand, we have miles to go...... and together we can and we will......

For & On behalf of the Board of Directors of
MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

KAMLESH C. GANDHI
CHAIRMAN & MANAGING DIRECTOR
DIN: 00044852

Date : June 22, 2022
Place : Ahmedabad

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- **Industry Structure and Developments:**

  * Global economic growth has picked up this year, helped by strong policy support, the ongoing deployment of effective vaccines and the gradual resumption of economic activities. Global GDP has now surpassed its pre-pandemic level, but output in mid-2021 was still 3½ per cent lower than projected before the pandemic. However, the recovery remains uneven, with strikingly different outcomes across countries, sectors and demographic groups in terms of output and employment leaving countries facing different policy challenges. In some countries where output has returned to pre-pandemic levels, such as the United States, employment remains lower than before the pandemic. In others, particularly in Europe, employment has been largely preserved, but output and total hours worked have not yet recovered fully. Rapid rebounds in activity have occurred in a few emerging-market economies, but in some cases, this has been accompanied by high inflation pressures.

  Headline consumer price inflation has also picked up around the world in recent months, pushed up by higher commodity prices, supply-side constraints, stronger consumer demand as economies reopen, and the reversal of some sectoral price declines in the early months of the pandemic.

  Indian Economy and Housing Scenario:

  India's gross domestic product (GDP) grew 8.4% in the second quarter of this fiscal year as India moved towards recovery following the second wave of Covid-19 earlier this year. India is among the few countries that have recorded four consecutive quarters of growth amid COVID-19 (Q3, Q4 of FY21 and Q1, Q2 of FY22) reflecting the resilience of the Indian economy. The recovery was driven by a revival in services sector, full recovery in manufacturing and sustained growth in agriculture sectors. The recovery suggests kick-starting of the investment cycle, supported by surging vaccination cover.

  House Prices in India:

  House is not just an asset but also a durable consumption good for households, providing shelter and other services. A change in the house price affects the households' perceived notion of lifetime wealth and hence influences the spending and borrowing decisions of households. An increase in the house price raises the value of the house relative to construction costs; hence a new construction is profitable when house price rises above the construction costs. Residential investment is, therefore, positively related with house price increase. House prices also affect bank lending and vice versa. Further, house price gains increase housing collateral. The potential two-way link between bank lending and house prices give rise to mutually reinforcing cycles in credit and real estate markets. These indicate that house prices may affect economic activity through private consumption of households, residential investment and credit allocation of the financial systems.

Housing affordability in India has increased in the aftermath of the Coronavirus pandemic due to the easing of interest rate on housing loans and stable property price. The weighted average lending rate of Schedule Commercial Banks on outstanding individual housing loans declined 147 bps from 8.99 per cent in Q1 FY20 to 7.52 per cent in Q1 FY22 (Reserve Bank of India). For Housing Finance Companies, the weighted average lending rate of outstanding housing loans declined by 144 bps for the same period from 10.03 per cent to 8.59 per cent.
* Report of Trend and Progress of Housing in India (NHB).

- **<u>Opportunities & Threats:</u>**

OPPORTUNITIES

The Indian housing industry is experiencing a considerable change owing to a shift in consumer sentiments and Government policies. As per a RICS and Knight Frank Report, over 40% of the Indian population will be living in cities, up from the present 34% by the year 2030. This is expected to create an additional need for 25 million affordable housing units. Rising urbanisation will further boost per-capita GDP and the number of nuclear families. As a result, increase in demand for urban households is also likely to go up. Between 2019-2030, the total addressable opportunity in the EWS and LIG segments alone is to the tune of Rs 11.07 trillion.

The Indian housing sector, as India's fourth-largest GDP contributor, holds the potential to drive our country's development in the years to come. It is for this reason that the Government holds housing at the heart of its economic strategy. To support and promote the sector, a series of schemes and initiatives such as 'Housing for All' were launched by the Government with a mission to promote home ownership among the Indian citizens.

The Economist fraternity is expecting a sharp V-shaped recovery in the economy and are projecting India's GDP to grow in double digits which will result in increase in credit offtake and consumer spending. With its strong parentage and liquidity MAS Rural Housing & Mortgage Finance Limited is poised to capitalize on this opportunity.

THREATS

There is high demand for low - cost housing finance options within the lower income groups, but demand remains unfulfilled due to constraints like lack of clear titles to private lands causing an artificial scarcity of land in rural areas. Another major issue is absence of large scale digitization of land records and the easy access to such records for checking titles/encumbrances.

Banks give tough competition for new customers as they have details of borrowers' banking behaviour and their repayment history. Banks can approach these regular customers by offering them lower interest rates and processing fee. In doing so, banks save their operating costs and get good quality customers.

Loan cash flows are largely dependent on the timely completion of projects in which customers have bought houses. If the project gets delayed, the borrower may start defaulting on loans. Additionally, such delays also impact loan book growth.

The second wave of COVID-19 and its potential impact has now raised questions on the economic growth and credit offtake in India. Imposition of sudden lock downs / delay in vaccination program, could result in a deeper economic recession in near future posing threats for our business and may impact disbursals and consequent growth in the portfolio. The pressure on asset quality is expected to mount due to lockdown coupled with cash flow and liquidity issues.

- **Outlook:**

Going forward, the COVID-19 pandemic has changed the market dynamics and the norm of work from home has brought tier-II and tier-III cities in the reckoning of real estate opportunities. These cities are emerging as hubs for logistics and warehousing. Several upcoming industrial corridors are running through many of these smaller cities, and this will provide seamless connectivity.

The unprecedented rise in homeownership sentiment, faster adoption of technology and digital marketing and innovative business practices have served to soften the overall impact of Covid-19 on the Indian residential housing sector. The policy changes involving Stamp duty rate cuts, benign interest rates and subvention under the PMAY scheme have aided the growth in the affordable segment, even in the Tier II and Tier III cities. The housing segment is going to see an influx of demand and the future looks brighter ahead.

Report of Trend and Progress of Housing in India (NHB).

- **Market Scenario**

* The Indian housing and housing finance sector has undergone a series of transformations amidst the structural changes, policy reforms, liquidity crisis, and COVID-19 pandemic. The sector has emerged stronger and has created new avenues in consonance with the emerging environment. In the current scenario, some of the emerging trends that will shape the market dynamics of housing and housing finance sector are as under:

Increasing Housing Demand in Tier II and Tier III cities - The COVID triggered reverse migration was one of its kind of mass migration India has witnessed in the recent times and has also created a huge opportunity in Tier II and III cities. With Work from Home being the new normal, the professionals belonging to such cities may continue to work from their hometowns thus boosting housing demand in these areas.

Demand for Ready to Move In Houses - With home loan interest rates at an all-time low, the situation of homebuyers has improved and rather than waiting for the property to get constructed, demand for ready to move in homes is improving.

Affordable Rental Housing: The Ministry of Housing and Urban Affairs has initiated Affordable Rental Housing Complexes (ARHCs) as a pro-poor and significant step for urban migrants/ poor. It will be run under Pradhan Mantri Awas Yojana - Urban (PMAY (U)). This initiative is being taken up for the first time in the country to improve their living conditions and obviate them from staying in slums, informal settlements or peri-urban areas. ARHCs aim at creating vibrant, sustainable and inclusive affordable rental housing avenues for urban migrants/ poor by 'aggregation of their demand at a given site'.

Continued Focus on Affordable Segment - The onset of the pandemic and the ensuing lockdown have shifted the consumer preferences towards affordability. Affordable-to-mid-segment housing will continue to remain in demand as homebuyers having an appetite for new property purchases will look to rationalize their quantum of investments

Technological Inclusion: During the COVID-19 pandemic, technology has created new opportunities for digital financial services to accelerate and enhance financial inclusion, amid social distancing and containment measures. The crisis has exposed financial services industry to explore new ways of working and has proved to be an accelerator for digital adoption in the lending space. The lenders are seen to be working towards strengthening their digital platforms across the lending value chain.

Backed by Government policies & support measures, rising population and increasing urbanisation, India presents a very conducive environment for affordable housing. To further incentivize and strengthen the demand for affordable housing, the State Government may consider rationalizing or waiving off the stamp duty and registration charges, for such units. Lower property prices on account of reduction/waiver in stamp duty/registration charges will induce more people to purchase affordable housing thus compensating for the revenue forgone by the State on account of rationalization or waiver of such duties.

Given the potential of Indian Housing Sector, housing finance remains an attractive business proposition. The operational and financial advantages of the lending platforms are symbiotic in nature. For instance, the co-lending model of Banks and HFCs translates into a financial advantage for HFCs by bringing down the housing loan interest rates offered by them thereby benefitting the ultimate borrowers. Further, the Banks benefit out of the operational advantages of HFCs thereby increasing the penetration of housing finance, improving the flow of credit to the unserved and undeserved sector of the economy and meeting the objective of financial inclusion. With a growing market, the opportunity lies in accessing new customers as opposed to competing for market share.

* Report of Trend and Progress of Housing in India (NHB).

Overview

We, MAS Rural Housing & Mortgage Finance Limited ("MRHMFL") are a housing finance company registered with National housing Bank. MRHMFL has an endeavor to realize the dream of millions of Indian Households to "OWN A HOME". The focus is to serve the middle income segment of the society, which we reckon as one of the key drivers of the housing industry. This segment is largely characterized by the informal but credit worthy class. This class is spread across the length and breadth of the country, be it urban, semi-urban or rural.

Extending "Credit where it is due" remains the main plank, as far as credit delivery is concerned in consistent with the endeavor of the group since the last two decades of building quality assets.

Mission of MRHMFL is to be a very significant provider of efficient financial services in the housing loan segment, thereby being a catalyst in realizing the dreams of the millions of households, especially among the LIG and MIG class in semi urban and rural areas and create value on a very large scale.

➢ **Focusing on fundamentals – A key for navigating through tough times:**

- Over the years we have learnt, experienced and practiced: "focusing on fundamentals." This has enabled us to navigate through various crisis, may be liability/asset led. Registering a steady growth accompanied by very high quality of assets even during this trying time is the testimony to our focus on fundamentals. On the liability side, utmost care is taken on maintaining the right asset-liability mix while focusing on creating quality assets leading to very negligible credit losses. This has helped the company to grow profitably and steadily but solidly. This according to us lays a very strong foundation for future scalability. It is worth mentioning that this type of working is highly respected by our lenders and investors.

- **Loan Products**

MRHMFL's major focus has been to provide home loans to individuals and families for purchase, construction and extension and renovation. MRHMFL provides loans to individuals who are salaried, self-employed professionals, self- employed non-professionals and agriculturist. MRHMFL also provides construction finance to developers who are developing housing projects and commercial properties on the basis of detailed evaluation of the project. Apart from home loans MRHMFL provides loan for purchase, construction of commercial property on non-agricultural land situated within municipal/local development authority limits.

MRHMFL also offers home loans under the Affordable Housing Fund (AHF) scheme wherein loans are given in urban areas for families having annual household income up to INR 6 lakh. Since NHB offers refinance at concessional rate of interest under the scheme, the ultimate rate of interest applicable on loans to beneficiaries is regulated with a cap on the spread.

MRHMFL has also signed an MOU with the NHB which is the Central Nodal Agency under the Pradhan Mantri Awas Yojana (PMAY) for the Credit Linked Subsidy Scheme (CLSS) for both EWS/LIG categories. The subsidy received from the Government through the Central Nodal Agency under this scheme, is being passed on to the beneficiaries by way of prepayment with a reduction in their instalments.

- **Marketing Efforts**

To ensure a deeper geographic reach, MRHMFL has been sourcing retail business through Direct Sales Team, Builder Tie-ups and third party channels by appointment of MRHMFL Referral Associates. Referral Associates only sources the loans while MRHMFL retains control over the credit, legal and technical appraisals.

MRHMFL is operating in four states - Gujarat, Maharashtra, Madhya Pradesh and Rajasthan. MRHMFL has 69 offices across these four states.

MRHMFL conducts outreach programmes from its retail offices to potential taluka places. The outreach marketing programme also serves as collection centre for collecting instalments besides providing services of enquiry handling and file opening.

MRHMFL has also conducted direct marketing activities like loan melas at lead source points of 1) Urban areas viz Industrial Development Corporations / Office Complexes / Under construction sites / Prominent Places and 2) Rural, Villages at Milk Dairy / Gram Panchayat Office Premises / places of referrals where there are good footfalls of prospective customers.

MRHMFL has also started its marketing activities through various social media handles and also provides the Product Information messages are sent to Builders, Developers, DSA etc through social media and SMSs.

- **Disbursements**

MRHMFL disbursed INR **105.51** Crores during the year as against INR 50.42 Crores in the previous year. MRHMFL disbursed loans of INR **87.45** Crores (previous year INR 41.54 Crores) for home purchase and renovation.

MRHMFL disbursed home loans to **758** families (previous year 452 families) and the average home loan to individuals was maintained at INR 0.08 Crores.

MRHMFL disbursed loans of INR **16.56** Crores (previous year INR 8.87 Crores) for purchase of Non Residential Property/Commercial Property.

- **Loans**

  The loan approval process at MRHMFL is decentralized with varying approval limits. Approvals of lending proposals are carried out by retail sanctioning committees/persons up to the limits delegated.

  Approvals beyond certain limits are referred to the Committee of Management. Larger proposals, as appropriate, are referred to the committee of directors, set up by the Board.

  During the year, MRHMFL's total outstanding loans increased to INR 316.34 Crores from INR 284.89 Crores, showing a growth of 11.04% as compared to the previous year.

  MRHMFL's total outstanding home loans to individuals of INR 264.84 crores constitute 83.72% of the total outstanding loans. Loans to individuals for non-residential premises (NRP) of INR 41.71 Crores constituted 13.19% of the total outstanding loans. The outstanding loans to developers of INR 9.79 Crore constituted 3.09% of the total outstanding loans.

- **Provision for Impairment of Loans**

  The Company has recognised impairment loss on loans based on the ECL model as required by Ind AS 109. Accordingly, MRHMFL has made a provision for impairment of INR 0.23 Crore towards Stage I loans and INR 1.03 Crore towards Stage II loans.

  MRHMFL's Stage III loan assets as at March 31, 2022 were INR 1.68 Crores on which MRHMFL has made a provision of INR 0.48 Crores.

  Moreover MRHMFL has reassessed its ECL model on account of COVID-19 pandemic and have made an additional provision of INR 3.00 Cr. on loans.

  MRHMFL therefore carries a total provision of INR 4.75 Crores on its total assets as per IND AS 109.

- **RBI and NHB Guidelines and Prudential Norms**

  MRHMFL has complied with the guidelines issued by RBI and NHB regarding accounting guidelines, prudential norms for capital adequacy, concentration of credit, credit rating, Know Your Customer (KYC) guidelines and Anti Money Laundering (AML) Standards, Fair Practices Code, grievance redressal mechanism, recovery of dues. The Company has provided for impairment of loans and advances as per IND AS 109 prescribed under section 133 of the Companies Act, 2013 and as per the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021.

  MRHMFL's total borrowings as at March 31, 2022 of INR 221.96 Crores were within the permissible limit of RBI and NHB Directions.

MRHMFL's CAR as at March 31, 2022 was 54.73% as against prescribed limit of 15%. The Capital Adequacy on account of Tier I Capital was 39.39% while the Capital Adequacy on account of the Tier II Capital was 15.34%.

- **Risks & Concerns**

Risk Management is the process by which the company identifies, measures, monitors and controls its risk exposure in order to ensure that risks are within the tolerance level set by the company and are clearly understood at relevant levels across the Company.

Asset Liability Management Committee [ALCO]

For management of Market Risk, the Board has constituted the Asset Liability Management Committee (ALCO). It functions on the basis of a policy detailing the objectives & scope of Asset Liability Management in the company, duly approved by the Board. The role of ALCO is to:

a. Review at periodic intervals the Liquidity Risk through Structural Liquidity and Dynamic Liquidity, Interest Rate Risk sensitivity.
b. Review the pricing of various products of the company.
c. Evaluate new business products, any variants of the existing products or any cost cutting measure, with particular focus on the pricing aspects, and make suitable recommendations to the company.

Credit Risk Management

For management of credit risk, the board has constituted Credit Policy. Operational team functions on the basis of a policy detailing the objective and scope. The company has adopted mechanism of categorization of borrowers in different categories on the basis of their profile and risk attached.

The Company has recognized following risk mitigants:

- Adjusting the cost of credit according to the credit strength of the borrower.
- Credit tightening, or reducing the amount of credit available to higher risk applicants;
- Diversification or increasing the portfolio mix of borrowers.
- Interest rate sensitivity analysis.

Operational Risk

Operational Risk is the chances of loss associated with company's operations. Examples of such loss events are (I) external fraud, (ii) internal fraud, (iii) damage to physical assets, (iv) loss on account of faulty business practices and procedures, (v) business disruption and system failures (vi) Employment practices and workplace safety (vii) Execution Delivery and Process Management etc.

Operational Risk of the company is overseen by a Director & COO along with internal members of the company set up for the purpose. Internal control system would be set up led by Manager Operation which would report to Director & COO. Major discrepancies if any would be reported to audit committee by Director & COO.

The company has recognized following risk mitigants:

- **Task Segregation**: Effective segregation of tasks and duties reduces internal theft and risks related to fraud. This prevents one individual from taking advantage of the numerous aspects of transactions and business processes or practices.

- **Curtailing complexities in business processes:** Reducing complexity in different business processes radically mitigates operational risks. Curtailing manual activities and the number of people and exceptions that rise during the implementation of business processes is important.

- **Reinforcing organizational ethics:** Creating a strong ethical compass within the organization is highly effective in mitigating operational risks management. Organizational ethics can be reinforced by combining personal values and principles of the workforce with the ideology of the organization.

- **The right people for the right job:** Having the right people in the right jobs can reduce issues pertaining to business process execution and skill and technology usage. This also results in appropriate workforce utilization, adherence to timelines, enhanced quality, and fewer errors and process breakdowns.

- **Monitoring and evaluations at regular intervals:** Business processes are more effective with well-designed performance indicators in place. Key Performance Indicators (KPIs) are critical for timely detection and mitigation of risks, provided they are continuously monitored and reviewed. This helps to identify discrepancies proactively and manage them accordingly.

- **Periodic risk assessment:** Periodic assessments of all facets of operational risks bring more relief to organizational management. It is imperative to be risk-ready by gauging regulatory obligations, IT assets, skills, competencies, processes and business decisions.

- **Look back and learn:** Risk incidents and various remedial activities employed in the past make way for some of the most effective strategies to counter future risks. Previous risk occurrences help to implementing a stronger, proactive operational risk management framework. It also supports real-time amendments that suit the current operating scenario.

Market Risk

Market risk is the potential loss due to changes in market prices or values. It is also known as systematic risk or un-diversifiable or volatility risk. This type of risk is both unpredictable and impossible to completely avoid.

- Making adequate Loss provisions to cover expected losses.
- Screening alternative courses of action by performing a risk assessment, and enforcing a threshold criterion for acceptable risk. Alternatives that fail to meet the set criterion are rejected.
- Assessment of potential demands for liquidity during a stressful period relative to the potential sources of liquidity.
- Expanding the size and number of available sources, for example, the interbank market.

- **Central Registry**

The Government of India has set up the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) under section 21 of the SARFAESI Act, 2002 to have a central database of all mortgages created by lending institutions. The object of this registry is to compile and maintain data relating to all transactions secured by mortgages. All Banks & Housing Finance Companies (HFCs) which fall under the purview of SARFAESI Act are required to register with CERSAI and submit the data in respect of all properties mortgaged in its favour.

- **Internal Audit and Control**

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

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

- **Statement of Profit and Loss**

  Key elements of the statement of profit and loss for the year ended March 31, 2022 are:

- Profit before tax grew by 52.64% and Profit after tax grew by 58.16% as against the previous year.
- Current year tax provision amounted to INR 1.21 Crore as compared to INR 0.90 Crore in the previous year. The effective income tax rate for the current year was 20.98% against 23.73% in the previous year.
- Pre-tax return on average assets was 2.00% in the current year as against 1.35% in the previous year. Post-tax return on average assets was 1.58% as against 1.03% in the previous year.
- The Earnings Per Share (Basic) was INR 2.15 for the current year against INR 1.36 for the previous year.

- **Human Resource**

  The Company believes that the quality and dynamism of its human capital has enabled it to significantly enhance customer experience and stakeholder's value. In order to sustain its growth the company works relentlessly towards being customer-focused, performance-driven and ready for the future. The Company provides employment and growth opportunities to 180 employees with the human resource strength growing with the size and operation of the company. The talent management strategy of the Company strives to deliver its unique talent promise of 'building holistic business leaders. The enthusiasm of staff members continued to be high in sustaining positive growth of disbursements and in maintaining healthy recoveries. With the high level of commitment and loyalty by staff members, MRHMFL is confident to face the challenges of the tougher market conditions.

  Our Health and Safety norms are an important part of how we run our Company safely. It helps us safeguard the health and safety of our employees, customers, other stakeholders and visitors. Our dedication to health and safety at work focuses on continuous improvement of occupational health and safety practises. We make conscious and concerted efforts and investments to raise awareness at workplace, fostering a community with workers committed to health and safety standards. We persuade our business partners to follow the same health and safety standards and procedures as we do.

- **Cautionary Statement**

  The statements made in this report describing the Company's objectives, estimations, expectations or projections, outlooks constitute forward-looking statements within the meaning of applicable securities laws and regulations. Actual results may differ from such expectations, projections, among others, whether express or implied. The statements are based on certain assumptions and future events over which the Company has no direct control. The Company assumes no responsibility to publicly amend, modify and revise any of the statements on the basis of any subsequent developments, information or events.

ANNEXURE A TO DIRECTORS' REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Key Managerial Personnel) Rules, 2014]

To,
The Members,
MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED
CIN: U74900GJ2007PLC051383

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the records of MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent , in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and record maintained by MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED (CIN: U74900GJ2007PLC051383) for the financial year ended on March 31, 2022 according to the provisions of:

   i. The Companies Act, 2013 (the Act) and the rules made there under;
   ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

2. The provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:

   i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
v. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and
vi. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
vii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

3. Other laws as applicable specifically to the Company:

   i. Reserve Bank of India Act, 1934.
   ii. National Housing Bank (NHB) Act, 1987;
   iii. Housing Finance Companies (NHB) Directions, 2010;
   iv. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (w.e.f. February 17, 2021)

4. The provisions and guidelines prescribed under the Securities Contracts (Regulation) Act, 1956 ('SCRA') and rules made there under were **not applicable** to the Company during the Financial Year under report.

5. The provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings were **not applicable** to the Company during the Financial Year under report.

6. I have also examined compliance with the applicable clauses of the following:

   i. Secretarial Standards issued by The Institute of Company Secretaries of India.

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

I report further that the compliance of applicable Labour laws and financial laws including Direct and Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals.

I further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there are no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Place : Ahmedabad
Date : June 22, 2022

Signature:
Name of Practicing Company Secretary: Parth P Shah
FCS No. : 11871
C P No. : 18640
Peer Review Certificate No.: 1949/2022
UDIN: F011871D000517046

This Report is to be read with my letter of even date which is annexed as Annexure A and Forms an integral part of this report

ANNEXURE-A to MR-3

To
The Members,
MAS Rural Housing & Mortgage Finance Limited
CIN: U74900GJ2007PLC051383

My report of even date is to be read along with this letter:

MANAGEMENT RESPONSIBILITY:

I. Maintenance of secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively is the responsibility of the management of the Company. my responsibility is to express an opinion on these secretarial records based on my audit;

II. I have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices i followed provide a reasonable basis for my opinion;

III. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company, related party transactions figures and AS-18 disclosures of the Company provided to us or verified compliances of laws other than those mentioned above;

IV. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis;

V. I have obtained Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.

VI. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Ahmedabad
Date : June 22, 2022

Signature:
Name of Practicing Company Secretary: Parth P Shah
FCS No. : 11871
C P No. : 18640
Peer Review Certificate No.: 1949/2022
UDIN: F011871D000517046

ANNEXURE B TO DIRECTORS' REPORT

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section 3 of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

I. Details of Contracts or Arrangements or Transactions at Arms length basis for the year ended March 31, 2022.

Sl No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MAS Financial Services Limited (MFSL) Holding Company
b.	Nature of contracts / arrangements / transaction	Availing of Services
c.	Duration of the contracts / arrangements / transaction	One Year
d.	Salient terms of the contracts or arrangements or transaction including the value, if any.	MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities-Usage of commercial premises of MFSL, furniture's & fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly.
e.	Justification for entering into such contracts or arrangements or transactions.	MRHMFL is in requirement of the premises, assets and infrastructure which is available with MFSL. So, to fully utilise the premises, MRHMFL has requested MFSL to provide several amenities, services, facilities-Usage of commercial premises for carrying on business smoothly.
f.	Date of approval by the Board	August 4, 2021
g.	Amount paid as advances, if any	No such amount was paid as advances.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MAS Financial Services Limited Holding Company
b.	Nature of contracts/arrangements/transaction	Availing of Services
c.	Duration of the contracts/arrangements/transaction	Two Years
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	MRHMFL appoints MFSL as recovery agent to collect outstanding instalments and other dues from its customers and MFSL in consideration accepts appointment and agrees to provide the said service under the terms and conditions as set forth.
e.	Justification for entering into such contracts or arrangements or transactions.	MRHMFL is in requirement of services for recovery of dues from customers at its various branches and MFSL has network executives at its various branches. So, to avail its services, MRHMFL has requested MFSL to provide services of recovery agent.
f.	Date of approval by the Board	February 3, 2021
g.	Amount paid as advances, if any	No such amount was paid as advances.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MAS Financial Services Limited Holding Company
b.	Nature of contracts/arrangements/transaction	Availing of Services
c.	Duration of the contracts/arrangements/transaction	One Year
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	The Executive Management of MAS Financial Services Limited will share several intellectual services to MAS Rural Housing & Mortgage Finance Limited to carry out the Operations of the Company effectively. Since the remuneration for their services is paid by MAS Financial Services Limited and considering various parameters to look in to the activities of the Company, MRHMFL will pay an amount decided by the Board of Directors as Cross Charge payment to share the Cost of Remuneration of the Executive Management.
e.	Justification for entering into such contracts or arrangements or transactions.	MRHMFL is in requirement of various intellectual services of the Executive Management of MAS Financial Services Limited to carry out the Business Operations of the Company effectively considering various parameters to look in to the activities of the Company.
f.	Date of approval by the Board	June 7, 2021
g.	Amount paid as advances, if any	No such amount was paid as advances.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MAS Financial Services Limited Holding Company
b.	Nature of contracts/arrangements/transaction	Providing Services
c.	Duration of the contracts/arrangements/transaction	One Year
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	MRHMFL is appointed as a servicer to collect and receive payments in respect of the Receivables and the Assigned Assets, and to provide certain other services.
e.	Justification for entering into such contracts or arrangements or transactions.	MAS Financial Services Limited is in requirement of a Service Provider who can collect and receive payments in respect of the Receivables on behalf of MAS Financial Services Limited.
f.	Date of approval by the Board	October 20, 2021
g.	Amount paid as advances, if any	No such amount was paid as advances.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

II. Details of Contracts or Arrangements or Transactions not at Arms length basis.

Sl No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	N.A.
b.	Nature of contracts/arrangements/transaction	N.A.
c.	Duration of the contracts/arrangements/transaction	N.A.
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A.
e.	Justification for entering into such contracts or arrangements or transactions.	N.A.
f.	Date of approval by the Board	N.A.
g.	Amount paid as advances, if any	N.A.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

For & On behalf of the Board of Directors of
AAVAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

KAMLESH C. GANDHI
CHAIRMAN & MANAGING DIRECTOR
DIN: 00044852

Date : June 22, 2022
Place : Ahmedabad

ANNEXURE C

POLICY ON RELATED PARTY TRANSACTIONS

1) Prelude

The Company is a Housing Finance Company registered with the National Housing Bank, and is engaged in providing home loans rural, semi-urban and urban areas.

The Companies Act, 2013 ("the Act") places a lot of emphasis on Related Party Transactions. Provisions of the Act along with the relevant Rules governing Related Party Transactions have come into effect from April 1, 2014.

Section 177(4) of the Act deals with approval or any subsequent modification of transactions of the Company with related parties by the Audit Committee.

All Related Party Transactions pursuant to section 188 of the Act which are not in the ordinary course of business and/or not on an Arm's length basis require prior approval of the Board and if such transactions cross the threshold limits prescribed under the Act, such transactions also require the approval of shareholders of the Company by ordinary resolution and the Related Parties with whom transactions are being entered shall abstain from voting on such resolution(s).

It also requires specified related party transactions to be disclosed in the Board's Report along with the justification for entering into such transactions.

As per the requirements of Notification No. NHB. HFC. CG-DIR.1/MD&CEO/2016 issued by the National Housing Bank (NHB) vide which the NHB notified the Housing Finance Companies-Corporate Governance (National Housing Bank) Directions, 2016, and as per Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dt. February 17, 2021 the company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

2) Objective of the Policy

The objective of this policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, and any other laws and regulations as may be applicable to the Company; and (c) lay down guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the company and any of its related parties in the best interest of the Company.

3) **Applicability and Legal Framework**

This Policy on Related Party Transactions shall be governed by the Act read with Rules made thereunder, as may be in force from time to time and regulations, if any, of RBI/NHB in this regard. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4) **Definitions**

"Arm's length transaction ('ALP')" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Related Party", with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013.

"Related Party Transaction" (RPT) means – for the purpose of Companies Act, 2013, specified transactions mentioned in clause (a) to (g) of sub-section 1 of Section 188 of the Act.

5) **Policy on Related Party Transactions:**

All Related Party Transactions (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy.

The Audit Committee shall periodically review this policy and may recommend amendments to this Policy from time to time as it deems appropriate.

6) **Identification of potential related parties and transactions**

Identification of related parties shall be as prescribed under section 2(76) of the Companies Act, 2013 and identification of related party transactions shall be as prescribed under section 188 of the Companies Act, 2013.

7) **Approval of Related Party Transactions**

a) Prior Approval of Audit Committee

All Related Party Transactions of the Company as prescribed under the Act shall require prior approval of Audit Committee, whether at a meeting or by way of a Resolution by circulation.

i) All Related Party Transactions will be submitted to the Audit Committee for prior approval irrespective of whether such transactions are in the ordinary course of business and/or at arm's length or not.
ii) Where the Company has entered into a master agreement with a related party, which stipulates details of every transaction like nature of the transaction, basis of pricing, credit terms, etc. the prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and will not require any further approval of the Audit Committee unless there is any change in the terms of the master agreement.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

a) The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
b) The criteria for making omnibus approval shall include the following which shall be approved by the Board:-

    i) Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.
    ii) The maximum value per transaction which can be allowed.
    iii) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
    iv) Review, at such interval as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each of the omnibus approval made.
    v) Transactions which cannot be subject to the omnibus approval by the Audit Committee.

    The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

    a. Repetitiveness of the transactions (in past or in future)
    b. Justification for the need of omnibus approval.

c) The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company;
d) Such omnibus approval shall specify (i) the name/s of the related party (ii) nature and duration of transaction/period of transaction (iii) maximum amount of transaction that can be entered into, (iv) the indicative base price/current contracted price and the

formula for variation in the price if any and (v) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR one crore per transaction.

The Audit Committee shall review on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.

Such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

b) Approval of the Board of Directors of the Company:

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval. In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

1. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
2. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
3. Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.

c) Approval of the Shareholders of the Company:

All kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

8) Disclosures

MRHMFL shall disclose, in the Board's report, transactions prescribed in section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

9) Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate. In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

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RAJPARA ASSOCIATES
Chartered Accountants

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carajpara.com

INDEPENDENT AUDITOR'S REPORT

To the Members of
MAS Rural Housing & Mortgage Finance Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **MAS Rural Housing & Mortgage Finance Limited ("the Company")**, which comprise the standalone Balance Sheet as at March 31, 2022, the standalone statement of Profit and Loss (including other comprehensive income/(expense)), the standalone statement of Cash Flow, the standalone statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the company in accordance with the code of Ethics issued by the institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

RAJPARA ASSOCIATES * Ahmedabad * Chartered Accountant *

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our Audit
Expected Credit Loss- Impairment of loans and Advances Under Ind AS 109, Expected Credit Loss (ECL) is required to be determined for recognising impairment loss on financial assets i.e. the loan portfolio of the company. The Calculation of impairment loss or ECL is based on significant management judgment and considers the historical default and loss ratios of the loan portfolio and forward looking analysis. The Significant areas in the calculation of ECL where management estimates and judgments required are as under: 1. Judgment about remaining term of maturity, property valuation, time taken for recovery of stressed loans and other relevant factors for collective evaluation of impairment under various stages of ECL 2. Calculation of probability of defaults 3. Calculation of loss given default. In our opinion this is considered as a Key Audit Matter in view of the criticality of the item to the Standalone Financial Statements and the complex nature of assumptions and judgments exercised by the management. Refer to the accounting policies in "Note 3.6 to the Standalone Financial Statements: Impairment of Financial Assets" and Note 8 to the Standalone Financial Statements: "Loans".	• We understood and assessed the Company's process on timely recognition of impairment in the loan portfolio, both retail loans and project loans. This included assessing the accuracy of the system generated reports of ageing and defaults. • We have discussed with the management the ECL model and reasonableness of assumptions used. • We performed substantive procedures over validating completeness and correctness of the data and reasonableness of assumptions used in the ECL model including capturing of PD and LGD in line with historical trends of the portfolio and evaluation of whether the results support the appropriateness of the PDs at the portfolio level. • We have also obtained management representations wherever considered necessary

RAJPARA ASSOCIATES * Ahmedabad * Chartered Accountants *

MAS Rural Housing & Mortgage Finance Limited

INDEPENDENT AUDITORS' REPORT (continued)

Other Information

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

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

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

When we read the annual report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and the Board of Director's Responsibility for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternate but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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MAS Rural Housing & Mortgage Finance Limited

INDEPENDENT AUDITORS' REPORT (continued)

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit concluded in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and the Board of Directors.

- Conclude on the appropriateness of Management and the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by section 143 (3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income/(expense)), the standalone statement of changes in equity and the standalone statement of Cash Flow dealt with by this Report are in agreement with the books of account;

d. in our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act, read with relevant rule issued thereunder;

e. On the basis of written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

RAJPARA ASSOCIATES * Ahmedabad * Chartered Accountants

Report on Other Legal and Regulatory Requirements (continued)

f. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a) The Company does not have any pending litigations which would impact its financial position.

b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c) There we no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d) (i) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audits procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above, contain any material mis-statement.

e) (i) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

(ii) The Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members in the ensuing Annual General Meeting. The amount of proposed dividend is in accordance with section 123 of the Companies Act, 2013.

RAJPARA ASSOCIATES * Ahmedabad * Chartered Accountants

MAS Rural Housing & Mortgage Finance Limited

INDEPENDENT AUDITORS' REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

(C) With respect to the matter to be included in the Auditor's Report in accordance with the requirements of Section 197 (16) of the Act:

During the financial year the company has not paid any remuneration to any of the Directors. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

RAJPARA ASSOCIATES
Ahmedabad
Chartered Accountants

For Rajpara Associates
Chartered Accountants
FRN 113428W

Rajpara

Place: Ahmedabad
Date: 27/04/2022
UDIN: 22046922AIJVHV9967

Chandramaulin J. Rajpara
Partner
M. No. 046922

RAJPARA ASSOCIATES
Chartered Accountants

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MAS Rural Housing & Mortgage Finance Limited

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of ourreport of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment's;

(B) The Company has maintained proper records showing full particulars of intangible assets;

(b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, The Company has a regular programme of physical verification of its property, plant and equipment's by which all property, plant and equipment are verified in phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.

(c) The Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee). Accordingly, clause 3 (i) (c) of the Order is not applicable to the Company.

(d) According to information and explanations given to us and on the basis of our examination of records of the company, the Company has not revalued its property, plant and equipment's (including Right of Use assets) or intangible assets or both during the year.

(e) According to information and explanations given to us and on the basis of our examination of records of the company, there are no proceedings initiated or pending against the company for holding any benami property under the Benami Transaction (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder

(ii) (a) The company is Housing Finance Company and does not hold any inventory; Accordingly, clauses 3 (ii) (a) of the order is not applicable to the Company.

(b) According to information and explanations given to us and on the basis of our examination of records of the company, the company has been sanctioned working capital limits in excess of five crore rupees from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with books of accounts of the Company.

(iii) (a) The Company's Principal business is to give loans. Accordingly, clause 3 (iii) (a) of the Order is not applicable the Company.

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of ourreport of even date)

(b) According to information and explanations given to us and on the basis of our examination of records of the company, in our opinion the investments made, and the terms and conditions of the grant loans and advances in nature of loans during the year are, prima facie, not prejudicial to the interest of the company.

(c) The Company, being a Housing Finance Company ('HFC') registered with National Housing Bank. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 8 to the Standalone Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.

(d) In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and details of the number of such cases, are disclosed in note 8 to the Standalone Financial Statements. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.

(e) The Companies Principal business is to give loans. Accordingly, clause 3 (iii) (e) of the Order is not applicable to the Company.

(f) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

(v) According to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder.

(vi) In respect of the activities of the Company, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. Accordingly, clause 3 (vi) of the Order is not applicable to the Company.

(vii)

(a) According to information and explanations given to us and on the basis of our examination of the records of the Company. In our opinion the company is regular in depositing with appropriate authorities undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income tax, salestax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it.

RAJPARA ASSOCIATES * Ahmedabad * Chartered Accountants

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of ourreport of even date)

According to information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services tax, Provident fund, Employee's State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than Six months from the date they became payable.

(b) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no disputed statutory dues for Goods and Services Tax, provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it.

(viii) According to information and explanations given to us and on the basis of our examination of the records of the Company, the company has not surrendered or disclosed any transactions, previously unrecorded as income in books of account, in the assessment under the Income Tax Act, 1961 (43 of 1961) as income during the year.

(ix)

(a) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared wilful defaulter by any bank or financial institution or government or government authority.

(c) According to information and explanations given to us and on the basis of our examination of the records of the Company, In our opinion the company has utilized the money obtained by way of term loans from bank during the year for the purposes for which they were obtained, other than temporary parking in Current account or Fixed Deposit account for a few days at end of the year, pending utilization towards purpose for which the same obtained.

(d) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been utilized for long term purposes by the Company.

(e) According to information and explanations given to us and on the basis of examination of the standalone financial statements of the Company, we report that the company does not hold any investment in any subsidiaries, associates or joint ventures (as defined in the Act) during the year ended on 31 March 2022. Accordingly, clause 3 (ix) (e) of the Order is not applicable to the Company.

RAJPAHA ASSOCIATES
Ahmedabad
Chartered Accountants

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of ourreport of even date)

(f) According to information and explanations given to us and on the basis of examination of the standalone financial statements of the Company, we report that the company does not hold any investment in any subsidiaries, associates or joint ventures (as defined in the Act) during the year ended on 31 March 2022. Accordingly, clause 3 (ix) (f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised moneys by way of public offer or further public offer (including debt instruments). Accordingly, Clause 3 (x) (a) of the Order is not applicable to the Company.

(b) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made preferential allotment of preference shares during the year. The Company has complied with the relevant provisions of the Act in connection with the funds raised through preferential allotment and the same have been utilized for the purposes for which they were raised.

(xi) (a) According to information and explanations given to us and on the basis of our examination of records of the Company, we report that no fraud by the Company or on the company has been noticed or reported during the course of Audit.

(b) According to information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, clause 3 (xii) of the order is not applicable to the Company.

(xiii) In our opinion and according to information and explanations given to us, the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have Considered the internal audit reports of the company issued till date, for the period under audit.

RAJPARA ASSOCIATES
Ahmedabad
Chartered Accountants

MAS Rural Housing & Mortgage Finance Limited .

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT (Continued)

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of ourreport of even date)

(xv) In our opinion and according to information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)

(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company. Accordingly, Clause 3 (xvi) (a) of the Order is not applicable to the Company.

(b) The Company is Housing Finance Company Registered with National Housing Bank and is not required to obtain a Certificate of Registration (CoR) from Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in regulations made by Reserve Bank of India and accordingly, clause 3 (xvi) (c) of the Order is not applicable to the Company.

(d) According to information and explanations given to us, we report that the Group does not have any Core Investment Company (CIC).

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly, clause 3 (xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, along with details provided in Note 38 to the Standalone Financial statements which describe the maturity analysis of assets & liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

RAJPARA ASSOCIATES Ahmedabad Chartered Accountants

MAS Rural Housing & Mortgage Finance Limited

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT (Continued)

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of ourreport of even date)

(xx) (a) According to information and explanations given to us and on the basis of our examination of company's records, we report that the provisions of Section 135 of the Companies Act, 2013 is not applicable to company hence provisions of clause 3 (xx) (a) of the Order are not applicable to the Company.

(b) According to information and explanations given to us and on the basis of our examination of company's records, we report that the provisions of Section 135 of the Companies Act, 2013 is not applicable to company hence provisions of clause 3 (xx) (b) of the Order are not applicable to the Company.

RAJPARA ASSOCIATES Ahmedabad Chartered Accountants

For Rajpara Associates
Chartered Accountants
FRN 113428W

C J Rajpara
Partner
M. No. 046922

Place: Ahmedabad
Date: 27/04/2022
UDIN: 22046922AIJVHV9967

MAS Rural Housing & Mortgage Finance Limited

Annexure B to the Independent Auditor's report on the standalone financial statements of **MAS Rural Housing & Mortgage Finance Limited** for the year ended on March 31, 2022

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2 (A) (f) under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to the standalone financial statements of **MAS Rural Housing & Mortgage Finance Limited** as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Director's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

RAJPARA ASSOCIATES * Ahmedabad * Chartered Accountants

MAS Rural Housing & Mortgage Finance Limited

Annexure B to the Independent Auditor's Report (Continued)

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectivenessof internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to providea basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

RAJPARA ASSOCIATES * Ahmedabad * Chartered Accountants

MAS Rural Housing & Mortgage Finance Limited

Annexure B to the Independent Auditor's Report (Continued)

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

For, Rajpara Associates
Chartered Accountants
FRN 113428W

Rajpara

Chandramaulin J. Rajpara
Partner
M. No. 046922

Place: Ahmedabad
Date: 27/04/2022
UDIN: 22046922AIJVHV9967

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

STANDALONE BALANCE SHEET AS AT 31 MARCH 2022

(₹ in '000)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
ASSETS			
Financial assets			
Cash and cash equivalents	5	1,40,653.04	2,20,627.14
Bank Balance other than cash and cash equivalents	6	2,57,959.02	3,894.77
Trade Receivables	7	421.54	189.25
Loans	8	24,60,071.06	25,81,754.15
Other Financial assets	9	29,062.39	20,923.33
Total Financial Assets		28,88,167.05	28,27,388.64
Non-Financial Assets			
Deferred tax Assets (Net)	10	-	4,524.21
Property, Plant and Equipment	11	5,444.79	6,353.70
Right-of-use Asset	11	743.10	1,612.58
Other Intangible assets	11	33.13	47.96
Other non-financial assets	12	5,474.07	5,477.35
Total Non-Financial Assets		11,695.09	18,015.80
Total Assets		28,99,862.14	28,45,404.44
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
(I)Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13	4,674.58	7,181.04
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Borrowings (Other than Debt Securities)	14	22,04,428.13	22,52,384.77
Other financial liabilities	15	42,682.41	21,384.39
Total Financial Liabilities		22,51,785.12	22,80,950.20
Non-Financial Liabilities			
Current tax liabilities (Net)		2,331.71	3,809.39
Provisions	16	71.41	58.89
Deferred tax liabilities (Net)	10	1,649.59	-
Other non-financial liabilities	17	29,817.89	21,230.78
Total Non-Financial Liabilities		33,870.60	25,099.06
Total Liabilities		22,85,655.72	23,06,049.26
EQUITY			
Equity Share Capital	18	2,12,264.04	2,12,264.04
Other Equity	19	4,01,942.38	3,27,091.14
Total Equity		6,14,206.42	5,39,355.18
Total Liabilities and Equity		28,99,862.14	28,45,404.44

The notes referred to above form an integral part of these financial statements

In terms of our report attached
For Rajpara Associates
Chartered Accountants
(FRN: 113428W)

Chandramaulin Rajpara
Partner
Membership No.046922

RAJPARA ASSOCIATES
Ahmedabad
Chartered Accountant

Place: Ahmedabad
Date: 27 April 2022

For and on behalf of the Board of Directors of
MAS Rural Housing and Mortgage Finance Limited

Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Da[illegible] Hiranandani
(Company Secretary)
(Membership No: A47986)

Ankit Jain
(Chief Financial Officer)

Place: Ahmedabad
Date: 27 April 2022

SMFG* RURAL HOUSING & MORTGAGE FINANCE LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

(₹ in '000)

	Particulars	Note No.	Year ended 31 March 2022	Year ended 31 March 2021
I.	**Revenue from operations**			
	Interest Income	20	3,33,311.03	3,42,143.55
	Income on assigned loans		13,898.35	7,808.22
	Fees and commission Income		9,239.67	915.52
	Total Revenue from operations		3,56,449.05	3,50,867.29
	Other Income	21	1,850.61	1,845.34
	Total Income		3,58,299.66	3,52,712.63
II.	**Expenses**			
	Finance Costs	22	2,02,614.16	2,10,672.44
	Impairment on financial instruments	23	11,770.47	29,618.41
	Employee Benefit Expenses	24	54,302.94	51,842.82
	Depreciation, Amortization and Impairment	25	2,952.87	4,425.24
	Other expenses	26	28,890.43	18,308.27
	Total Expenses		3,00,530.87	3,14,867.18
III.	**Profit Before Tax**		57,768.79	37,845.45
IV.	**Tax Expense:**			
	Current Tax	10	16,010.00	12,540.00
	Short / (Excess) Provision For Tax Relating to Prior Years	10	(40.15)	(29.46)
	Net current tax expense		15,969.85	12,510.54
	Deferred tax credit	10	(3,849.79)	(3,528.33)
	Net tax expense		12,120.06	8,982.21
V.	**Profit for the year (III - IV)**		45,648.73	28,863.24
VI.	**Other comprehensive income / (expense)**			
	(A) Items that will not be reclassified to profit or loss:			
	Remeasurement of the defined benefit liabilities		248.53	819.27
	Income tax impact on above		(62.53)	(168.01)
	Total		186.00	651.26
	(B) Items that will be reclassified to profit or loss:			
	Loans and Advances through other comprehensive Income		(2,843.78)	2,403.22
	Income tax impact on above		715.79	(604.89)
	Total		(2,127.99)	1,798.33
	Other comprehensive Income / (expense)		(1,941.99)	2,449.59
VII.	**Total comprehensive income for the year (V + VI)**		43,706.74	31,312.83
VIII.	**Earnings per equity share (of ₹ 10 each):**	27		
	Basic (in ₹)		2.15	1.36
	Diluted (in ₹)		2.15	1.36
	The notes referred to above form an integral part of these financial statements			

In terms of our report attached
For Rajpara Associates
Chartered Accountants
(FRN: 113428W)

For and on behalf of the Board of Directors of
SMFG* Rural Housing and Mortgage Finance Limited

Chandramaulin Rajpara
Partner
Membership No.046922

Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

Darshit Hiranandani
(Company Secretary)
(Membership No: A47986)

Ankit Jain
(Chief Financial Officer)

Place: Ahmedabad
Date: 27 April 2022

Place: Ahmedabad
Date: 27 April 2022

RURAL HOUSING & MORTGAGE FINANCE LIMITED

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

(₹ in '000)

	Particulars	Year ended 31 March 2022		Year ended 31 March 2021	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit Before Tax		57,768.79		37,845.45
	Adjustments for :				
	Depreciation and Amortisation	2,952.87		4,425.24	
	Finance Costs	2,02,614.16		2,10,672.44	
	Impairment on financial assets	11,770.47		29,618.41	
	Interest Income	(3,33,311.03)		(3,42,143.55)	
	Profit on Sale of Property, Plant & Equipments	(16.16)		-	
	Gain on derecognition of leased asset	-	(1,15,989.69)	(1.98)	(97,429.44)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(58,220.90)		(59,583.99)
	Changes In Working Capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Loans and Advances	1,03,029.42		(68,266.15)	
	Trade Receivables	(232.29)		34.82	
	Deposits given as	(52.50)		2.00	
	Bank balance other than cash and cash equivalents	1,149.29		(1,174.76)	
	Other financial and non-financial asset	251.81		3,670.15	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade Payables	(2,506.46)		1,210.65	
	Security Deposits from Borrowers	4,890.83		(6,618.02)	
	Advance from Borrowers	(322.26)		172.85	
	Other financial and non-financial liabilities	26,054.86		(7,589.81)	
	Provisions	12.52	1,32,275.22	(97.87)	(78,656.14)
	CASH GENERATED FROM / (USED IN) OPERATIONS		74,054.32		(1,38,240.13)
	Finance Costs paid	(1,88,578.96)		(2,15,759.46)	
	Income Tax Paid (Net)	(17,447.53)		(8,516.54)	
	Interest Income Received	3,23,498.22	1,17,471.73	3,38,576.00	1,14,300.00
	NET CASH FLOW GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)		1,91,526.05		(23,940.13)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Capital expenditure on Property, Plant & Equipments and Intangible Assets	(1,182.15)		(10.33)	
	Proceeds from sale of Property, Plant & Equipments and Intangible Assets	38.51		-	
	Change in Earmarked balances with banks and other free deposit	(2,55,213.54)		(2,514.92)	
	Interest Income from Investments and Deposits	10,593.31		5,807.87	
	NET CASH FLOW GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		(2,45,763.87)		3,282.62
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Issue of Optionally Convertible Preference Shares ("OCPS")	1,00,000.00		-	
	Repayment of principal component of lease liability	(984.62)		(2,519.53)	
	Proceeds from borrowings	11,16,770.13		6,21,000.00	
	Repayments of borrowings	(13,32,323.16)		(5,85,760.72)	
	Net Increase / (Decrease) in Working Capital Borrowings	97,820.24		2,203.84	
	Dividends paid	(7,018.87)		(4,384.03)	
	NET CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)		(25,736.28)		30,539.56
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(79,974.10)		9,882.05
	Cash and Cash Equivalents at the beginning of the year		2,20,627.14		2,10,745.09
	Cash and Cash Equivalents at the end of the year (Refer Note 1 below)		1,40,653.04		2,20,627.14

RAJPARA ASSOCIATES * Chartered Accountant * Ahmedabad

RURAL HOUSING & MORTGAGE FINANCE LIMITED

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

(₹ in '000)

Notes

	Particulars	As at 31 March 2022	As at 31 March 2021
1	Cash and bank balances at the end of the year comprises:		
	(a) Cash on Hand	1,467.31	1,231.64
	(b) Balances with banks	1,39,185.73	2,19,395.50
	Cash and Cash Equivalents as per Balance Sheet	**1,40,653.04**	**2,20,627.14**

2 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard - 7 on Statement of Cash Flows specified under Section 133 of the Companies Act, 2013.

3 The Company as at 31 March 2022 has undrawn borrowing facilities amounting to ₹ 5,200.00 lakhs that may be available for future operating activities and to settle capital commitments.

4 **Change in liabilities arising from financing activities**

Particulars	As at 31 March 2021	Cash Flows	Non-cash changes*	As at 31 March 2022
Borrowings other than debt securities	22,52,384.77	(1,17,732.79)	69,776.15	22,04,428.13
Total liabilities from financing activities	**22,52,384.77**	**(1,17,732.79)**	**69,776.15**	**22,04,428.13**

Particulars	1 April 2020	Cash Flows	Non-cash changes*	31 March 2021
Borrowings other than debt securities	22,14,858.73	37,443.12	82.92	22,52,384.77
Total liabilities from financing activities	**22,14,858.73**	**37,443.12**	**82.92**	**22,52,384.77**

* Non-cash changes includes the effect of recording financial liability at amortized cost, amortization of processing fees etc.

The notes referred to above form an integral part of these financial statements

In terms of our report attached
For Rajpara Associates
Chartered Accountants
(FRN: 113428W)

For and on behalf of the Board of Directors of
Rural Housing and Mortgage Finance Limited

Chandramaulin Rajpara
Partner
Membership No.046922

Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

Harshit Hiranandani
(Company Secretary)
(Membership No: A47986)

Ankit Jain
(Chief Financial Officer)

Place: Ahmedabad
Date: 27 April 2022

Place: Ahmedabad
Date: 27 April 2022

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

(₹ in '000)

A. Equity Share Capital

Equity Share of ₹ 10 each issued, subscribed and fully	
Balance at 1 April 2020	2,12,264.04
Changes in Equity Share Capital due to prior period errors	-
Restated balance at 31 March 2020	2,12,264.04
Changes in equity share capital during the year	-
Balance at 31 March 2021	2,12,264.04
Changes in Equity Share Capital due to prior period errors	-
Restated balance at 31 March 2021	2,12,264.04
Changes in equity share capital during the year	-
Balance at 31 March 2022	2,12,264.04

B. Other Equity

Particulars	Reserves and Surplus					OCI	Total
	Reserve fund u/s. 29-C of NHB Act,1987	Securities Premium	Equity component of compound financial instruments - OCPS	Employee cost on discount on shares issued by Holding Company	Retained Earnings	Loans and advances through OCI	
Balance at 1 April 2020	52,788.86	1,21,235.84	36,334.08	679.91	85,688.66	1,187.28	2,97,914.63
Profit for the year	-	-	-	-	28,863.24	-	28,863.24
Re-measurement of defined benefit plans (net of taxes)	-	-	-	-	651.26	-	651.26
Other comprehensive income (net of taxes)	-	-	-	-	-	4,046.05	4,046.05
Dividend on Equity Shares including DDT	-	-	-	-	(1,072.56)	-	(1,072.56)
Dividend on OCPS	-	-	(3,311.48)	-	-	-	(3,311.48)
Transfer to Reserve fund u/s. 29-C of NHB Act,1987	11,200.00	-	-	-	(11,200.00)	-	-
Balance at 31 March 2021	63,988.86	1,21,235.84	33,022.60	679.91	1,02,930.60	5,233.33	3,27,091.14
Profit for the year	-	-	-	-	45,648.73	-	45,648.73
Re-measurement of defined benefit plans (net of taxes)	-	-	-	-	186.00	-	186.00
Other comprehensive income (net of taxes)	-	-	-	-	-	4,286.32	4,286.32
Dividend on Equity Shares	-	-	-	-	(1,018.87)	-	(1,018.87)
Equity component of 6% OCPS issued during the period (net of tax)	-	-	31,749.06	-	-	-	31,749.06
Dividend on OCPS	-	-	(6,000.00)	-	-	-	(6,000.00)
Transfer to Reserve fund u/s. 29-C of NHB Act,1987	14,630.00	-	-	-	(14,630.00)	-	-
Balance at 31 March 2022	78,618.86	1,21,235.84	58,771.66	679.91	1,33,116.46	9,519.65	4,01,942.38

In terms of our report attached
For Rajpara Associates
Chartered Accountants
(FRN: 113428W)

Chandramaulin Rajpara
Partner
Membership No.046922

RAJPARA ASSOCIATES
Ahmedabad
Chartered Accountant

Place: Ahmedabad
Date: 27 April 2022

For and on behalf of the Board of Directors of
MAS Rural Housing and Mortgage Finance Limited

Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Darshil Hiranandani
(Company Secretary)
(Membership No: A47986)

Ankit Jain
(Chief Financial Officer)

Place: Ahmedabad
Date: 27 April 2022

1. **CORPORATE INFORMATION**

MAS Rural Housing & Mortgage Finance Limited ("The Company") is a public company incorporated under the provisions of Companies Act, 1956. It is registered as a Non Deposit taking Housing Finance Company with the National Housing Bank ("NHB"). The Company provides housing loans in the segment of Affordable Housing in Rural & Urban areas, Commercial loans and Project loans for construction of affordable houses. The activities of the company are spread all over Gujarat, Maharashtra, Madhya Pradesh & Rajasthan.

The Company's registered office is at 4th Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad, Gujarat, India - 380009.

2. **BASIS OF PREPARATION**

2.1 **Statement of compliance**

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the "Act") and the guidelines issued by NHB and Reserve Bank of India ("RBI") to the extent applicable. .

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

2.2 **Basis of measurement**

The standalone financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair values as required by relevant Ind AS.

2.3 **Functional and presentation currency**

The standalone financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Company operates (the "functional currency").

2.4 **Use of estimates and judgements**

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimates are revised and future periods are affected.

Estimation of uncertainties relating to the global health pandemic from COVID-19:
The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the accounting estimates. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of standalone financial statements.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) **Business model assessment**

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors the financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

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Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 40.

ii) Effective Interest Rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.
b) Development of ECL models, including the various formulas and the choice of inputs.
c) Determination of associations between macroeconomic scenarios and economic inputs, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
e) Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

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iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.16.

v) Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid / recovered for uncertain tax positions. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

vi) Defined Benefit Plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. The Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

2.5 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 37.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

i) The normal course of business
ii) The event of default

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of Interest Income

[A] EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

[B] Interest income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit impaired assets..

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 Financial Instrument - Initial Recognition

[A] Date of recognition

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

[B] Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.8), transaction costs are added to, or subtracted from this amount, except in the case of financial assets and financial liabilities recorded at FVTPL.

[C] Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either.

i) Amortised cost
ii) FVOCI
iii) FVTPL

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3.3 **Financial assets and liabilities**

[A] Financial Assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, the financial assets are measured as follows:

i) **Financial assets carried at amortised cost**
A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) **Financial assets measured at FVOCI**
A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

iii) **Financial assets at FVTPL**
A financial asset which is not classified in any of the above categories are measured at FVTPL.

[B] Financial Liability

i) **Initial recognition and measurement**
All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) **Subsequent measurement**
Financial liabilities are carried at amortized cost using the effective interest method.

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3.4 Reclassification of financial assets

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the circumstances in which the Company changes in its business model for managing those financial assets.

3.5 Derecognition of financial assets and liabilities

[A] Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

[B] Derecognition of financial assets other than due to substantial modification

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of financial assets on account of direct assignment of loans, gain is recognized as "Unearned income on assigned loans" under the head other non-financial liabilities and amortized in the profit or loss over the underlying residual tenure of the assigned portfolio. Refer note 28 for details.

Further, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset, if any.

As per the guidelines of RBI, the Company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) Financial liability

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

3.6 Impairment of financial assets

[A] Overview of the ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL.

Expected credit losses are measured through a loss allowance at an amount equal to:

i.) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii.) Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

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Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: Stage 1 consists of accounts having Days Past Due ("DPD") upto 30 days. When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant increase in credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2.

Stage 2: Stage 2 consists of loans accounts having DPD above 30 but upto 90. When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. Borrowers are also classified under stage 3 bucket under instances like fraud identification and legal proceeding. Further, stage 3 loan accounts are identified at customer level (i.e. a Stage 1 or 2 customer having other loans which are in Stage 3). The Company records an allowance for life time ECL.

There is a curing period with Stage 3 loan, where even if the DPD days are reduced by 90 days the same will not be upgraded to Stage 1 until the loan is 0 DPD.

[B] The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments

LGD The Loss Given Default is an estimate of the loss arising n the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

For Housing Finance Company ("HFC") loan portfolio

For HFC loan portfolio, the Company has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Company consists of various parameters based on which HFC loan portfolio is evaluated and credit rating is assigned.

The Company has developed its PD matrix based on the benchmarking of various external reports, ratings and Basel norms. This PD matrix is calibrated with its historical data and major events at a regular time interval in accordance with its ECL policy.

The Company has calculated Probability of Default (PDs), Exposure at Default (EAD) and Loss Given Default (LGDs) to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%. Credit impairment loans are determined at borrower level.

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognized.

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Significant increase in credit risk

The Company monitors all financial assets, including loan commitments issued that are subject to impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort. However, when a financial asset exceeds 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is classified in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

Financial assets in default represent those that are at least 90 DPD in respect of principal or interest and/or where the assets are otherwise considered to be unlikely to pay, including those that are credit-impaired.

[C] Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

[D] Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

3.7 Write-offs

The gross carrying amount of a financial asset is written off when the chances of recoveries are remote. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

3.8 Repossession

The Company resorts to invoking its right under the SARFAESI Act and other judicial remedies available against its mortgages and commercial lending business. The repossessed assets are either sold through auction or released to delinquent customers in case they come forward to settle their dues. Any surplus funds, in case of sale through auction, are returned to the customers/obligors. The Company does not record repossessed assets on its Balance Sheet as non–current assets held for sale.

3.9 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activites with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

• Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

• Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole

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4 **Recognition of other income and expenses**

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

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

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

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

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

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

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

[A] Interest income on Bank deposits & Other Income

Interest income on Bank deposits is accounted on accrual basis. Other Operating Income such as Service Charges, Document Charges etc. are recognised on accrual basis.

[B] Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service income etc. are recognised on point in time basis.

[C] Finance costs

Finance costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Interest expenses are computed based on effective interest rate method.

Finance Costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other finance costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 **Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

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3.11 Property, plant and Equipments

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated using the straight line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act. Land is not depreciated.

The estimated useful lives are, as follows:

i) Office Equipment - 3 to 15 years
ii) Furniture and Fixtures - 10 years
iii) Vehicles - 8 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

3.12 Intangible Assets

The Company's other intangible assets include the value of software and trademark. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

The estimated useful lives are as follows:
i) Software: 3 years
ii) Trademark: 10 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.13 Impairment of non financial assets - property, plant and equipment and intangible assets

The carrying values of assets / cash generating units at the each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the Statement of Profit and Loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

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3.14 Leasing

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease payments associated with short term leases or low value leases are recognised as an expense on a straight-line basis over the lease term.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

3.15 Retirement and other employee benefits

Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by respective Income Tax authorities.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

As per Ind AS 19, the service cost and the net interest cost are charged to the Statement of Profit and Loss. Actuarial gains and losses arising due to differences in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation, are recognized in the Other Comprehensive Income (OCI).

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Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The cost of short-term compensated absences is accounted as under:
(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

3.16 Provisions, contingent liabilities and contingent assets

[A] Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

[B] Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

[C] Contingent Asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

3.17 Taxes

[A] Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or equity.

[B] Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

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[C] Goods and services tax / value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/ value added taxes paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18 Earnings Per Share

Basic earnings per share is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.19 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

No new standards as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

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(₹ in '000)

	Particulars	As at 31 March 2022	As at 31 March 2021
5	**Cash and Cash Equivalents**		
	Cash on Hand	1,467.31	1,231.64
	Balances with Banks:		
	In Current/ Cash Credit Accounts	1,39,185.73	2,19,395.50
	Total Cash and Cash Equivalents	**1,40,653.04**	**2,20,627.14**
6	**Bank Balance other than cash and cash equivalents**		
	In Current Accounts (Refer Note below)	230.56	1,379.85
	In Fixed Deposit Accounts		
	Deposits given as security against borrowings and other commitments	2,57,728.46	2,514.92
	Total Bank Balance other than cash and cash equivalents	**2,57,959.02**	**3,894.77**
	Note: Balance represents balance with banks in earmarked account i.e. "Collection and Payout Account".		
7	**Trade Receivables**		
	Trade receivables considered good-secured	-	-
	Trade receivables considered good-unsecured	421.54	189.25
	Trade receivables which have significant increase in credit risk	-	-
	Trade receivables - credit impaired	-	-
	Total other receivables	**421.54**	**189.25**

Notes:

1. Impairment allowance recognised on trade receivables is ₹ Nil (31 March 2021: ₹ Nil).
2. There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Trade Receivables aging schedule

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022						
(i) Undisputed Trade receivables – considered good	421.54	-	-	-	-	421.54
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
As at 31 March 2021						
(i) Undisputed Trade receivables – considered good	189.25	-	-	-	-	189.25
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

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	Particulars	As at 31 March 2022			As at 31 March 2021		
		At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total
8	**Loans**						
	(A) Term Loans	11,69,730.89	13,15,794.97	24,85,525.86	5,53,296.69	20,58,736.04	26,12,032.73
	Add: Accrued Interest	4,988.18	7,757.26	12,745.44	2,459.61	11,066.31	13,525.92
	(A) Term Loans - Gross	**11,74,719.07**	**13,23,552.23**	**24,98,271.30**	**5,55,756.30**	**20,69,802.35**	**26,25,558.65**
	Less: Impairment loss allowance	-	38,200.24	38,200.24	-	43,804.50	43,804.50
	Total (A) - Net	**11,74,719.07**	**12,85,351.99**	**24,60,071.06**	**5,55,756.30**	**20,25,997.85**	**25,81,754.15**
	(B) (i) Secured by tangible assets	11,74,719.07	13,23,552.23	24,98,271.30	5,55,756.30	20,69,802.35	26,25,558.65
	(ii) Unsecured	-	-	-	-	-	-
	Total (B)-Gross	**11,74,719.07**	**13,23,552.23**	**24,98,271.30**	**5,55,756.30**	**20,69,802.35**	**26,25,558.65**
	Less: Impairment loss allowance	-	38,200.24	38,200.24	-	43,804.50	43,804.50
	Total (B)-Net	**11,74,719.07**	**12,85,351.99**	**24,60,071.06**	**5,55,756.30**	**20,25,997.85**	**25,81,754.15**
	(C) (I) Loans in India						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Private Sector	11,74,719.07	13,23,552.23	24,98,271.30	5,55,756.30	20,69,802.35	26,25,558.65
	Total (C)-Gross	**11,74,719.07**	**13,23,552.23**	**24,98,271.30**	**5,55,756.30**	**20,69,802.35**	**26,25,558.65**
	Less: Impairment loss allowance	-	38,200.24	38,200.24	-	43,804.50	43,804.50
	Total (C) (I) -Net	**11,74,719.07**	**12,85,351.99**	**24,60,071.06**	**5,55,756.30**	**20,25,997.85**	**25,81,754.15**
	(C) (II) Loans outside India	-	-	-	-	-	-
	Less: Impairment loss allowance	-	-	-	-	-	-
	Total (C) (II)- Net			-			-
	Total C(I) and C(II)	**11,74,719.07**	**12,85,351.99**	**24,60,071.06**	**5,55,756.30**	**20,25,997.85**	**25,81,754.15**

Loans or advances in the nature of loans are granted to promoters, directors, KMPs, and the related parties, either serverally or jointly with any other person

Particulars	**As at 31 March 2022**	**% to the total Loans and Advances in the nature of loans**	**As at 31 March 2021**	**% to the total Loans and Advances in the nature of loans**
Promoter	-	0.00%	-	0.00%
Directors	1,550.54	0.06%	1,811.26	0.07%
KMPs	-	0.00%	-	0.00%
Related parties	-	0.00%	-	0.00%

Notes:

1. Loans granted by the Company are secured or partly secured by Registered / Equitable mortgage of property, other Securities, assignments of Life Insurance policies and /or Company guarantees and/or Personal guarantees and /or Undertaking to create a security and/ or Cash Collateral.

2. The impairment on loans measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

(₹ in '000)

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
3. Percentage of loans against gold to total assets	0.00%	0.00%

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8.1 **An analysis of changes in the gross carrying amount of loans is given below***

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	24,70,904.89	1,62,912.27	9,838.98	26,43,656.14	24,79,203.28	1,01,371.80	9,272.83	25,89,847.91
Changes in opening credit exposures (net of repayment and excluding write off)	(10,67,508.53)	(55,624.12)	520.86	(11,22,611.79)	(3,81,613.78)	(5,361.57)	702.94	(3,86,272.41)
New assets originated (net of repayment)**	10,14,334.27	11,303.17	-	10,25,637.44	4,55,186.13	1,110.01	-	4,56,296.14
Transfers from Stage 1	(1,06,661.42)	1,02,691.94	3,969.48	-	(1,13,510.55)	1,10,557.95	2,952.60	-
Transfers from Stage 2	17,805.16	(30,016.68)	12,211.52	-	33,306.71	(39,750.14)	6,443.43	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Amounts written off	(2,116.42)	(8,238.82)	(10,284.51)	(20,639.75)	(1,666.90)	(5,015.78)	(9,532.82)	(16,215.50)
Gross carrying amount closing balance	**23,26,757.95**	**1,83,027.76**	**16,256.33**	**25,26,042.04**	**24,70,904.89**	**1,62,912.27**	**9,838.98**	**26,43,656.14**

* The above classification also includes balance of spread receivable on assigned portfolio. (Refer note no. 9)

** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

In accordance with the board approved moratorium policy read with RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers.

The Honourable Supreme Court of India in a public interest litigation (Gajendra Sharma vs. Union of India & Anr), vide an interim order dated 3 September 2020 ('interim order'), has directed that no additional borrower accounts shall be classified as impaired ('non-performing assets' or 'NPA') which were not declared NPA till 31 August 2020, till further orders. Based on the said interim order, the Company has not classified any standard account as of 31 August 2020 as NPA after 31 August 2020. The Company has classified those accounts as stage 3 and provisioned accordingly for financial reporting purposes.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RB1/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 7 April 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms and as per ECL model under Ind AS financial statements for the year ended 31 March 2021 and 31 March 2022.

8.2 **Reconciliation of ECL balance is given below:**

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	13,791.76	29,969.72	2,934.68	46,696.16	7,484.56	21,146.98	3,067.01	31,698.55
Changes in opening credit exposures (net of repayment and excluding write off)	10,390.61	(13,779.50)	(36.28)	(3,425.17)	(1,928.15)	17,200.81	1,643.42	16,916.08
New assets originated (net of repayment)	6,270.70	2,062.13	-	8,332.83	1,676.45	194.08	-	1,870.53
Transfers from Stage 1	(18,586.62)	17,426.04	1,160.58	-	(327.17)	325.82	1.35	-
Transfers from Stage 2	21.16	(3,669.60)	3,648.44	-	6,886.07	(8,897.97)	2,011.90	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Amounts written off	(4.70)	(1,217.02)	(2,875.89)	(4,097.61)	-	-	(3,789.00)	(3,789.00)
ECL allowance - closing balance	**11,882.91**	**30,791.77**	**4,831.53**	**47,506.21**	**13,791.76**	**29,969.72**	**2,934.68**	**46,696.16**

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 2,06,39,748 at 31 March 2022 (31 March 2021 : ₹ 1,62,15,501).

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The increase in ECL was driven by an increase in the gross amount of the portfolio, movements between stages as a result of increase in credit risk, change in probability of default, macro economic factors and management overlays due to estimated impact of COVID-19 pandemic. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point of time. The Company has conducted a qualitative assessment and has considered forecasted macro economic factors and a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances. For further details, refer Note No. 42.

8.3 Credit quality of loan assets

The table below shows the gross carrying amount of loans based on the Company's internal grading model and year-end stage classification of loans. The amounts presented are gross of impairment allowances. Details of the Company's internal grades are explained in note 42.1.

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal grade								
Performing								
High quality assets	23,26,757.96	-	-	23,26,757.96	24,70,904.89	-	-	24,70,904.89
Quality assets	-	72,849.18	-	72,849.18	-	48,394.18	-	48,394.18
Standard assets	-	1,10,178.56	-	1,10,178.56	-	1,14,518.09	-	1,14,518.09
Non- performing								
Sub standard assets	-	-	7,313.19	7,313.19	-	-	7,360.14	7,360.14
Low quality assets	-	-	8,943.15	8,943.15	-	-	2,478.84	2,478.84
Total	23,26,757.96	1,83,027.74	16,256.34	25,26,042.04	24,70,904.89	1,62,912.27	9,838.98	26,43,656.14

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	Particulars	As at 31 March 2022	As at 31 March 2021
9	**Other Financial Assets**		
	Security deposits	1,291.65	1,239.15
	Interest Waiver Receivable From Banks	-	1,586.69
	Spread Receivable on Assigned Assets	27,770.74	18,097.49
	Total Other Financial Assets	**29,062.39**	**20,923.33**

10 **Current Tax & Deferred Tax**

10.1 **Current Tax**

The components of current tax expense are:	Year ended 31 March 2022	Year ended 31 March 2021
Current tax	16,010.00	12,540.00
Adjustment in respect of current income tax of prior years	(40.15)	(29.46)
Deferred tax	(3,849.79)	(3,528.33)
Total tax charge	**12,120.06**	**8,982.21**
Current tax	15,969.85	12,510.54
Deferred tax	(3,849.79)	(3,528.33)

10.2 **Reconciliation of the total tax charge**

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2022 and 31 March 2021 is, as follows:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Accounting profit before tax	57,768.79	37,845.45
Applicable Tax Rate	25.17%	25.17%
Computed Tax Expense	**14,539.25**	**9,525.70**
Tax effect of :		
Non deductible items	378.44	194.02
Additional Deduction	(2,564.33)	(1,543.99)
Adjustment in respect of current income tax of prior years	(40.15)	(29.46)
Others	(193.15)	835.95
Tax Expenses recognised in Statement of Profit and Loss	**12,120.06**	**8,982.22**
Effective Tax Rate	20.98%	23.73%

10.3 **Deferred Tax**

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred Tax Asset / Liability (Net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL)	4,524.21	1,768.78
Credit/(Charge) to Other Equity	(10,676.85)	-
Credit/(Charge) for Loans and advances through OCI	715.79	(604.89)
Credit/(Charge) for Remeasurement of the defined benefit liabilities through OCI	(62.53)	(168.01)
Credit/(Charge) to Statement of Profit and Loss	3,849.79	3,528.33
At the end of year DTA / (DTL)	**(1,649.59)**	**4,524.21**

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(₹ in '000)

10.4 The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Particulars	As at 31 March 2021	Credit/(Charge) to Other Equity	Credit/(Charge) to Profit or Loss	Recognised in OCI	As at 31 March 2022
Component of Deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	223.90	-	199.53	-	423.43
Impact of fair value of assets	(782.86)	-	-	715.79	(67.07)
Income taxable on realised basis	1,377.61	-	316.73	-	1,694.34
Compound Financial Instruments	-	(10,676.85)	-	-	(10,676.85)
Impact of interest accrued on OCPS	(9,253.40)	-	2,806.77	-	(6,446.63)
Deferred tax on prepaid finance charges	1,057.05	-	266.47	-	1,323.52
Impairment on financial assets	11,753.43	-	202.94	-	11,956.37
Recognition of Lease Asset & liability	212.26	-	(29.02)	-	183.24
Expenses allowable on payment basis	(63.78)	-	86.37	(62.53)	(39.94)
Total	**4,524.21**	**(10,676.85)**	**3,849.79**	**653.26**	**(1,649.59)**

Particulars	As at 31 March 2020	Credit/(Charge) to Other Equity	Credit/(Charge) to Profit or Loss	Recognised in OCI	As at 31 March 2021
Component of Deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	66.58	-	157.32	-	223.90
Impact of fair value of assets	(177.97)	-	-	(604.89)	(782.86)
Income taxable on realised basis	3,394.61	-	(2,017.00)	-	1,377.61
Impact of interest accrued on OCPS	(10,820.47)	-	1,567.07	-	(9,253.40)
Deferred tax on prepaid finance charges	886.57	-	170.48	-	1,057.05
Impairment on financial assets	7,978.53	-	3,774.90	-	11,753.43
Recognition of Lease Asset & liability	265.80	-	(53.54)	-	212.26
Expenses allowable on payment basis	175.13	-	(70.90)	(168.01)	(63.78)
Total	**1,768.78**	**-**	**3,528.33**	**(772.90)**	**4,524.21**

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(₹ in '000)

11 Property, Plant and Equipments and Intangible assets

Nature of Assets	Property, Plant and Equipment (a)				Other Intangible Assets (b)		
	Office Equipments	Furniture and Fixtures	Vehicles	Total	Software	Trademark	Total
Cost							
As at 1 April 2020	5,903.18	1,827.21	10,237.09	17,967.48	308.38	10.00	318.38
Additions	10.33	-	-	10.33	-	-	-
Disposals	-	-	-	-	-	-	-
As at 31 March 2021	5,913.51	1,827.21	10,237.09	17,977.81	308.38	10.00	318.38
Additions	1,133.83	48.32	-	1,182.15	-	-	-
Disposals	69.57	-	-	69.57	-	-	-
As at 31 March 2022	6,977.77	1,875.53	10,237.09	19,090.39	308.38	10.00	318.38
Depreciation/Amortisation							
As at 1 April 2020	4,415.47	481.23	4,634.82	9,531.52	245.40	1.16	246.56
Depreciation/Amortization Charge	396.14	189.34	1,507.11	2,092.59	22.92	0.94	23.86
Disposal	-	-	-	-	-	-	-
As at 31 March 2021	4,811.61	670.57	6,141.93	11,624.11	268.32	2.10	270.42
Depreciation/Amortization Charge	369.49	192.12	1,507.10	2,068.71	13.88	0.95	14.83
Disposal	47.22	-	-	47.22	-	-	-
As at 31 March 2022	5,133.88	862.69	7,649.03	13,645.60	282.20	3.05	285.25
Net Block Value:							
As at 31 March 2021	1,101.90	1,156.64	4,095.16	6,353.70	40.06	7.90	47.96
As at 31 March 2022	1,843.89	1,012.84	2,588.06	5,444.79	26.18	6.95	33.13

Note: No revaluation of any class of asset is carried out during the year.

(c) Right-of-use Asset

The details of the right-of-use asset held by the Company is as follows:

Office Premises	
As at 1 April 2020	7,013.48
Additions for the period	-
Disposals	-
As at 31 March 2021	7,013.48
Additions for the period	-
Disposals	-
As at 31 March 2022	7,013.48
Amortisation	
As at 1 April 2020	3,092.10
Additions for the period	2,308.80
Disposals	-
As at 31 March 2021	5,400.90
Additions	869.48
Disposals	-
As at 31 March 2022	6,270.38
Net Block Value:	
As at 31 March 2021	1,612.58
As at 31 March 2022	743.10

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(₹ in '000)

	Particulars	As at 31 March 2022	As at 31 March 2021
12	**Other non-financial assets**		
	Prepaid expenses	342.91	254.15
	Advances to employees	175.45	56.80
	Balance with Government Authorities	2,991.05	1,911.82
	Gratuity Fund [Refer note 39(b)]	809.58	478.94
	Other Advances	1,155.08	2,775.64
	Total other non-financial assets	**5,474.07**	**5,477.35**
13	**Payables**		
	(I)Trade Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4,674.58	7,181.04
	(II) Other Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
		4,674.58	**7,181.04**

Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
As at 31 March 2022					
(i) MSME	-	-	-	-	-
(ii) Others	4,674.58	-	-	-	4,674.58
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-
Total	**4,674.58**	**-**	**-**	**-**	**4,674.58**
As at 31 March 2021					
(i) MSME	-	-	-	-	-
(ii) Others	7,181.04	-	-	-	7,181.04
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-
Total	**7,181.04**	**-**	**-**	**-**	**7,181.04**

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Dues remaining unpaid to any supplier at the year end		
- Principal	-	-
- Interest on above	-	-
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
(d) Amount of interest accrued and remaining unpaid	-	-
(e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

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	Particulars	As at 31 March 2022	As at 31 March 2021
14	**Borrowings (Other than Debt Securities) (At amortised cost)**		
	(a) Term loans (Refer Note No. 14.3)		
	(i) from Banks	15,89,821.87	18,98,163.27
	(ii) from National Housing Bank	1,30,245.00	1,60,541.00
	(iii) from Financial Institutions	2,67,528.81	1,44,444.44
	(b) Liability component of compound financial instruments (Refer Note No. 14.2)	1,31,963.39	63,236.41
	(c) Loans repayable on demand		
	(i) from banks - Cash Credit (Refer Note No. 14.1)	1,00,025.48	4.74
	(ii) from banks - Overdraft (Refer Note No. 14.1)	-	2,200.50
	Less: Unamortised Borrowing Cost	(15,156.42)	(16,205.59)
	Total (A)	**22,04,428.13**	**22,52,384.77**
	Secured	20,72,464.74	21,89,148.36
	Unsecured	1,31,963.39	63,236.41
	Total (B) to tally with (A)	**22,04,428.13**	**22,52,384.77**
	Borrowings in India	22,04,428.13	22,52,384.77
	Borrowings outside India	-	-
	Total (C) to tally with (A)	**22,04,428.13**	**22,52,384.77**

14.1 **Cash Credit & Overdraft**

(a) Cash Credit from Bank is secured by First pari-passu charge on the standard receivables of the company with other CC/OD lenders (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis). The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi. Overdraft from Bank is secured by Term Deposits placed with the banks with adequate margin required as per the terms of sanctions.

(b) Interest rate range

Interest rate ranges from 4.00% p.a to 10.50% p.a. as at 31 March 2022.

Interest rate ranges from 4.00% p.a to 10.50% p.a. as at 31 March 2021.

The Company has not defaulted in repayment of borrowings and interest.

The Company has borrowings from banks and financial institutions on the basis of security of current assets and the quarterly returns filed by the Company with the banks and financial institutions are in accordance with the books of accounts of the Company for the respective quarters.

The carrying amount of financial assets which is hypothecated against secured borrowing inclusive of margin requirement ranging from 1.00 times to 1.25 times is amounting to ₹ 25,260.42 lakhs (31 March 2021: ₹ 26,436.56 lakhs).

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14.2 **Liability component of compound financial instruments**

(a) Liability Component of Compound financial instruments represents liability component of
- 1,00,00,000 6% OCPS issued at face value of ₹ 10 each on 12th September 2019 and
- 1,00,00,000 6% OCPS issued at face value of ₹ 10 each on 23rd June 2021.

(b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	(₹ in '000)	No. of Shares	(₹ in '000)
6% OCPS				
Outstanding at the beginning of the year	1,00,00,000	1,00,000.00	1,00,00,000	1,00,000.00
Add: Issued during the period (Refer Note (a) above)	1,00,00,000	1,00,000.00	-	-
Outstanding at the end of the year	**2,00,00,000**	**2,00,000.00**	**1,00,00,000**	**1,00,000.00**

(c) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
6% OCPS				
MAS Financial Services Limited	2,00,00,000	100.00%	1,00,00,000	100.00%

(d) Details of shares held by promoters (including promoter group) of the Company:

Promoter and promoter group name	As at 31 March 2022		As at 31 March 2021		% Change during the year
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	
6% OCPS					
MAS Financial Services Limited	2,00,00,000	100.00%	1,00,00,000	100.00%	100.00%

(e) Terms/ rights attached to preference shares

All the 2,00,00,000 OCPS are having a par value of ₹ 10 each per share. Both these OCPS carry a right to be paid fixed preferential dividend at the rate of 6% per annum.

The preference shares carry a non-cumulative dividend right and are optionally convertible into equity shares at a price to be determined at the time of conversion. The Conversion / Redemption option is to be exercised for 33.33% of the shares in the 5th year, for 33.33% of the shares in the 6th year and for remaining 33.33% of the shares in the 7th year from the date of issue of these shares.

The holder of the preference share capital, in respect of such capital, has a right to vote only on resolutions placed before the Company which directly affect the rights attached to these preference shares.

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(₹ in '000)

14.3 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings:

Particulars	As at 31 March 2022	As at 31 March 2021	Terms of Redemption/ Repayment	Security
Term Loans from Banks (Refer Note (i) below)				
Term Loan from Banks - 1	-	25,000.00	Repayment in 8 Quarterly Instalments from 27 March 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Banks - 2	-	1,51,563.46	Repayment in 8 Quarterly Instalments from 27 December 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Banks - 3	1,00,000.04	1,50,000.00	Repayment in 36 Monthly Instalments from 03 April 2021	The Term loan shall be secured by exclusive hypothecation of present & future loan receivables of the company created out of the loan. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 4	28,541.67	81,041.67	Repayment in 24 Quarterly Instalments starting from 31 March 2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Banks - 5	12,500.00	37,500.00	Repayment in 24 Quarterly Instalments starting from 31 March 2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Banks - 6	12,500.00	29,166.66	Repayment in 24 Quarterly Instalments beginning from 31 July 2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Banks - 7	10,416.67	18,750.00	Repayment in 24 Quarterly Instalments starting from 30 June 2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Banks - 8	25,000.00	41,666.66	Repayment in 24 Quarterly Instalments starting from 30 June 2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Banks - 9	66,694.50	90,209.27	Repayment in 57 Monthly Instalments starting from 30 October 2020	Loan is secured by Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the company out of the bank finance to the company. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 10	2,87,871.02	2,00,000.01	Repayment in 60 Monthly Instalments starting from 30 July 2021	Loan is secured by Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the company out of the bank finance to the company. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 11	-	10,714.34	Repayment in 28 Quarterly Instalments from 30 April 2014	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Banks - 12	2,083.33	10,416.67	Repayment in 24 Quarterly Instalments beginning from 30 June 2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Banks - 13	54,090.38	71,335.31	Repayment in 24 Quarterly Instalments starting from 31 January 2019	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 14	29,002.10	41,970.74	Repayment in 24 Quarterly Instalments starting from 30 September 2019	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 15	70,232.35	96,512.97	Repayment in 24 Quarterly Instalments from 31 December 2020	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 16	1,18,593.05	1,51,073.65	Repayment in 24 Quarterly Instalments from 30 June 2021	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 17	-	83,113.10	Repayment in 10 Quarterly Instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shwela Gandhi.
Term Loan from Banks - 18	1,31,176.66	1,91,483.90	Repayment in 26 Quarterly Instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shwela Gandhi.

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(₹ in '000)

14.3 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings:

Particulars	As at 31 March 2022	As at 31 March 2021	Terms of Redemption/ Repayment	Security
Term Loan from Banks - 19	-	3,750.00	Repayment in 24 Quarterly Instalments from 19 March 2016	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shweta Gandhi.
Term Loan from Banks - 20	-	8,743.00	Repayment in 24 Quarterly Instalments from 19 March 2016	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shweta Gandhi.
Term Loan from Banks - 21	37,500.00	54,166.67	Repayment in 24 Quarterly Instalments from 31 March 2018	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 22	-	16,651.86	Repayment in 36 monthly Instalments from 30 April 2018	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 23	2,22,222.22	3,33,333.33	Repayment in 18 Quarterly Instalments from 30 June 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 24	84,970.13	-	Repayment in 20 Quarterly Instalments from 25 September 2021	Exclusive charge by way of hypothecation of book debts, which are financed/ to be financed by the company out of the bank financed to the Company should maintain 1.10 time security cover of outstanding amount of term loan on continuous basis during the tenure of term loan. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 25	1,99,999.74	-	Repayment in 10 Quarterly Instalments from 25 June 2022	Loan is secured by Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the company out of the bank finance to the company. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan from Banks - 26	96,428.00	-	Repayment in 28 Quarterly Instalments from 31 March 2022	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi.
Total Term Loans from Banks	**15,89,821.87**	**18,98,163.27**		

Note (i):
Interest rate ranges from 7.80% p.a to 10.30% p.a as at 31 March 2022.
Interest rate ranges from 7.75% p.a to 10.10% p.a as at 31 March 2021.

Term Loans from NHB (Refer Note (ii) below)

Particulars	As at 31 March 2022	As at 31 March 2021	Terms of Redemption/ Repayment	Security
Term Loan from NHB - 1	17,609.00	22,741.00	Repayment in 39 Quarterly Instalments from 01 July 2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 2	19,065.00	24,622.00	Repayment in 39 Quarterly Instalments from 01 October 2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 3	15,850.00	17,910.00	Repayment in 60 Quarterly Instalments from 01 October 2019	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 4	4,000.00	7,000.00	Repayment in 60 Quarterly Instalments from 01 October 2019	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 5	30,821.00	37,960.00	Repayment in 60 Quarterly Instalments from 01 July 2020	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi
Term Loan from NHB - 6	24,400.00	27,600.00	Repayment in 39 Quarterly Instalments from 01 October 2020	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.

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14.3 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings:

Particulars	As at 31 March 2022	As at 31 March 2021	Terms of Redemption/ Repayment	Security
Term Loan from NHB - 7	7,369.00	8,301.00	Repayment in 39 Quarterly Instalments from 31 July 2020	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 8	11,131.00	14,407.00	Repayment in 51 Quarterly Instalments from 01 July 2014	A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of ЯAS Financial Services Ltd.
Total Term Loans from NHB	**1,30,245.00**	**1,60,541.00**		

Note (ii):
Interest rate ranges from 4.68% p.a to 8.90% p.a as at 31 March 2022.
Interest rate ranges from 4.68% p.a to 8.90% p.a as at 31 March 2021.

Term Loans from Others (Refer Note (iii) below)

Particulars	As at 31 March 2022	As at 31 March 2021	Terms of Redemption/ Repayment	Security
Term Loan from Financial Institutions - 1	19,444.44	52,777.77	Repayment in 36 Monthly Instalments starting from 30 November 2019	The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan instalments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Financial Institutions - 2	58,333.33	91,666.67	Repayment in 36 Monthly Instalments starting from 31 January 2021	The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan instalments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Financial Institutions - 3	1,89,751.04	-	Repayment in 60 Monthly Instalments starting from 15 January 2022	Exclusive charge on specific loan assets / book debts of the company assigned to TCFSL at a minimum cover of 1.10 times. Personal Guarantee of Mr. Kamlesh Gandhi.
Total Term Loans from Others	**2,67,528.81**	**1,44,444.44**		

Note (iii):
Interest rate ranges from 8.95% p.a to 9.40% p.a as at 31 March 2022.
Interest rate ranges from 9.00% p.a to 9.65% p.a as at 31 March 2021.

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MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(₹ in '000)

	Particulars	As at 31 March 2022	As at 31 March 2021
15	**Other financial liabilities**		
	Interest accrued but not due on borrowings	1,457.12	1,210.65
	Interest accrued but not due on others	448.39	857.56
	Dues to the assignees towards collections from assigned receivables	21,320.54	3,852.79
	Lease liability	991.86	1,976.63
	Security Deposits from borrowers (Refer Note No. 1 below)	17,500.00	12,200.00
	Other Advances	964.50	1,286.76
	Total other financial liabilities	**42,682.41**	**21,384.39**
	Note: 1. All the security deposits from borrowers as on 31 March 2022 and 31 March 2021 are from Corporate entities.		
16	**Provisions**		
	Compensated Absences	71.41	58.89
	Total Provisions	**71.41**	**58.89**
17	**Other non-financial liabilities**		
	Statutory remittances	2,047.15	3,133.29
	Unearned income on assigned loans	27,770.74	18,097.49
	Total other non-financial liabilities	**29,817.89**	**21,230.78**

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(₹ in '000)

	Particulars	As at 31 March 2022	As at 31 March 2021
18	**Equity Share Capital**		
	Authorized Shares:		
	2,40,00,000 Equity Shares of ₹10 each (As at 31 March 2021: 2,40,00,000 Equity Shares of ₹10 each)	2,40,000	2,40,000
	2,10,00,000 Preference Shares of ₹ 10/- each (As at 31 March 2021: 1,10,00,000 Preference Shares of ₹10 each)	2,10,000	1,10,000
		4,50,000	3,50,000
	Issued, Subscribed and Fully Paid-Up Shares:		
	2,12,26,404 Equity Shares of ₹10 each fully paid up (As at 31 March 2021: 2,12,26,404 Equity Shares of ₹10 each)	2,12,264	2,12,264
		2,12,264	2,12,264

18.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	(₹ in '000)	No. of Shares	(₹ in '000)
Equity Shares				
Outstanding at the beginning of the year	2,12,26,404	2,12,264.04	2,12,26,404	2,12,264.04
Issued during the year	-	-	-	-
Outstanding at the end of the year	2,12,26,404	2,12,264.04	2,12,26,404	2,12,264.04

18.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity Shares				
MAS Financial Services Limited	1,26,64,893	59.67%	1,26,64,893	59.67%
Mukesh C. Gandhi (Refer Note below)	40,40,606	19.04%	40,40,606	19.04%
Kamlesh C. Gandhi	24,86,510	11.71%	24,86,510	11.71%
Shweta Kamlesh Gandhi	20,34,095	9.58%	20,34,095	9.58%

Note

Mr. Mukesh C. Gandhi has passed away on 19 January 2021.

18.3 Details of shares held by promoters (including promoter group) of the Company:

Promoter and promoter group name	As at 31 March 2022		As at 31 March 2021		% Change during the year
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	
Equity Shares					
MAS Financial Services Limited	1,26,64,893	59.67%	1,26,64,893	59.67%	0.00%
Mr. Mukesh C. Gandhi (Refer Note above)	40,40,606	19.04%	40,40,606	19.04%	0.00%
Kamlesh C. Gandhi	24,86,510	11.71%	24,86,510	11.71%	0.00%
Shweta Kamlesh Gandhi	20,34,095	9.58%	20,34,095	9.58%	0.00%

18.4 Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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	Particulars	As at 31 March 2022	As at 31 March 2021
19	**Other Equity**		
	Equity component of compound financial instruments- Optionally Convertible preference shares		
	Outstanding at the beginning of the year	33,022.60	36,334.08
	Add: Equity component of 6% OCPS issued during the period (net of tax)	31,749.06	-
	Less: Dividend on 6% OCPS	(6,000.00)	(3,311.48)
	Outstanding at the end of the year	**58,771.66**	**33,022.60**
	IPO Discount given by Holding company		
	Outstanding at the beginning of the year	679.91	679.91
	Additions during the year	-	-
	Outstanding at the end of the year	**679.91**	**679.91**
	Reserve fund u/s. 29-C of NHB Act,1987:		
	Opening Balance		
	a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	302.48	302.48
	b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	63,686.38	52,486.38
	c. Total	**63,988.86**	**52,788.86**
	Addition / Appropriation / Withdrawal during the year		
	Add:		
	a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	4,130.00	-
	b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	10,500.00	11,200.00
	Less:		
	a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
	b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	-	-
	Closing Balance		
	a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	4,432.48	302.48
	b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	74,186.38	63,686.38
	c. Total	**78,618.86**	**63,988.86**
	Securities Premium		
	Outstanding at the beginning of the year	1,21,235.84	1,21,235.84
	Additions during the year	-	-
	Outstanding at the end of the year	**1,21,235.84**	**1,21,235.84**
	Retained Earnings		
	Outstanding at the beginning of the year	1,02,930.60	85,688.66
	Profit for the year	45,648.73	28,863.24
	Item of other comprehensive income recognised directly in retained earnings		
	Remeasurement of the defined benefit liabilities	186.00	651.26
		1,48,765.33	**1,15,203.16**
	Less : Appropriations:		
	Reserve u/s.29-C of NHB Act,1987 & Special Reserve U/s 36(1)(viii) of Income Tax Act,1961	14,630.00	11,200.00
	Dividend on Equity Shares	1,018.87	1,018.87
	Dividend Distribution Tax on Equity Dividend	-	53.69
	Total Appropriations	**15,648.87**	**12,272.56**
	Retained Earnings	**1,33,116.46**	**1,02,930.60**
	Other Comprehensive Income		
	Outstanding at the beginning of the year	5,233.33	1,187.28
	Loans and Advances through other comprehensive Income	(2,843.78)	2,403.23
	Impairment on loans and advances through OCI	6,414.31	2,247.71
	Income tax relating to items that will be reclassified to profit or loss	715.79	(604.89)
	Other Comprehensive Income for the Period, Net of Tax	**9,519.65**	**5,233.33**
	Total Other Equity	**4,01,942.38**	**3,27,091.14**

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19.1 Nature and purpose of reserve

1. Equity component of compound financial instruments- Optionally Convertible preference shares

Equity Component of Compound financial instruments represents Equity component of Optionally Convertible Preference Shares (OCPS).
During the year 2019-20, 6% OCPS were issued having face value of ₹ 10,00,00,000. Out of which ₹ 3,45,37,882 was classified as Equity Component (net of tax ₹ 1,16,17,246) while ₹ 5,38,44,872 was classified as Debt component.
During the year 2021-22, further 6% OCPS were issued having face value of ₹ 10,00,00,000. Out of which ₹ 3,17,49,064 was classified as Equity Component (net of tax ₹ 1,06,76,834) while ₹ 5,75,74,102 was classified as Debt component.

2. IPO Discount given by Holding company

During the year 2017-18, pursuant to initial public offering (IPO) and Offer For Sale, the Holding Company MAS Financial Services Limited had allotted equity shares under Employee Reservation Category to the eligible employees of the company at a discount of ₹ 45 per share on the offer price. The total discount ₹ 679,905 has been considered as an Equity Investment by the Holding Company.

3. Reserve fund u/s. 29-C of NHB Act, 1987:

Special Reserve has been created in terms of Section 36(1) (viii) of the income Tax Act,1961 out of the distributable profits of the company. As per Section 29C of NHB Act, 1987, the company is required to transfer at least 20% of its net profits prior to distribution of dividend every year to a reserve. For this purpose any Special Reserve created by the company in terms of Section 36(1) (viii) of the income Tax Act. 1961 is considered an eligible transfer.

4. Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

5. Retained earnings

Retained earnings is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:
i) actuarial gains and losses;
ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

6. Other comprehensive income

On loans

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the loans and advances are sold. Further, impairment loss allowances on the loans are recognised in OCI.

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	Particulars	Year ended 31 March 2022			Year ended 31 March 2021		
		On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
20	**Interest Income**						
	Interest on Loans	86,138.73	2,36,578.99	3,22,717.72	36,643.44	2,99,217.65	3,35,861.09
	Interest on deposits with Banks	-	10,593.31	10,593.31	-	5,807.87	5,807.87
	Other interest Income	-	-	-	-	474.59	474.59
	Total	**86,138.73**	**2,47,172.30**	**3,33,311.03**	**36,643.44**	**3,05,500.11**	**3,42,143.55**

	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
21	**Other Income**		
	Net gain/(loss) on derecognition of property, plant and equipment	16.16	-
	Gain on derecognition of leased asset	-	1.98
	Income from non-financing activity	1,834.45	1,843.36
	Total	**1,850.61**	**1,845.34**
22	**Finance Costs**		
	(On Financial liabilities measured at Amortised Cost)		
	Interest on borrowings	1,80,571.18	1,95,957.77
	Interest on liability component of compound financial instruments	11,152.87	6,225.95
	Other interest expense	950.36	1,005.81
	Other borrowing cost	9,806.93	7,165.20
	Lease liability interest obligation	132.82	317.71
	Total	**2,02,614.16**	**2,10,672.44**
23	**Impairment on financial instruments**		
	On loans (measured at Amortised Cost)	(5,604.26)	12,749.89
	On loans (measured at FVOCI)	6,414.31	2,247.71
	Loss Assets Written Off (Net of Recoveries)	10,960.42	14,620.81
	Total	**11,770.47**	**29,618.41**

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(₹ in '000)

	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
24	**Employee Benefits Expense**		
	Salaries and wages	50,261.14	46,917.28
	Contribution to provident and other funds	2,657.65	2,934.11
	Gratuity expense (Refer Note No. 39)	632.55	862.08
	Staff welfare expenses	751.60	1,129.35
	Total	**54,302.94**	**51,842.82**
25	**Depreciation, Amortization and Impairment**		
	Depreciation on Property, Plant & Equipment	2,068.71	2,092.58
	Amortisation of intangible assets	14.82	23.86
	Right-of-use asset depreciation	869.34	2,308.80
	Total	**2,952.87**	**4,425.24**
26	**Other Expenses**		
	Rent	5,810.26	3,536.19
	Rates & Taxes	477.42	260.39
	Stationery & Printing	745.53	680.29
	Telephone	687.54	888.21
	Electricity	667.43	563.23
	Postage & Courier	294.32	218.21
	Insurance	248.89	218.09
	Conveyance	1,783.03	1,140.14
	Travelling	911.30	285.36
	Repairs & Maintenance:		
	Others	721.32	595.28
	Professional Fees	9,059.58	5,840.65
	Payment to auditors (Refer note below)	222.20	415.48
	Director's Sitting Fees	321.55	299.75
	Bank Charges	309.63	231.14
	Advertisement Expenses	1,489.51	1,421.17
	Sales Promotion Expenses	918.23	8.48
	Recovery Contract Charges	2,526.70	1,203.98
	Miscellaneous Expenses	1,695.99	502.23
	Total	**28,890.43**	**18,308.27**
	Note: Payment to Statutory Auditors (including Taxes)		
	As auditor:		
	Statutory audit	125.00	125.00
	Other services	97.20	290.49
		222.20	**415.49**

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(₹ in '000)

	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
27	**Earnings Per Share**		
	(A) Basic		
	Computation of Profit (Numerator)		
	Net Profit for the year attributable to Equity Shareholders	**45,648.73**	**28,863.24**
	Weighted average number of Equity Shares of ₹10 each	2,12,26,404	2,12,26,404
	Basic Earnings per Share of face value of ₹10 each (in ₹)	2.15	1.36
	(B) Diluted		
	Net Profit attributable to Equity Shareholder's as above	**45,648.73**	**28,863.24**
	Weighted average number of Equity Shares of ₹10 each	2,12,26,404	2,12,26,404
	Diluted Earnings per Share of face value of ₹10 each (in ₹)	2.15	1.36

Note:

Since the number of equity shares issuable on conversion of 6% Optionally Convertible Preference Shares is not determinable at present, the weighted average number of equity shares for computing diluted earnings per share is not ascertainable. Under the circumstances, its consequential effect on dilution of earnings per share has not been considered.

28 **Amortising the gain on assignment of financial assets over the residual tenure instead of booking upfront:**

Disclosure requirement as per para 20 of Ind AS 1 'Presentation of Financial Statements' is as follows:

On derecognition of loans in its entirety upon assignment, as per Ind AS 109 'Financial Instruments', the Company is required to recognise the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including new asset obtained less any new liability assumed) as gain immediately in the statement of profit or loss.

The Company is of view that the accounting treatment prescribed in Ind AS 109 inflates the income at the time of assignment and leads to reporting higher earnings per share, potentially higher dividend pay-out and improved capital adequacy ratio and will not present true and fair view of the entity's financial position, financial performance and cash flows. Therefore, the management of the Company has exercised their judgement under para 19 of Ind AS 1 and has departed from the aforementioned requirement of Ind AS 109. The Company is complying with the applicable Ind AS except for the particular requirement of Ind AS 109 as mentioned above.

As per current practice, such gains are recognised as 'unearned income on assigned loans' under the head 'other non-financial liabilities' and is amortised in the statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio while related assets and liabilities are recorded at the fair value as per Ind AS requirement.

If the Company had complied with Ind AS 109, the financial impact on the following items [Increase / (decrease)] in the financial statements would have been as under:

[A] Impact on Statement of Profit and Loss items:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Gain on assignment of financial assets	9,673.25	(6,685.48)
Profit before tax	9,673.25	(6,685.48)
Deferred tax expense / (Credit)	2,434.56	(1,682.60)
Profit after tax	7,238.68	(5,002.88)
Basic / Diluted EPS (in ₹)	0.34	(0.24)

[B] Impact on Balance Sheet items:

Particulars	As at 31 March 2022	As at 31 March 2021
Other equity	25,312	13,204
Other non-financial liabilities	(27,771)	(18,097)
Deferred tax asset	(2,459)	(4,893)

Further, NBFC industry body "Finance Industry Development Council" which is represented by more than 100 NBFCs is also of the same view.

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29 **Additional Information to the Financial Statements:**

[A] Expenditure in Foreign Currency – Nil

[B] Earning in Foreign Currency – Nil

30 **Segment Reporting:**

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

31 **Related Party Disclosures:**

(a) Related party disclosures as required by Indian Accounting Standard 24, "Related Party Disclosures".

List of related parties and relationships:

Sr. No.	Nature of Relationship	
1	Holding Company	MAS Financial Services Limited
2	Key Management Personnel (where there are transactions)	Mr. Kamlesh C. Gandhi (Chairman and Managing Director)
		Mr. Mukesh C. Gandhi (Whole Time Director and Chief Financial Officer) (till 19 January 2021)
		Mrs. Darshana S. Pandya (Director and Chief Operating Officer)
		Mr. Bala Bhaskaran (Independent director)
		Mr. Chetanbhai Shah (Independent director)
		Mr. Subir Nag (Independent director)
3	Other related parties (where there are transactions)	Mrs. Shweta K. Gandhi
		Mr. Saumil Pandya

Transactions with related parties are as follows:

(₹ in '000)

Particulars	Year ended 31 March 2022			
	Holding Company	Key management personnel	Other Related Parties	Total
Rent Expense	960.00	-	-	**960.00**
Recovery Contract charges paid	331.73	-	-	**332.00**
Cross-charge for Director's Remuneration	1,290.00	-	-	**1,290.00**
Expenditure reimbursed by	89,936.14	-	-	**89,936.00**
Expenditure reimbursed to	6,723.86	-	-	**6,724.00**
Reimbursement of Collection Received on behalf of	5,982.47	-	-	**5,982.00**
Issue of 6% OCPS	1,00,000.00	-	-	**1,00,000.00**
Dividend Paid	6,607.91	313.31	97.64	**7,019.00**
Sitting fees	-	295.00	-	**295.00**

Particulars	Year ended 31 March 2021			
	Holding Company	Key management personnel	Other Related Parties	Total
Rent Expense	1,170.67	-	-	**1,170.67**
Recovery Contract charges paid	240.00	-	-	**240.00**
Cross-charge for Director's Remuneration	1,200.00	-	-	**1,200.00**
Expenditure reimbursed to	58.82	-	-	**58.82**
Reimbursement of Collection Received on behalf of	3,646.77	-	-	**3,646.77**
Dividend Paid	3,919.39	313.32	97.64	**4,330.34**
Sitting fees	-	275.00	-	**275.00**

Balances outstanding from related parties are as follows:

(₹ in '000)

Particulars	As at 31 March 2022			
	Holding Company	Key management personnel	Other Related Parties	Total
Loans and Advances given	-	1,550.54	-	**1,550.54**
6% OCPS	2,00,000.00	-	-	**2,00,000.00**
Guarantees outstanding	11,131.00	-	-	**11,131.00**

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Particulars	As at 31 March 2021			
	Holding Company	Key management personnel	Other Related Parties	Total
Loans and Advances given	-	1,811.26	-	1,811.26
6% OCPS	1,00,000.00	-	-	1,00,000.00
Guarantees outstanding	25,121.34	-	-	25,121.34

All transactions with these related parties are priced on an arm's length basis.

Key managerial personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Transactions with key management personnel are as follows:

(₹ in '000)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Post-employment benefits	-	-
Other long term employment benefits	-	-
	-	-

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

32 The Board of directors recommended dividend of ₹ 0.048/- per equity share of face value of ₹10 each, which is subject to approval by shareholders of the Company. Dividend on the 6% OCPS is also proposed in the meeting. The amounts of dividend are as follows:

(₹ in '000)

Particulars	Dividend Proposed
Equity Shares	1,018.87
6% OCPS	10,635.62

Note: The dividend declared above is in accordance with Section 123 of the Act.

33 Details of Total Assets Under Management (AUM) (including assigned assets) and Total Non-Performing Assets (NPA) are as follows:

(₹ in Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Ind AS AUM	31,634.06	28,489.46
Stage III AUM	168.32	104.04
Stage III AUM after provisioning	120.00	74.69
Stage 3 As % Of AUM	0.53%	0.37%
Stage 3 As % Of AUM after provisioning	0.38%	0.26%

34 Total amount of assigned assets outstanding as per books of the company (excluding accrued interest) as on 31st March 2022 is ₹ 6,373.64 Lakh. Dues to assignees towards collections from assigned receivables as on 31st March, 2022 is ₹ 213.21 Lakh.

35 **Analytical Ratios**

(₹ in '000)

Particulars	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance (if above 25%)
(a) Capital to risk-weighted assets ratio (CRAR)	7,55,902.54	13,80,945.88	54.73%	42.75%	11.98%	N.A.
(b) Tier I CRAR	5,44,019.64	13,80,945.88	39.39%	34.76%	4.63%	N.A.
(c) Tier II CRAR	2,11,882.91	13,80,945.88	15.34%	7.99%	7.35%	N.A.
(d) Liquidity Coverage Ratio[1]	3,77,600.08	58,514.93	645.31%	N.A.[1]	N.A.	N.A.

[1] The Company is not required to comply with the guidelines on Liquidity Coverage Ratio (LCR) in line with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 as at 31 March 2022 and 31 March 2021.

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36 Contingent liabilities and commitments (to the extent not provided for)

(₹ in '000)

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Contingent Liabilities	-	-
(B) Commitments		
i) Loan commitments for sanctioned but not disbursed amount	66,525.00	42,284.68

The Company's pending litigations comprise of proceedings pending with Income Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

37 Offsetting

Following table represents the recognised financial assets that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as at 31 March 2022 and 31 March 2021. The column 'net amount' shows the impact of Company's balance sheet if all the set-off rights were exercised.

(₹ in '000)

Particulars	Effect of offsetting on the balance sheet			Related amount not offset		
	Gross amounts	Gross amount off set in balance sheet (Refer Note 1 below)	Net amount presented in balance sheet	Advances received against loan agreements (Refer Note 1 below)	Financial instrument collateral (Refer Note 2 below)	Net amount
As at 31 March 2022						
Loans and advances	24,64,729.41	4,658.35	24,60,071.06	964.50	17,500.00	24,41,606.56
As at 31 March 2021						
Loans and advances	25,84,504.15	2,750.00	25,81,754.15	1,286.76	12,200.00	25,68,267.39

Note:

1. ₹ 56,22,850 (31 March 2021: ₹ 40,36,757) advances received against loan agreements is offset against loans and advances.
2. ₹ 1,75,00,000 (31 March 2021: ₹ 1,22,00,000) security deposits received from borrowers is not offset against loans and advances.

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38 **Maturity analysis of assets and liabilities**

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

(₹ in '000)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	1,40,653.04	-	1,40,653.04	2,20,627.14	-	2,20,627.14
Bank Balance other than above	2,57,959.02	-	2,57,959.02	3,894.77	-	3,894.77
Trade Receivables	421.54	-	421.54	189.25	-	189.25
Loans	7,46,105.93	17,13,965.13	24,60,071.06	8,05,048.16	17,76,705.99	25,81,754.15
Other Financial assets	3,631.95	25,430.44	29,062.39	12,980.05	7,943.28	20,923.33
Non-Financial Assets						
Deferred tax Assets (Net)	-	-	-	-	4,524.21	4,524.21
Property, Plant and Equipment	-	5,444.79	5,444.79	-	6,353.70	6,353.70
Right-of-use Asset	506.30	236.80	743.10	1,612.58	-	1,612.58
Other Intangible assets	-	33.13	33.13	-	47.96	47.96
Other non-financial assets	5,474.07	-	5,474.07	5,477.35	-	5,477.35
Total Assets	**11,54,751.85**	**17,45,110.29**	**28,99,862.14**	**10,49,829.30**	**17,95,575.14**	**28,45,404.44**
LIABILITIES						
Financial Liabilities						
Trade Payables						
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,674.58	-	4,674.58	7,181.04	-	7,181.04
Borrowings (Other than Debt Securities)	7,23,540.48	14,80,887.65	22,04,428.13	8,37,750.68	14,14,634.09	22,52,384.77
Other financial liabilities	29,123.27	13,559.14	42,682.41	17,067.05	4,317.34	21,384.39
Non-Financial Liabilities						
Current tax liabilities (Net)	2,331.71	-	2,331.71	3,809.39	-	3,809.39
Provisions	71.41	-	71.41	58.89	-	58.89
Deferred tax liabilities (Net)	-	1,649.59	1,649.59	-	-	-
Other non-financial liabilities	4,387.45	25,430.44	29,817.89	13,287.50	7,943.28	21,230.78
Total Liability	**7,64,128.90**	**15,21,526.82**	**22,85,655.72**	**8,79,154.55**	**14,26,894.71**	**23,06,049.26**
Net	**3,90,622.95**	**2,23,583.47**	**6,14,206.42**	**1,70,674.75**	**3,68,680.43**	**5,39,355.18**

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39 **Employee benefit plan**

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

[A] Defined Contribution Plan

A defined contribution plan is a pension plan under which the company pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The Company's contribution to Provident Fund aggregating to ₹ 21,86,362 (31 March 2021: ₹ 24,43,234) and Employee State Insurance Scheme aggregating to ₹ 1,56,260 (31 March 2021: ₹ 2,05,860) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

[B] Defined Benefit Plans:

Gratuity

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The defined benefit plans expose the Company to actuarial risks such as Actuarial risk, Investment risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

Actuarial Risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cash flows.

Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan as required under Ind AS-19 is as under:

(₹ in '000)

Particulars	As at 31 March 2022	As at 31 March 2021
I. Reconciliation of Opening and Closing Balances of defined benefit		
Present Value of Defined Benefit Obligations at the beginning of the year	2,156	2,119.71
Current Service Cost	688.95	901.77
Interest Cost	143.72	144.07
Benefit paid from the fund	(258.28)	(130.17)
Re-measurement (or Actuarial) (gain) / loss arising from:	-	
Change in demographic assumptions	(180.87)	(132.94)
Change in financial assumptions	(22.78)	-
Experience variance (i.e. Actual experience vs assumptions)	(68.98)	(746.34)
Present value of defined benefit obligations at the end of the year	**2,457.86**	**2,156.10**

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ii. Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at the beginning of the year	2,635.04	2,248.19
Interest Income	200.12	183.76
Return on plan assets excluding amounts included in interest income	(24.10)	(60.01)
Contributions by employer	714.67	393.27
Benefits paid	(258.28)	(130.17)
Fair value of plan assets at the end of the year	**3,267.45**	**2,635.04**
iii. Reconciliation of the present value of defined benefit obligation and fair value of plan assets		
Present value of defined benefit obligations at the end of the year	2,457.86	2,156.10
Fair value of plan assets at the end of the year	3,267.45	2,635.04
Net asset / (liability) recognized in balance sheet as at the end of the year	**809.58**	**478.94**

iv. Composition of plan assets

100% of plan assets are administered by LIC of India.

(₹ in '000)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
v. Expense recognised during the year		
Current service cost	688.95	901.77
Interest Cost	(56.40)	(39.69)
Expenses recognised in the income statement	**632.55**	**862.08**
vi. Other Comprehensive Income		
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	(22.78)	-
Due to change in demographic assumption	(180.87)	(132.94)
Due to experience adjustments	(68.98)	(746.34)
Return on plan assets excluding amounts included in interest income	24.10	60.01
Components of defined benefit costs recognised in other comprehensive income	**(248.53)**	**(819.27)**

Particulars	As at 31 March 2022	As at 31 March 2021
vii. Principal actuarial assumptions		
Discount Rate (per annum)	6.95%	6.85%
Rate of Return on Plan Assets (p.a.)	6.95%	6.85%
Annual Increase in Salary Cost	8.00%	8.00%
Withdrawal Rates	20% p.a. at younger ages reducing to 5% p.a. at older ages	10% p.a. at younger ages reducing to 2% p.a. at older ages

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ in '000)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Defined Benefit Obligation (Base)	2,457.86	2,156.10

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Particulars	Year ended 31 March 2022		Year ended 31 March 2021	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 0.5%)	2,575.43	2,349.09	2,296.18	2,028.55
(% change compared to base due to sensitivity	4.78%	(4.43%)	6.50%	(5.92%)
Salary Growth Rate (- / + 0.5%)	2,352.72	2,566.00	2,034.16	2,285.91
(% change compared to base due to sensitivity)	(4.28%)	4.40%	(5.66%)	6.02%
Withdrawal Rate (W.R.) (W.R. x 90% / W.R. x 110%)	2,496.57	2,421.15	2,184.83	2,128.40
(% change compared to base due to sensitivity)	1.57%	(1.49%)	1.33%	(1.28%)

ix. Asset Liability Matching Strategies

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

x. Effect of Plan on Entity's Future Cash Flows

a) Funding arrangements and Funding Policy
The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Maturity Profile of Defined Benefit Obligation
The Average Outstanding Term of the Obligations (Years) as at valuation date is 8.86 years.

Particulars	Cash flows (₹ in '000)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	178.82	3.30%
2nd Following year	206.03	3.80%
3rd Following Year	221.71	4.10%
4th Following Year	202.39	3.70%
5th Following Year	202.39	3.70%
Sum of years 6 to 10	881.63	16.30%

The future accrual is not considered in arriving at the above cash-flows.

Code on Social Security, 2020
The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules thereunder. The Ministry of Labour and Employment also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same, once the rules are notified and become effective.

The Expected contribution for the next year is ₹ 8,43,789

[C] Other long term employee benefits
The actuarial liability for compensated absences as at the year ended 31 March 2022 and 31 March 2021 is ₹ 71,407 and ₹ 58,889 respectively.

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40 **Financial Instrument and Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

[A] Measurement of fair values

i) Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

ii) Transfers between levels 1 and 2

There has been no transfer in between level 1 and level 2.

iii) Valuation techniques

Loans

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

[B] Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

(₹ in '000)

As at 31 March 2022	Carrying amount		Fair value			
	Amortised cost	FVTOCI	Level 1	Level 2	Level 3	Total
Financial assets[1]						
Cash and cash equivalents	1,40,653.04		1,40,653.04	-	-	1,40,653.00
Bank Balance other than cash and cash	2,57,959.02		2,57,959.02	-	-	2,57,959.00
Trade Receivables	421.54	-	-	-	421.54	422.00
Loans	12,85,351.99	11,74,719.07	-	-	25,04,103.48	25,04,103.00
Other financial Assets	29,062.39		-	-	28,975.00	28,975.00
	17,13,447.98	11,74,719.07				
Financial liabilities[1]						
Trade Payables	4,674.58	-	-	-	4,674.58	4,675.00
Borrowings (Other than Debt Securities)	22,04,428.13	-	-	-	22,04,428.13	22,04,428.00
Other financial liabilities	42,682.41	-	-	-	42,682.41	42,682.00
	22,51,785.12	-				

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(₹ in '000)

As at 31 March 2021	Carrying amount		Fair value			
	Amortised cost	FVTOCI	Level 1	Level 2	Level 3	Total
Financial assets[1]						
Cash and cash equivalents	2,20,627.14	-	2,20,627.14	-	-	2,20,627.14
Bank Balance other than cash and cash	3,894.77	-	3,894.77	-	-	3,894.77
Trade Receivables	189.25	-	-	-	189.25	189.25
Loans	20,25,997.85	5,55,756.30	-	-	25,84,769.55	25,84,769.55
Other financial Assets	20,923.33	-	-	-	21,049.37	21,049.37
	22,71,632.34	5,55,756.30				
Financial liabilities[1]						
Trade Payables	7,181.04		-	-	7,181.04	7,181.04
Borrowings (Other than Debt Securities)	22,52,384.77		-	-	22,52,384.77	22,52,384.77
Other financial liabilities	21,384.39		-	-	21,384.39	21,384.39
	22,80,950.20	-				

[1] The Company has determined that the carrying values of cash and cash equivalents, bank balances (with the residual maturity up to 12 months), trade payables, short term debts and borrowings, cash credit and other current liabilities are a reasonable approximation of their fair value as those are short term in nature.

Reconciliation of level 3 fair value measurement is as follows:

(₹ in '000)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Loans		
Balance at the beginning of the year	5,55,756.30	1,66,770.41
Addition during the year	8,74,469.05	4,15,443.28
Amount derecognised / repaid during the year	(2,52,662.50)	(28,860.61)
Gain included in OCI		
- Net change in fair value (unrealised)	(2,843.78)	2,403.22
Balance at the end of the year	11,74,719.07	5,55,756.30

Sensitivity analysis to fair value

(₹ in '000)

Particulars	OCI, net of tax	
	Increase	Decrease
31 March 2022		
Loans		
Interest rates (50 bps movement)	(19,670.17)	20,516.46
31 March 2021		
Loans		
Interest rates (50 bps movement)	(8,902.54)	12,407.76

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41 **Capital**

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the HFC regulator Reserve Bank of India (RBI) and supervisor National Housing Bank (NHB). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI and NHB.

Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

41.1 **Capital Management**

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

41.2 **Regulatory capital**

(₹ in '000)

Particulars	As at 31 March 2022	As at 31 March 2021
Tier 1 Capital	5,44,019.64	4,94,941.78
Tier 2 Capital	2,11,882.91	1,13,791.75
Total Capital	**7,55,902.54**	**6,08,733.53**
Risk weightage assets (Denominator)	13,80,945.88	14,24,082.28
Risk weighted assets		
Tier 1 Capital Ratio (%)	39.39%	34.76%
Tier 2 Capital Ratio (%)	15.34%	7.99%
Total Capital Ratio (%)	54.73%	42.75%

Tier 1 capital consists of shareholders' equity and retained earnings excluding intangible assets. Tier 2 capital consists of optionally convertible Preference Shares and ECL on stage 1.

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42 **Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of direcors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

42.1 **Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(a) Loans and advances

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before sanctioning any loan. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information, etc.

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ in '000)

Particulars	Carrying Amount	
	As at 31 March 2022	As at 31 March 2021
Retail customer	21,02,854.68	21,79,376.44
HFC Loans	3,25,295.51	2,33,135.10
Project Finance	97,891.85	2,31,144.59
Total	25,26,042.04	26,43,656.14

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - Financial instruments.

Staging:

As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the days past dues criteria and other market factors which significantly impacts the portfolo.

Company's internal grade and staging criteria for loans are as follows:

Days past dues status	Stage	Internal Grade	Provisions
Current	Stage 1	High Quality assets, negligible credit risk	12 Months provision
1-30 Days	Stage 1	High Quality assets, negligible credit risk	12 Months provision
31-60 Days	Stage 2	Quality assets, low credit risk	Lifetime provision
61-90 Days	Stage 2	Standard assets, moderate credit risk	Lifetime provision
90-180 Days	Stage 3	Sub-standard assets, relatively high credit risk	Lifetime provision
>180 Days	Stage 3	Low quality assets, very high credit risk	Lifetime provision

Grouping:

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

a. Retail Loan

b. Project Finance

c. Loans to other HFCs for onward lending

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below.

(₹ in '000)

Days past due	As at 31 March 2022	As at 31 March 2021
Stage I	0.51%	0.56%
Stage II	16.82%	18.40%
Stage III	29.72%	29.83%
Amount of expected credit loss provided for	47,506.21	46,696.16

Loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables.

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Impact assessment on account of COVID-19

The Company's management is continuously monitoring the situation and the economic factors affecting the operations of the Company arising on account of COVID-19 and accordingly is providing for additional management overlay provision for such uncertainty. As at 31 March 2022, additional Expected Credit Loss (ECL) provision on loan assets as management overlay on account of COVID-19 stood at ₹ 299.95 lakh (31 March 2021: ₹ 331.00 lakh).

The additional ECL provision on account of COVID-19 is based on the Company's historical experience, collection efficiencies till date, internal assessment and other macro economic factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic.

Modification of financial assets

The Company has modified the terms of certain loans provided to customers in accordance with RBI notifications on restructuring dated 5 May 2021. Such restructuring benefits are provided to distressed customers who are impacted by COVID-19 pandemic.

Such restructuring benefits include extended payment term arrangements, moratorium and changes in interest rates. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer note 3.5). The Company monitors the subsequent performance of modified assets. The gross carrying amount of such assets held as at 31 March 2022 is ₹ 252.47 lakhs (31 March 2021: ₹ Nil). Overall provision for expected credit loss against restructured loan exposure amounts to ₹ 43.23 lakhs as at 31 March 2022 (31 March 2021: ₹ Nil). The Company continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets.

(b) Cash and cash equivalent and bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Company generally invests in term deposits with banks which are subject to an insignificant risk of change in value.

42.2 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company monitors its risk of a shortage of funds by estimating the future cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities and bank loans. The Company has access to a sufficient variety of sources of funding.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Company, as on 31 March 2022 is 54.73% against regulatory norms of 15%. Tier I capital is 39.39%. Tier II capital is 15.34% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit and overdraft limit available to the Company is ₹ 5,200 lakhs spread across 4 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Exposure to liquidity risk

The table below summarises the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at Balance Sheet date.

(₹ In '000)

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
As at 31 March 2022									
Borrowings (Other than debt securities)	1,27,842.39	19,157.85	1,00,539.66	1,48,155.82	3,27,844.76	9,51,635.81	4,05,782.77	1,23,469.07	22,04,428.13
Trade Payable	4,674.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,674.58
Lease Liability	141.53	43.48	44.07	133.98	297.29	331.51	0.00	0.00	991.86
Other Financial Liabilities	23,800.29	275.00	1,050.00	1,812.50	1,525.13	9,613.11	3,414.39	200.12	41 690.55
As at 31 March 2021									
Borrowings (Other than debt securities)	26,911.07	41,192.22	1,66,567.08	2,18,185.21	3,84,895.10	9,76,380.00	3,14,668.17	1,23,585.93	22,52,384.77
Trade Payable	7,181.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,181.04
Lease Liability	446.81	71.31	210.88	353.94	893.69	0.00	0.00	0.00	1,976.63
Other Financial Liabilities	6,839.80	275.00	250.00	770.56	6,955.06	4,003.47	313.87	0.00	19,407.76

42.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

[A] Interest Rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending.

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(₹ In '000)

Particulars	As at 31 March 2022		As at 31 March 2021	
Change in interest rates	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Variable rate lending	25,26,042.04	25,26,042.04	26,43,656.14	26,43,656.14
Impact on Profit for the year	11,922.53	(11,922.53)	12,697.07	(12,697.07)
Variable rate borrowings	20,87,621.16	20,87,621.16	22,05,353.95	22,05,353.95
Impact on Profit for the year	(11,316.01)	11,316.01	(11,208.01)	11,208.01

[B] Foreign Currency Risk

The Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the company.

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(₹ in '000)

43 **Lease disclosure**

Where the Company is the lessee

The Company has entered into agreements for taking its office premises under leave and license arrangements. These agreements are for tenures between 11 months and 5 years and majority of the agreements are renewable by mutual consent on mutually agreeable terms, lease rentals have an escalation ranging between 5% to 15%. Leases for which the lease term is less than 12 months have been accounted as short term leases.

Contractual cash maturities of lease liabilities on an undiscounted basis	As at 31 March 2022	As at 31 March 2021
Not later than one year	660.35	1,976.63
Later than one year and not later than five years	331.51	-
Later than five years	-	-
Total undiscounted lease liabilities	**991.86**	**1,976.63**
Lease liabilities included in the balance sheet		
Total lease liabilities	991.86	1,976.63

Amount recognised in the statement of profit and loss account	Year ended 31 March 2022	Year ended 31 March 2021
Interest on lease liabilities	132.82	317.71
Depreciation charge for the year	869.34	2,308.80
Expenses relating to short term leases	**5,810.26**	**3,536.19**

Amount recognised in statement of cashflow	Year ended 31 March 2022	Year ended 31 March 2021
Cash outflow towards lease liability	(984.62)	(2,519.53)

For addition and carrying amount of right to use asset for 31 March 2022 and 31 March 2021, refer Note No. 11(c).

44 The Company does not hold any immovable property as on 31 March 2022 and 31 March 2021. All the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

45 **Revenue from contracts with customers**

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Type of income		
Services charges	181.13	-
Others	10,892.99	2,758.88
Total revenue from contracts with customers	**11,074.12**	**2,758.88**
Geographical markets		
India	11,074.12	2,758.88
Outside India	-	-
Total revenue from contracts with customers	**11,074.12**	**2,758.88**
Timing of revenue recognition		
Services transferred at a point in time	11,074.12	2,758.88
Services transferred over time	-	-
Total revenue from contracts with customers	**11,074.12**	**2,758.88**

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(₹ in '000)

46 **Transfer of financial assets**

46.1 **Transferred financial assets that are derecognised in their entirety**

The Company has assigned loans by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of exposure net of MRR to the buyer, the assets have been de-recognised from the Company's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets :

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Direct assignment		
Carrying amount of de-recognised financial asset	6,37,364.43	2,05,290.14
Carrying amount of retained financial asset*	71,526.27	22,955.55

*excludes Excess Interest Spread (EIS) on de-recognised financial assets

46.2 **Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement**

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

47 No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2022 and 31 March 2021.

48 The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2022 and 31 March 2021.

49 The Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and 31 March 2021.

50 All the charges or satisfaction, as applicable are registered with ROC within the statutory period.

51 As a part of normal lending business, the company grants loans and advances on the basis of security / guarantee provided by the Borrower/ co-borrower. These transactions are conducted after exercising proper due diligence.

Other than the transactions described above,

a. No funds have been advanced or loaned or invested by the Company to or in any other person(s) or entity(ies) including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries);

b. No funds have been received by the Company from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

52 There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2022 and 31 March 2021, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended 31 March 2022 and 31 March 2021.

53 The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at 31 March 2022 are held by the Company in the form of deposits or in current accounts till the time the utilisation is made subsequently.

54 The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2022 and 31 March 2021.

55 The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended March 31, 2022 and March 31, 2021.

56 The Company has not entered into any scheme of arrangement.

57 There were no instances of fraud reported during the year ended 31 March 2022 and 31 March 2021.

58 There have been no events after the reporting date that require disclosure in these financial statements.

59 Figures for the previous year have been regrouped/ re-arranged wherever considered necessary to confirm to the figures presented in the current year.

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60 Disclosure as required in terms of Annex III and Annex IV of Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021

60.1 Disclosure of Schedules to the balance sheet in compliance with the RBI Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021

(₹ in Crores)

Particulars			
Liabilities side		**Amount Outstanding**	**Amount Overdue**
1	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**		
	(a) Debentures : Secured	-	-
	Unsecured	-	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	198.91	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits	-	-
	(g) Other loans (specify nature)	-	-
	- Cash Credit	10.00	-
	- Overdraft	-	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(other than falling within the meaning of public deposits)		
	(c) Other public deposits	-	-

Assets side		**Amount**
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**	
	(a) Secured	252.60
	(b) Unsecured	-
4	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**	
	(i) Lease assets including lease rentals under sundry debtors	
	(a) Finance Lease	-
	(b) Operating Lease	-
	(ii) Stock on hire including hire charges under sundry debtors	
	(a) Assets on Hire	-
	(b) Repossessed Assets (Refer note below)	-
	(ii) Other loans counting towards asset financing activities	
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-
5	**Break-up of Investments**	
	Current investments	
	1 Quoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debenture and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Other (Please specify)	-
	2 Unquoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debenture and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Other (Please specify)	-

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MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Long Term investments					
1	Quoted				
	(i)	Shares			
		(a)	Equity		-
		(b)	Preference		-
	(ii)	Debenture and Bonds			-
	(iii)	Units of mutual funds			-
	(iv)	Government Securities			-
	(v)	Other (Please specify)			-
2	Unquoted				
	(i)	Shares			
		(a)	Equity		-
		(b)	Preference		-
	(ii)	Debenture and Bonds			-
	(iii)	Units of mutual funds			-
	(iv)	Government Securities			-
	(v)	Other (Please specify)			-

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	Amount net of provisions		
	Secured	Unsecured	Total
1 Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other Related Parties	0.16	-	0.16
2 Other than related parties	252.45	-	252.45
Total	252.60	-	252.60

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	Market Value /	Book Value (Net of
1 Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other Related Parties	-	-
2 Other than related parties	-	-
Total	-	-

8 Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	1.63
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	1.14
(iii) Assets acquired in satisfaction of debt	-

60.2 Disclosure on compliance with Principal business criteria in accordance with the RBI Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021

(₹ in Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Financials assets in business of providing finance for housing	183.22	208.00
Financials assets in business of providing finance for housing to Individuals	174.29	189.45
Total Assets (net of intangible assets)	289.98	284.54
% of financials assets in business of providing finance for housing to total assets (net of intangible assets)	63.18%	73.10%
% of financials assets in business of providing finance for housing to Individuals to total assets (net of intangible assets)	60.10%	66.58%

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60.3 Disclosures in accordance with the RBI Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021:

Disclosures in accordance with the RBI Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS).

A Disclosures

A.1 Capital

(₹ in Crore)

Particulars		Current Year	Previous Year
(i)	CRAR (%)	54.73%	42.75%
(ii)	CRAR - Tier I Capital (%)	39.39%	34.76%
(iii)	CRAR – Tier II Capital (%)	15.34%	7.99%
(iv)	Amount of subordinated debt raised as Tier- II Capital	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

A.2 Reserve Fund u/s 29C of NHB Act, 1987

Please refer Note No. 19 to the Financial Statements

A.3 Investments

(₹ in Crore)

Particulars		Current Year	Previous Year
3.1	**Value of Investments**		
(i)	Gross Value of Investments		
	(a) In India	-	-
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net Value of Investments		
	(a) In India	-	-
	(b) Outside India	-	-
3.1	**Movement of provisions held towards depreciation on investments**		
(i)	Opening Balance	-	-
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Write-off / Written-bank of excess provisions during the year	-	-
(iv)	Closing balance	-	-

A.4 Derivatives

4.1 Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in Crore)

Particulars		Current Year	Previous Year
(i)	The notional principal of swap agreements	-	-
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii)	Collateral required by the HFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap book	-	-

Note : Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps should also be disclosed.

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4.2 Exchange Traded Interest Rate (IR) Derivative

(₹ in Crore)

Particulars		Amount
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2022	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-

4.3 Disclosures on Risk Exposure in Derivatives

A Qualitative Disclosure

Not Applicable

B Quantitative Disclosure

(₹ in Crore)

Particulars		Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)	-	-
(ii)	Marked to Market Positions	-	-
	(a) Assets (+)	-	-
	(b) Liability (-)	-	-
(iii)	Credit Exposure	-	-
(iv)	Unhedged Exposures	-	-

A.5 Securitisation

5.1 For Securitisation Transactions

(₹ in Crore)

Particulars		Amount
1	No of SPVs sponsored by the HFC for securitisation transactions	-
2	Total amount of securitised assets as per books of the SPVs sponsored	-
3	Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet	-
	(I) Off-balance sheet exposures towards Credit Enhancements	-
	(II) On-balance sheet exposures towards Credit Enhancements	-
4	Amount of exposures to securitisation transactions other than MRR	-
	(I) Off-balance sheet exposures towards Credit Enhancements	-
	(a) Exposure to own securitizations	-
	(b) Exposure to third party securitisations	-
	(II) On-balance sheet exposures towards Credit Enhancements	-
	(a) Exposure to own securitizations	-
	(b) Exposure to third party securitisations	-

5.2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in Crore)

Particulars		Current Year	Previous Year
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

5.3 Details of Assignment transactions undertaken by HFCs

(₹ in Crore)

Particulars		Current Year	Previous Year
(i)	No. of accounts	1085 Loans	0
(ii)	Aggregate value (net of provisions) of accounts assigned	58.91	-
(iii)	Aggregate consideration	58.91	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

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5.4 Details of non-performing financial assets purchased / sold

A Details of non-performing financial assets purchased:

(₹ in Crore)

Particulars		Current Year	Previous Year
(a)	No. of accounts purchased during the year	0	0
(b)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(a)	Of these, number of accounts restructured during the year	0	0
(b)	Aggregate outstanding	-	-

B Details of Non-performing Financial Assets sold:

(₹ in Crore)

Particulars		Current Year	Previous Year
1	No. of accounts sold	0	0
2	Aggregate outstanding	-	-
3	Aggregate consideration received	-	-

A.6 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

Current Year

(₹ in Crore)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 years & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Bank / FI	12.95	1.99	10.12	15.32	33.40	95.25	40.58	10.52	1.40	0.43	221.96
Market Borrowing	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	7.93	5.57	13.42	17.77	30.65	77.23	56.19	10.48	6.28	27.08	252.60
Investments	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

Previous Year

(₹ in Crore)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 years & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Bank	2.91	4.18	16.72	21.99	38.78	98.31	31.62	9.20	2.02	1.14	226.86
Market Borrowing	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	7.38	5.55	15.32	19.01	35.54	79.72	60.20	15.82	12.05	13.77	264.37
Investments	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

Note: Classification of assets and liabilities under different maturity buckets is based on the estimates and assumptions as used by the Company.

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A.7 Exposure

7.1 Exposure to Real Estate Sector

(₹ in Crore)

Category	Current Year	Previous Year
a) **Direct Exposure**		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
- Individual Housing Loan up to ₹ 15 Lakh	152.00	171.95
- Individual Housing Loan above ₹ 15 Lakh	22.29	17.50
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;		
- Individual Commercial Loan up to ₹ 15 Lakh	31.07	24.31
- Individual Commercial Loan above ₹ 15 Lakh	4.93	4.18
- Builders	9.79	23.11
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised		
a) Residential	-	-
b) Commercial Real Estate	-	-
b) **Indirect Exposure**		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	32.53	23.31

7.2 Exposure to Capital Market

(₹ in Crore)

Particulars	Current Year	Previous Year
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	-	-

7.3 Details of financing of parent company products

Not Applicable

7.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

The Company has not exceeded the prudential exposure limits during the year.

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7.5 Unsecured Advances

a) Please refer Note No. 8 to the Financial Statements.
b) The Company has not granted any advances against intangible securities.

7.6 Exposure to group companies engaged in real estate business (refer to Paragraph 21 of these directions)

S. No.	Description	Amount (₹ In Crore)	% of owned fund
(i)	Exposure to any single entity in a group engaged in real estate business	-	0%
(ii)	Exposure to all entities in a group engaged in real estate business	-	0%

B Miscellaneous

B.1 Registration obtained from other financial sector regulators

The Company has not obtained registration from other Financial sector regulators.

B.2 Disclosure of Penalties imposed by NHB and other regulators

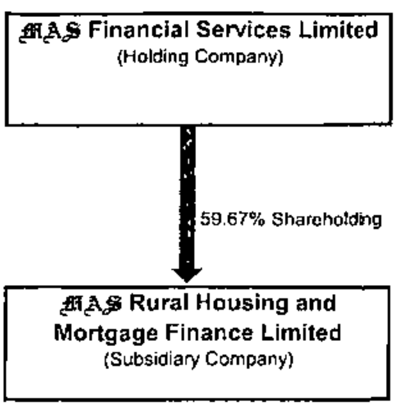
NHB has not imposed any penalty on the Company during the year.

B.3 Related party Transactions

Please refer Note No. 31 to the Financial Statements

B.4 Group Structure

The group structure of the company is below:



B.5 Rating assigned by Credit Rating Agencies and migration of rating during the year

By CARE:

Instrument	Amount	Current Rating	Previous Rating
Long term bank facilities (Cash Credit/Term Loan)	₹ 600 Crore	CARE A (Stable)	CARE A (Stable)
Proposed Non-Convertible Debenture (NCD) Issue	₹ 25 Crore	CARE A (Stable)	N.A.

B.6 Remuneration of Directors

Please refer Note No. 31 to the Financial Statements

B.7 Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items requiring disclosure in the financial statements.

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B.8 Revenue Recognition

The Company has not postponed recognition of revenue during the period. Please refer Note No. 3.1 and 4 to Financial Statements.

B.9 Ind AS 110 – Consolidated Financial Statements (CFS)

Since the company does not have any subsidiaries, Ind AS 110 - Consolidated Financials Statements (CFS) is not applicable to the company.

C Additional Disclosures

C.1 Provisions and Contingencies

(₹ in Crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		Current Year	Previous Year
1	Provisions for depreciation on Investment	-	-
2	Provision made towards Income tax	1.21	0.90
3	Provision towards NPA	0.19	(0.01)
4	Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)		
	i) Housing Loans	(0.17)	0.77
	ii) Commercial Real Estate (CRE)	(0.22)	0.39
	iii) Commercial Real Estate - Residential Housing (CRE-RH)	(0.20)	0.50
	iv) National Housing Bank (NHB) and Housing Finance Companies (HFCs)	0.48	(0.15)
5	Other Provision and Contingencies	0.19	0.20

(₹ in Crore)

Break up of Loan & Advances and Provisions thereon		Residential Mortgages (Individual Housing Loans)		Commercial Real Estate (CRE) (Individuals & Builders)	
		Current Year	Previous Year	Current Year	Previous Year
Standard Assets					
a)	Total Outstanding Amount	172.84	188.56	36.73	32.95
b)	Provisions made	2.19	2.35	0.41	0.63
Sub-Standard Assets					
a)	Total Outstanding Amount	1.44	0.88	0.13	0.10
b)	Provisions made	0.43	0.26	0.04	0.03
Doubtful Assets – Category - I					
a)	Total Outstanding Amount	0.01	0.01	-	-
b)	Provisions made	0.00	0.00	-	-
Doubtful Assets – Category - II					
a)	Total Outstanding Amount	-	-	-	-
b)	Provisions made	-	-	-	-
Doubtful Assets – Category - III					
a)	Total Outstanding Amount	-	-	-	-
b)	Provisions made	-	-	-	-
Loss Assets					
a)	Total Outstanding Amount	-	-	-	-
b)	Provisions made	-	-	-	-
Total					
a)	**Total Outstanding Amount**	**174.29**	**189.45**	**36.85**	**33.05**
b)	**Provisions made**	**2.62**	**2.62**	**0.45**	**0.66**

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Break up of Loan & Advances and Provisions thereon	Commercial Real Estate - Residential Housing (CRE-RH)		Housing Finance Companies (HFCs) (Non-Housing)	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount	8.88	18.56	32.53	23.31
b) Provisions made	0.92	1.12	0.75	0.27
Sub-Standard Assets				
a) Total Outstanding Amount	0.05	-	-	-
b) Provisions made	0.01	-	-	-
Doubtful Assets – Category - I				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category - II				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category - III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total Outstanding Amount	**8.93**	**18.56**	**32.53**	**23.31**
b) Provisions made	**0.93**	**1.12**	**0.75**	**0.27**

Notes:

1 The total outstanding amount mean principal + accrued interest + other charges pertaining to loans without netting off.

2 The Category of Doubtful Assets will be as under:

Period for which the assets has been considered as doubtful	Category
Up to one year	Category - I
One to three years	Category - II
More than three years	Category - III

C.2 Draw Down from Reserves

There has been no draw down from reserves during the year ended 31 March 2022 (PY: Nil)

C.3 Concentration of Public Deposits, Advances, Exposures and NPAs

3.1 Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	N.A.	N.A.
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	N.A.	N.A

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3.2 Concentration of Loans & Advances

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	42.91	43.38
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	16.99%	16.41%

3.3 Concentration of all Exposure (including off-balance sheet exposure)

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers / customers	42.91	43.38
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on	16.55%	16.15%

3.4 Concentration of NPAs

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	0.87	0.75

3.5 Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
A	**Housing Loans :**	
1	Individuals	0.83%
2	Builders/Project Loans	0.54%
3	Corporates	0.00%
4	Others (specify)	0.00%
B	**Non-Housing Loans :**	
1	Individuals	0.35%
2	Builders/Project Loans	0.00%
3	Corporates	0.00%
4	Others (specify)	0.00%

C.4 Movement of NPAs

(₹ in Crore)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	0.45%	0.26%
(II) Movement of NPAs (Gross)		
a) Opening balance	0.98	0.92
b) Additions during the year	3.63	1.68
c) Reductions during the year	(2.99)	(1.62)
d) Closing balance	1.63	0.98
(III) Movement of Net NPA		
a) Opening balance	0.69	0.62
b) Additions during the year	2.55	1.21
c) Reductions during the year	(2.10)	(1.13)
d) Closing balance	1.14	0.69
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	0.29	0.31
b) Additions during the year	1.08	0.48
c) Reductions during the year	(0.89)	(0.49)
d) Closing balance	0.48	0.29

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C.5 Overseas Assets

(₹ in Crore)

Particulars	Current Year	Previous Year
	NIL	NIL

C.6 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

D Disclosure of Complaints

D.1 Customers Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	0	0
b) No. of complaints received during the year	10	4
c) No. of complaints redressed during the year	10	4
d) No. of complaints pending at the end of the year	0	0

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61 Information as required in terms of RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 are mentioned as below:

(₹ in '000)

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5) = (3) - (4)	Provisions required as per IRACP norms* (6)	Difference between Ind AS 109 provisions and IRACP norms (7) = (4) - (6)
Performing Assets						
Standard	Stage 1	23,26,757.95	11,882.91	23,14,875.04	9,079.21	2,803.70
	Stage 2	1,83,027.75	30,791.77	1,52,235.98	3,227.13	27,564.64
Subtotal		**25,09,785.70**	**42,674.68**	**24,67,111.02**	**12,306.34**	**30,368.34**
Non-Performing Assets (NPA)						
Substandard	Stage 3	16,181.00	4,809.01	11,371.99	2,432.78	2,376.23
Doubtful - up to 1 year	Stage 3	75.34	22.51	52.83	16.09	6.42
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**75.34**	**22.51**	**52.83**	**16.09**	**6.42**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**16,256.34**	**4,831.52**	**11,424.82**	**2,448.87**	**2,382.65**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**23,26,757.95**	**11,882.91**	**23,14,875.04**	**9,079.21**	**2,803.70**
	Stage 2	**1,83,027.75**	**30,791.77**	**1,52,235.98**	**3,227.13**	**27,564.64**
	Stage 3	**16,256.34**	**4,831.52**	**11,424.82**	**2,448.87**	**2,382.65**
	Total	**25,26,042.04**	**47,506.20**	**24,78,535.84**	**14,755.21**	**32,750.99**

In terms of the requirement of the above notification, Non-Banking Financial Companies ('NBFCs') are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and income recognition asset classification and provisioning ('IRACP') norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard assets provisioning), as at 31 March 2022 and accordingly, no amount is required to be transferred to impairment reserve.

62 Information as required in terms of RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021 is mentioned below:

(a) Details of loans not in default transfer through assignment during year ended 31 March 2022:

Entity / Assignor	HFC
Count of loan account trasferred	1085 Loans
Amount of loan account trasferred (₹ in '000)	5,89,089.75
Retention of beneficial economic interest (MRR) by originator	10%
Weighted average residual maturity	160 months
Weighted average holding period	36 months
Coverage of tangible security	100%
Rating wise distribution of loans transferred	Unrated

(b) Details of loans not in default acquired through assignment during the year ended 31 March 2022:

Entity / Assignor	HFC
Count of loan account acquired	104 Loans
Amount of loan account acquired (₹ in '000)	80,740.78
Retention of beneficial economic interest (MRR) by originator	10%
Weighted average residual maturity	121 months
Weighted average holding period	24 months
Coverage of tangible security	100%
Rating wise distribution of loans acquired	Unrated

(c) The Company has not transferred or acquired any stressed loan during the year ended 31 March 2022.

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63 During the current year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plan for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by RBI.

(a) Information as required in terms of RBI circular no. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 issued by the RBI is mentioned below:

(₹ in '000)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A) (30.09.2021)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year #	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year (31.03.2022)
Personal Loans^	17,452.45	-	-	2,032.92	15,419.53
Corporate Persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**17,452.45**	**-**	**-**	**2,032.92**	**15,419.53**

^ Resolution plan have been implemented under RBI's Resolution Framework 2.0 dated May 5, 2021.
* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.
# includes only principal amount paid by the borrower.

(b) Information as required in terms of RBI circular no. RBI/2021-22/32 DOR.STR. REC.12/21.04.048/2021-22 dated 5 May 2021 issued by the RBI.

No. of accounts restructured	Amount (₹ in million)
1	7.52

64 Pursuant to RBI circular dated 12 November 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances - Clarifications", the Company is compliant with the norms/changes for regulatory reporting, as applicable.

65 **Disclosure of Liquidity Risk as on March 31, 2022 as required under RBI notification DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated October 22, 2020**

i) Funding Concentration based on significant counterparty[1]

No. of significant Counterparties	(₹ in '000)	% of Total Deposits	% of Total Liabilities [3]
3	11,86,230.85	N.A	51.90%

ii) Top 20 large deposits
Nil. The Company is registered with NHB as Non Deposit accepting HFC.

iii) Top 10 borrowings

Total amount of top 10 borrowings (₹ in '000)	19,96,579.50
Percentage of amount of top 10 borrowings to total borrowings	95.64%

iv) Funding concentration based on significant instrument/product[2]

Name of instrument/product	As at 31 March 2022	% of Total Liabilities [3]
Term Loans (₹ in '000)	19,87,596	86.96%

v) Stock Ratio

Particulars	As at 31 March 2022
Commercial paper as a percentage of total liabilities	N.A.
Commercial paper as a percentage of total assets	N.A.
Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities	N.A.
Non convertible debentures (original maturity of less than one year) as a percentage of total assets	N.A.
Other short term liabilities as a percentage of total liabilities[3]	32.25%
Other short term liabilities as a percentage of total public funds[4]	35.02%
Other short term liabilities as a percentage of total assets	25.42%

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vi) Institutional set-up for liquidity risk management

Please refer Note No. 42.2 to the financials statements.

Notes:

1. Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No. 102/ 03.10.001/ 2019-20 dated November 4, 2019 on 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies'.
2. Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies'.
3. Total liabilities represents total liabilities as per balance sheet.
4. Public funds are as defined in Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021.

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NOTICE

NOTICE is hereby given that the Fifteenth (15th) Annual General Meeting (AGM) of the members of MAS Rural Housing & Mortgage Finance Limited will be held at 11:00 am, on Wednesday, the 29th day of June, 2022 at 5th Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statement of the Company for the year ended March 31, 2022 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity and preference shares.
3. To appoint a Director in place of Mr. Kamlesh C. Gandhi, (DIN 00044852), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.
4. To appoint Auditor and fix remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 of the Companies Act, 2013 and the rules made there under, M/s. MAAK & Associates, Chartered Accountants be and are hereby appointed as the Statutory Auditors of the Company for a period of 5 years till the conclusion of the 20th Annual General Meeting, on such remuneration, in addition to reimbursement of out of pocket expenses and payment of applicable taxes as may be fixed by the Board in consultation with such Auditors."

By order of the Board

Darshil Hiranandani
Company Secretary
(A47986)

Place : **Ahmedabad**
Date : **June 22, 2022**

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form, to be valid and effective, should be lodged at the registered office of the Company, duly completed and signed, not less than forty-eight hours before the commencement of the AGM.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carry voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

Subject to the provisions of Section 126 of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the AGM, will be dispatched/remitted commencing on or after June 29, 2022.

All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the AGM and other statutory registers shall be available for inspection by the Members at the registered office of the Company during office hours on all working days between 11.00 a.m. and 1.00 p.m. on all working days of the Company from the date hereof up to the date of ensuing annual general meeting.

In terms of the provisions of Section 124 of the Companies Act, 2013, the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Government.

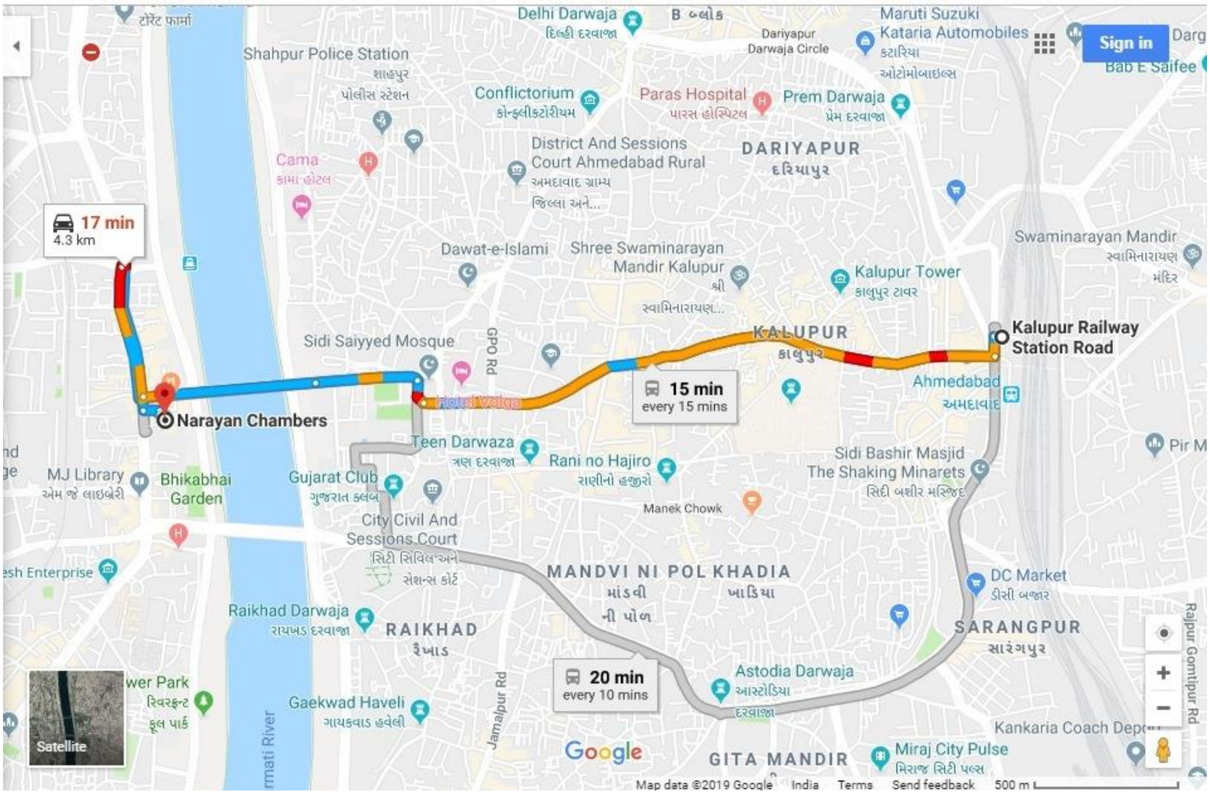
The Notice and the Annual Report of the Company for the financial year 2020-21 are being sent to the Members in accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014.

The Company requests those Members who have not yet registered their e-mail address, to register the same directly with their DP, in case shares are held in electronic form and to the Company, in case shares are held in physical form.

The Annual Report 2021-22 of the Company is also available on the Company's website at www.mrhmfl.co.in

For Security reasons and for proper conduct of AGM, entry to the place of the AGM will be regulated by the Attendance Slip, which is annexed to this Notice. Members / Proxies are requested to bring their Attendance Slip in all respects and signed at the place provided there at and hand it over at the entrance of the venue. The route map of the AGM venue is also annexed to this Notice.

Route Map to the Venue of AGM:



Form No. MGT-11

Proxy form

[*Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies* (Management and Administration) *Rules, 2014]*

Name of the Member(s): ____
Registered Address: ____
E-mail Id: ____________________ Folio No. / Client Id: __________ DP ID: ______________________

I / We being the member of MAS Rural Housing & Mortgage Finance Limited, holding ________ shares, hereby appoint

1. Name: ______________________________ Address: ______________________________
   E-mail Id: ____________________________ Signature: ____________________ or failing him;
2. Name: ______________________________ Address: ______________________________
   E-mail Id: ____________________________ Signature: ____________________ or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 15th Annual General Meeting of members of the Company, to be held on Wednesday, June 29, 2022 at 5th Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009 of the Company at 11:00 am and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Brief details of the Resolutions
1.	Adoption of the Audited Financial Statement and Reports of the Board of Directors and the Auditors thereon for the year ended March 31, 2022.
2.	To declare dividend on equity and preference shares.
3.	To appoint a Director in place of Mr. Kamlesh C. Gandhi, (DIN 00044852), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.
4.	To appoint Auditor and fix their remuneration.

Signed this ___________day of ____________ 2022.

Affix Revenue Stamp

Signature of Shareholder:

Signature of Proxy holder(s):

Note:

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. **A proxy need not be a member of the Company.**
3. *For the Resolutions, and Notes, please refer to the Notice of the 14th Annual General Meeting. It is optional to put a "√" in the appropriate column against the Resolutions indicated in the box. If you leave the "For", "Against" or "Abstain" column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/ she thinks appropriate.

ATTENDANCE SLIP – 15th AGM
(To be handed over at the entrance of Meeting Hall)

Regd. Folio /DP ID & Client ID	
Name and Address of the Shareholder(s)	
Joint Holder 1 Joint Holder 2	
No. of Shares	

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the FIFTEENTH ANNUAL GENERAL MEETING of the Company at Wednesday, June 29, 2022 at the 5th Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009 of the Company at 11:00 am.

Full name of the Member/Proxy attending the Meeting	
Member's/Proxy's Signature	

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.
Shareholders attending the meeting are requested to bring their copies of the Annual Report with them.