Let Us Realise The Dream

MRHMFL

13[TH] Annual Report

2019-20

REGISTERED OFFICE
4[TH]FLOOR, NARAYAN CHAMBERS,
B/H.PATANG HOTEL, ASHRAM ROAD,
AHMEDABAD – 380009.

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

ANNUAL REPORT
2019-2020

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
Mr. Mukesh Gandhi	:	Whole-Time Director & Chief Financial Officer
Mrs. Darshana Pandya	:	Director & Chief Operating Officer
Mr. Bala Bhaskaran	:	Independent Director
Mr. Chetan Shah	:	Independent Director
Mr. Subir Nag	:	Independent Director

Company Secretary:

Mr. Darshil Hiranandani

Auditors:

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

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 Thirteenth (13th) Annual Report of your Company together with the Audited Statement of Accounts for the year ended on March 31, 2020.

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, 2020**	**March 31, 2019**
Interest Income	37,73,80,852	32,16,61,634
Gain on Assignment of Financial Assets	1,81,67,834	-
Income from Operations & Other Sources	32,99,030	24,45,834
Total Income	**39,88,47,716**	**32,41,07,468**
Total Expenditure	35,10,34,594	27,85,49,206
Profit before Depreciation and Taxes	4,78,13,122	4,55,58,262
Depreciation and Amortization	53,54,536	31,66,353
Profit before Taxes	**4,24,58,586**	**4,23,91,909**
Provision for Taxation (including Deferred Tax)	1,01,33,581	1,58,72,618
Profit after Taxes	**3,23,25,005**	**2,65,19,291**
Profit brought forward from previous year	8,24,08,438	70,236,234
Add/(Less) : Item of other comprehensive income recognised directly in retained earnings	(3,09,861)	3,12,127
Less : Opening Ind AS Adjustment on adoption of Ind AS 116 (Net of Tax)	(3,58,633)	-
Profit available for Appropriation	**11,40,64,949**	**9,70,67,652**
Appropriations		
Reserves u/s. 29-C of the NHB Act, 1987 and Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961	88,90,000	1,02,70,000
Dividend Paid (including Interim dividend)	10,61,320	36,32,838
Dividend Distribution Tax on Dividend	2,18,208	7,56,376
Surplus Balance Carried to Balance Sheet	**10,38,95,421**	**8,24,08,438**

BUSINESS PERFORMANCE:

The portfolio at the end of the year 2019-20 was INR **286.54** Cr., showing an increase of **6.03**% 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 0.25% 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 is INR **37.74** Cr. in comparison to the previous year income of INR **32.17** Cr. showing an upward trend of **17.32**%. Further, the total income of the Company has also increased at **23.06**% in comparison to the previous Financial Year.

The profit after taxes stands up to INR **3.23** Cr. during the year compared to the profits of INR **2.65** Cr. during the Previous Year which shows an increase of **21.89**% profits compared to the Previous Year.

The company will 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, 2020 increased to INR **52.84** Cr. due to the contribution of additional capital of INR 10 Cr. in 1,00,00,000 6% Optionally Convertible Preference shares by MAS Financial Services Ltd. Number of institutions have shown keen interest in participating in the future debt and the capital requirement of the Company. Company is quite optimistic to tie up their financial requirement for the year 2020-21.

MAS' RESPONSE TO COVID-19:

We are more resilient and determined than ever before to face this unprecedented challenge that we have witnessed never before. The main plank during the pandemic was 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 resulted in to a very positive response from almost all the borrowers and we are thankful to them for demonstrating a very high level of financial discipline. The Company on its part extended moratorium during the period of lockdown to all the eligible borrowers.

The human resource of the company stood up to this challenge and ensured continuity irrespective of their location of work which was ably supported by the technology and the software team. In consistence to the belief of the Company team MAS demonstrated high level of capabilities and grit in facing this challenge.

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 0.78% 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.

NATIONAL HOUSING BANK (NHB) COMPLIANCES:

MRHMFL continues to comply with the guidelines issued by NHB 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 NHB Circular No. NHB(ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. The National Housing Bank Act, 1987, empowers NHB to levy a penalty on Housing Finance Companies for contravention of the Act or any of its provisions. 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.

DIVIDEND:

Your Directors recommend a final dividend at a fixed rate of 6% p.a. to the preference shareholders amounting to INR 33,11,475/- (Rupees Thirty Three Lakh Eleven Thousand Four Hundred and Seventy Five 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, 2020.

The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay / distribute dividend after deducting applicable taxes.

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:

COVID-19:

At the end of the financial year under review, COVID-19 spread across the world resulting in a global crisis. Almost all the countries in the world were affected, infecting millions of people.

India also started to see the impact by March 2020 with a rising number of people getting infected across the country. In order to enforce social distancing to contain the spread of the disease, the lockdown was imposed across the country which affected various business segments. The Government of India and the Reserve Bank of India (RBI) had announced several measures to contain the adverse economic impact on business caused by this pandemic.

Your Company has abided by the guidelines issued by the Central Government, State Governments and various statutory and regulatory authorities, from time to time.

The Reserve Bank of India announced on March 27, 2020, April 17, 2020 and May 23, 2020, 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of the RBI guidelines, the lending institutions have been permitted to grant a moratorium of six months on payment of all instalments/interest as applicable, falling due between March 1, 2020 and August 31, 2020 ('moratorium period'). In this regard, a Board approved policy has been implemented by your Company. the Company has offered EMI moratorium to its customers based on requests as well as on a suo-moto basis. The Company had made additional provisions as on March 31, 2020 amounting to Rs.2.02 Crores against the potential impact of COVID-19.

The extent to which the COVID-19 pandemic would impact the Company's provision on assets and future results will depend on future developments, which are highly uncertain. This uncertainty relates to, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact. Some of these actions will be determined by policies at the national level, while others will be determined by measures adopted by the Company. Given the uncertainty over the macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of this report, and the Company will continue to closely monitor any material changes in economic conditions.

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.

However, Ministry of Corporate Affairs, vide its Notification dated 7th May, 2018 amended provisions of Rule 3(7) of Companies (Audit and Auditors) Rules, 2014 and accordingly, provisions of requirement of ratification of appointment of auditor at every general meeting is dispensed with. Therefore, at the ensuing general meeting members are not required to ratify Auditor's appointment and M/s. Rajpara Associates, Chartered Accountants, Ahmedabad (FRN: 113428W), will continue to act as auditors of the Company till the conclusion of the 15th AGM of the Company to be held in the year 2022.

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:

There were no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report are not applicable to the Company.

There were no instances of frauds reported by the Auditors during the period under review.

PUBLIC DEPOSITS:

The Company is 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.

EXTRACT OF ANNUAL RETURN AS PER SECTION 92(3) OF COMPANIES, ACT, 2013:

Pursuant to the provisions of Section 134(3) (a) of the Companies Act, 2013, the extract of Annual Return for the Financial Year ended March 31, 2020 in Form MGT-9 made under the provisions of 92(3) of the Act form part of the Board's Report as ***Annexure A*** (MGT-9).

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 2019-2020	Attendance at the AGM held on 19/06/2019
Whole-time Directors			
Mr. Kamlesh Gandhi Chairman & Managing Director DIN: 00044852	3	6	Yes
Mr. Mukesh Gandhi Whole-time Director & Chief Financial Officer DIN: 00187086	4	6	Yes
Mrs. Darshana Pandya Director & Chief Operating Officer DIN: 07610402	1	6	Yes
Independent Directors			
Mr. Bala Bhaskaran Independent Director DIN: 00393346	3	6	Yes
Mr. Chetan Shah Independent Director DIN: 02213542	1	5	Yes
Mr. Subir Nag Independent Director DIN: 02169915	2	4	No
Key Managerial Personnel			
Mr. Darshil Hiranandani Company Secretary	Nil	6	Yes

* 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:**

During the year under review there is no change in the Directors or KMP of the Company.

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 May 20, 2020, 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 6 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.	24-Apr-19	6	5
2.	18-Jul-19	6	5
3.	28-Aug-19	6	6
4.	12-Sep-19	6	6
5.	23-Oct-19	6	6
6.	22-Jan-20	6	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.

INFORMATION OF COMMITTEE AND ITS MEETINGS

- **Audit Committee:**

Our Audit Committee comprised of 3 Directors as on March 31, 2020:

a. Mr. Bala Bhaskaran - Chairman
b. Mr. Chetan Shah - Member
c. Mr. Mukesh Gandhi - 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 5 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.	24-Apr-19	3	3
2.	18-Jul-19	3	2
3.	19-Aug-19	3	3
4.	23-Oct-19	3	3
5.	22-Jan-20	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, 2020:

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.	24-Apr-19	3	2

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 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 88,90,000/- 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 revised from INR 30,00,00,000/- (Rupees Thirty Crores only) to INR 35,00,00,000-/ (Rupees Thirty Five Crores only) vide a resolution passed by the Board of Directors on August 28, 2019 and subsequently approved by the Shareholders in their meeting held on August 29, 2019.

The Authorised Share Capital as on March 31, 2020 was:

INR 35,00,00,000-/ (Rupees Thirty Five Crores only) divided into 3,50,00,000 (Three 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 11,00,00,000/- [Rupees Eleven Crores Only] divided into 1,10,00,000 [One Crore Ten Lakh] Preference Shares of INR 10/- each

2. PAID UP SHARE CAPITAL:

During the year under review, the Company had issued 1,00,00,000 6% Optionally Convertible Preference Shares of INR 10/- each to MAS Financial Services Limited.

The Paid Up Share Capital as on March 31, 2020 was:

INR 31,22,64,040 /- (Rupees Thirty One Crore Twenty Two Lakh Sixty Four Thousand and Forty Only) divided into 2,12,26,404 Equity Shares of INR 10/- each and 1,00,00,000 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 has appointed M/s. MAAK & Associates, Chartered Accountants as an Internal Auditor of the Company pursuant to provisions of Section 138 of the Companies Act, 2013 in order to ensure proper internal financial control.

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 is committed to provide a safe and conducive work environment to its employees.

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

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. Details of Annual Report on Corporate Social Responsibility as Company is not falling within the criteria as prescribed u/s 135 of the Companies Act, 2013;
b. Issue of Equity Shares with differential rights as to dividend, voting or otherwise;
c. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and ESOS;
d. 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, bankers, 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 : October 28, 2020
Place : Ahmedabad

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- **Industry Structure and Developments:**

The Housing finance sector has gained momentum after the income tax rebate on home loans which was introduced in the year 1999. Owing to the tax advantage and growing income level, the period 2005 to 2010 is characterized by rising demand for housing. Further the number of new HFCs established post 2008 has considerably increased; since most of the new HFCs had a parentage with banks or NBFCs, the overall leverage level of HFCs remained close to 6x (times). The number of HFCs more than doubled from 43 in 2008 to 91 in 2018. This period is also marked by the shift in the borrowing profile of the HFCs – from banks to debt sources.*

* Housing Finance Companies: Performance, Regulations and Opportunity report by CARE dated January 7, 2020.

Housing Finance sector has undergone a major makeover post IL&FS crisis in Sep 2018 followed by the subsequent liquidity issues around the HFCs & NBFCs. Since then, there has been a series of interventions from the Government of India to facilitate adequate liquidity flow to these entities from the Banking sector such as, Partial Credit Guarantee Scheme (PCGS) of Govt. of India for buy-out of rated asset pools of HFCs/NBFCs, relaxed norms of RBI for securitization of assets etc.**

** NHB's Housing Finance Companies - Credit Growth and Funding Pattern published on February 24, 2020.

The funding situation has remained fairly grim for HFCs thus far, impacting their loan book growth. This is an after-effect of the severe liquidity crunch faced by HFCs following the IL&FS default as banks, their largest lenders, turned cautious. While HFCs with a strong parentage continue to get funding from banks, standalone HFCs with a high proportion of non-housing loans and small HFCs have been the worst affected by the liquidity crunch. Raising funds from the capital market has also remained a challenge.

With the fall in traditional borrowing routes, HFCs have begun to obtain a large portion of their funding through the securitisation route.

The affordable housing space, which accounts for roughly 15 per cent of the overall portfolio of HFCs, is generating good interest in banks, and co-lending in this space will also provide required impetus to drive growth, given the government push towards affordable housing.

Although HFCs are reworking on their business models, asset quality has been adversely impacted due to the stress witnessed mainly in the wholesale loan portfolio of HFCs.***

*** www.realty.com from the Economic Times dated March 25, 2020 (https://realty.economictimes.indiatimes.com/news/allied-industries/hfcs-to-bounce-back-with-10-12-growth-in-fiscal-21-brickwork-ratings/74813494)

- **Outlook on Affordable Housing:**

While the pace of progress on the PMAY mission has been slower than initially envisaged, particularly in the urban segment, the initiative is clearly addressing the core issue of the national housing shortage in a systematic manner. With the Government push for affordable housing through provision of land, subsidies and incentives, private sector participation in the lower-ticket-size segment has been ramping up at a considerable pace, resulting in some narrowing of the existing demand-supply gap. Moreover, technical innovations have enabled cost and time efficiencies, thereby making the construction of such spaces more financially viable. Developers have thus been realigning strategies to meet market requirements and have been focusing on keeping average ticket sizes affordable. Sales in the sub-Rs. 50 lakh segment have, in fact, witnessed a considerable momentum, and given the above-mentioned Government incentives for development and offtake of affordable housing units, positive trends in both demand and supply for this segment are expected to continue going forward.

Notwithstanding the expected traction in the affordable housing segment, the performance of the overall Indian residential real estate sector continues to be muted, owing to the prevailing liquidity crunch, high inventory overhang, weak affordability and subdued demand conditions. The residential realty segment has, in recent years, increasingly relied on the NBFCs and the HFCs to raise debt financing, owing to the risk perception attached with the segment by banks. However, with the prevailing liquidity squeeze, funding availability and cost for many real estate developers has been adversely impacted, causing credit stress for developers reliant on refinancing to support balance sheets heavy on slow-moving inventory or land assets. Consequently, the execution of ongoing projects and launch of new projects have also been negatively impacted, especially for smaller players who have been heavily dependent on such sources of financing, keeping the pipeline of fresh supply moderate. ICRA, however, notes that Government measures, such as the establishment of a Rs. 25,000-crore fund for stalled housing projects, may alleviate some of the execution/delivery-related issues going forward.
Concerns on the overall stock levels, nonetheless, remain. A moderate level of new launches, combined with the existing inventory overhang and low sales traction, is expected to lead to overall inventory levels registering modest growth over the near-to-medium term, with the much-needed liquidation of the same being contingent on a wide-scale recovery in demand. Consequently, ICRA expects residential real estate developers to maintain a cautious stance towards new project launches and land acquisition deals. With continuing weakness in the home-buyer sentiment, demand is expected to remain muted, particularly for projects which are under development and for units with high ticket sizes. Post the incessant delays witnessed in project deliveries, buyers have been expressing a strong preference for completed inventory, that too from recognised developers with an established track record of quality and timely delivery, resulting in increased market consolidation, with larger players garnering higher market share. Structural changes, including the implementation of the RERA, the GST and the IBC, as well as the earlier demonetisation drive, have further underpinned this consolidation. Thus, larger and reputed developers with a strong focus on right pricing and delivery are expected to continue to record healthy sales levels. Prices, however, are likely to move on a

downtrend, driven not only by the continued focus of developers on keeping average ticket sizes affordable, but also by the high inventory overhang and overall sluggishness in demand.^

^ January 2020 Report on Affordable Housing by ICRA & FICCI

In the Budget 2020, the Union government extended the benefit of availing additional deduction of up to Rs 1.50 lakh for interest paid on loans for affordable houses by an additional one year till 31 March 2021.

The Central government has further tried to incentivize the affordable housing sector by providing a one-year tax holiday extension to real estate developers in the Union Budget 2020. Earlier, the government had announced that a tax holiday will be provided to real estate developers of affordable housing projects till 31 March 2020. This step will certainly boost the supply of affordable houses and promote it.^^

^^ Financial Express dated February 10, 2020

- **Market Scenario**

According to "World Urbanization Prospects - The 2018 Revision" by the Population Division of the UN Department of Economic and Social Affairs (UN DESA), the future increases in the size of the world's urban population are expected to be highly concentrated in just a few countries. By 2050, it is projected that India will have added 416 million urban dwellers compared to 255 million in China.

The urban expansion in India will happen at a speed quite unlike anything the country or the world has seen before. While it took nearly 40 years (from 1971 to 2008) for India's urban population to rise by nearly 230 million; it will take only half that time to add the next 250 million.#

India's urban population is estimated to have grown at a CAGR of 2.8% over 2001-2011, resulting in an increase in the urbanization rate from 27.8% to 31.2%. The surge in urban population was supported by an increase in million plus cities. The number of urban agglomerations with more than 1 million population increased from 35 in 2001 to 53 in 2011. The growth of urbanization at such unprecedented level poses the challenge of meeting the increasing demand for affordable housing in cities. **

One of the constraints in meeting the increasing demand for affordable housing is the high cost of land. Other challenges include availability of finance to developers/builders towards land and absence of clear title which acts as deterrent for participation by financial institutions and real estate developers in new as well as redevelopment projects of real estate.

In order to create a self-sustaining market to address the challenge of land availability and its high cost, the Central Government on September 21, 2017 announced a new PPP (Public Private Partnership) Policy for Affordable Housing. The fundamental strategy underlying Public Private Partnerships as an implementation strategy for affordable housing is to combine the strengths of the private sector with those of the public sector in order to overcome challenges faced by affordable housing and to achieve superior outcomes. The 8 PPP models for promoting affordable housing includes six with private investments on government lands while remaining 2 models involves private investments on private lands.

The new regulations and policy changes including the roll out of RERA and GST will help the industry become more organized, transparent, and accountable which will boost buyer sentiment in both residential and commercial segments.

Mc Kinsey Global Institute (MGI) Report (April 2010)

** The Census of India, 2011

- **@The market scenario post COVID:**

As the coronavirus pandemic outbreak has slackened the economic growth across the globe, it is most likely to take a major toll over scores of sectors in India. This would have a multiplier effect on the real estate sector which was eyeing revival in times to come. However, the wrath of the virus outbreak will be faced by both the commercial as well as residential segments, and affordable housing will be the worst-hit.

Riding on the support of government initiatives such as Pradhan Mantri Awas Yojana (PMAY), Housing for All by 2022, infrastructure status to the segment – to name a few – the affordable housing segment recorded a growth of 27% after the government announced PMAY in 2016, but this growth gradually decelerated owing to various factors and now it will further drop due to the COVID-19 woes.

Despite government-initiated public-private partnership projects, developers were reluctant to join the segment due to various reasons such as land scarcity, unrecognized bottlenecks of property records, business dynamics, unfavorable weather conditions, socio-political impact and skilled labor supply over the entire lifecycle of the project.

Though the demand for affordable housing had increased in recent times, but the lockdown came as a major setback for the sector which was already reeling under crisis. This would now further discourage the developers from barging into the affordable segment as they were already struggling with the cost optimisation in order to improve the bottom-line in such projects.

Amid the COVID-19 scourge, labourers fled from the metro cities or big cities to their respective native lands amid fear of losing out on the earnings. The lockdown has further extended their stay which will now create a big-time crisis of availability of labours which would have a huge impact on the sector which was already struggling for want of the availability of skilled labour.

Secondly, developers will also face the problem in acquiring cheap input material as the manufacturing units are closed and in time to come they will also feel the heat of the shortage of labourers. Apart from this, manufacturers will also look to cover up for the loss they are suffering during the lockdown. Therefore, developers will have another uphill task to get the material at cheap rates.

Besides all these factors, weak buyer sentiment will also hit the segment as now buyers will wait before investing in any kind of housing project. With limited income and fears of unemployment, affordable housing buyers will delay purchasing decisions, leading to a rise in unsold stocks. This will give rise to rental housing, and further delay in improving market sentiments.
@ Financial Express dated May 5, 2020

<u>Overview</u>

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 rural areas for following categories viz. backward classes or Minority Community or Women owners or families having annual household income less than INR 3 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 third party channels by appointment of MRHMFL Referral Associates. Referral Associates only source 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.

- **Disbursements**

MRHMFL disbursed INR **92.09** Crores during the year as against INR 128.59 Crores in the previous year. MRHMFL disbursed loans of INR **77.63** Crores (previous year INR 81.23 Crores) for home purchase and renovation.

MRHMFL disbursed home loans to 736 families (previous year 596 families) and the average home loan to individuals was maintained at INR 0.08 Crores.

MRHMFL disbursed loans of INR 8.10 Crores (previous year INR 7.61 Crores) for purchase of Non Residential Property/Commercial Property and INR 6.35 Crores (previous year INR 39.74 Crores) to developers.

- **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 286.54 Crores from INR 270.24 Crores and registered a growth of 6.03%.

MRHMFL's total outstanding home loans to individuals of INR 226.68 crores constitute 79.11% of the total outstanding loans. Loans to individuals for non-residential premises (NRP) of INR 23.06 Crores constituted 8.05% of the total outstanding loans. The outstanding loans to developers of INR 36.80 Crore constituted 12.84% 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 0.35 Crore towards Stage I loans and INR 0.54 Crore towards Stage II loans.

MRHMFL's Stage III loan assets as at March 31, 2020 were INR 0.98 Crores on which MRHMFL has made a provision of INR 0.26 Crores.

Moreover MRHMFL has reassessed its ECL model on account of COVID-19 pandemic and have made an additional provision of INR 2.02 Cr. on loans.

MRHMFL therefore carries a total provision of INR 3.17 Crores on its total assets as per IND AS 109.

- **NHB Guidelines and Prudential Norms**

MRHMFL has complied with the guidelines issued by 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 NHB Circular No. NHB(ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018.

MRHMFL's total borrowings as at March 31, 2020 of INR 222.49 Crores were within the permissible limit of NHB Directions.

MRHMFL's CAR as at March 31, 2020 was 40.69% as against NHB's prescribed limit of 12%. The Capital Adequacy on account of Tier I Capital was 32.57% while the Capital Adequacy on account of the Tier II Capital was 8.12%.

- **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.

- **<u>Central Registry</u>**

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. The lending institutions are required to pay fees for uploading the data of mortgage.

- **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, 2020 are:

- ❖ Profit before tax grew by 0.16% and Profit after tax grew by 21.89% as against the previous year.
- ❖ Current year income tax provision amounted to INR 1.01 Crore as compared to INR 1.58 Crore in the previous year. The effective income tax rate for the current year was 23.87% against 37.44% in the previous year.
- ❖ Pre-tax return on average assets was 1.46% in the current year as against 1.62% in the previous year. Post-tax return on average assets was 1.11% as against 1.01% in the previous year.
- ❖ The Earnings Per Share (Basic) was INR 1.52 for the current year against INR 1.26 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 more than 200 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.

- **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

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2020

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U74900GJ2007PLC051383
2.	Registration Date	24/07/2007
3.	Name of the Company	MAS Rural Housing & Mortgage Finance Limited
4.	Category / Sub-category of the Company	Company limited by shares
5.	Address of the Registered office & contact details	4th Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad-380 009. Ph No. – 079 – 4110 6500 / 733 Website : www.mrhmfl.co.in E-Mail : darshil_hiranandani@mas.co.in
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	KFin Technologies Private Limited Tower B Plot No: 31 & 32, Selenium, Financial District, Nanakramguda, Gachibowli Hyderabad, Telangana - 500 032 P: +91- 040 – 67162222

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10% or more of the total turnover of the Company shall be stated.)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Activities of Housing Finance	65922	100.00%

III. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1.	MAS Financial Services Limited 6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road, Ahmedabad - 380 009.	L65910GJ1995PLC026064	Holding	59.67	Section 2(46) of Companies Act, 2013.

IV. SHAREHOLDING PATTERN:

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-Wise Shareholding:

Category of Shareholders	No. of Shares held as on April 1, 2019.				No. of Shares held as on March 31, 2020.				% change during the year
A. PROMOTERS	**Demat**	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
(1) Indian									
a) Individual / HUF	8561211	Nil	8561211	40.33	8561211	Nil	8561211	40.33	Nil
b) Central Govt. Or State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corporate	12664893	Nil	12664893	59.67	12664893	Nil	12664893	59.67	Nil
d) Bank / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL: (A) (1)	21226104	Nil	21226104	100.00	21226104	Nil	21226104	100.00	0.00
(2) Foreign									
a) NRI- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL: (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL SHAREHOLDING OF PROMOTER (A)= (A)(1)+(A)(2)	21226104	Nil	21226104	100.00	21226104	Nil	21226104	100.00	Nil
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(1):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Non Institutions									
a) Bodies corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders	300	Nil	Nil	*0.00	300	Nil	Nil	*0.00	Nil

holding nominal share capital upto Rs. 1 lakhs									
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(2):	300	Nil	Nil	*0.00	300	Nil	Nil	*0.00	Nil
TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)	300	Nil	Nil	*0.00	300	Nil	Nil	*0.00	Nil
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
GRAND TOTAL (A+B+C)	21226404	Nil	21226404	100	21226404	Nil	21226404	100	Nil

* *Insignificant Shareholding.*

ii) Share Holding of Promoters:

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	Mr. Mukesh C. Gandhi	4040606	19.04	Nil	4040606	19.04	Nil	Nil
2	Mr. Kamlesh C. Gandhi	2486510	11.71	Nil	2486510	11.71	Nil	Nil
3	Ms. Shweta Kamlesh Gandhi	2034095	9.58	Nil	2034095	9.58	Nil	Nil
4	M/s. MAS	12664893	59.67	Nil	12664893	59.67	Nil	Nil

	Financial Services Limited							

iii) Change In Promoters' Shareholding (Specify, if there is no change):

Sl. No.	Shareholders Name	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
1.	Mr. Kamlesh Gandhi	**No. of Shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
	As at 01/04/2019	2486510	11.71	2486510	11.71
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	No change			
	As at 31/03/2020	2486510	11.71	2486510	11.71
2.	Mr. Mukesh Gandhi	**No. of Shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
	As at 01/04/2019	4040606	19.04	4040606	19.04
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	No change			
	As at 31/03/2020	4040606	19.04	4040606	19.04
3.	Mrs. Shweta Gandhi	**No. of Shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
	As at 01/04/2019	2034095	9.58	2034095	9.58
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	No change			
	As at 31/03/2020	2034095	9.58	2034095	9.58
4.	MAS Financial Services Limited	**No. of Shares**	**% of total**	**No of shares**	**% of total**

			shares of the company		shares of the company
	As at 01/04/2019	12664893	59.67	12664893	59.67
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	No change			
	As at 31/03/2020	12664893	59.67	12664893	59.67

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & Holders of GDRS & ADRS):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Saumil Pandya				
	As at 01/04/2019	100	*0.00	100	*0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	100	*0.00	100	*0.00

* *Insignificant Shareholding.*

v) Shareholding of Directors & KMP:

Sl. No.	Particulars	Shareholding		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Kamlesh Gandhi – Chairman & Managing Director				
	As at 01/04/2019	2486510	11.71	2486510	11.71
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat	No change			

	equity etc)				
	As at 31/03/2020	2486510	11.71	2486510	11.71
2.	Mr. Mukesh Gandhi – Whole-Time Director & CFO				
	As at 01/04/2019	4040606	19.04	4040606	19.04
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	4040606	19.04	4040606	19.04
3.	Mrs. Darshana Pandya – Director & COO				
	As at 01/04/2019	100	*0.00	100	*0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	100	*0.00	100	*0.00
4	Mr. Chetan Shah – Independent Director				
	As at 01/04/2019	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	–	–	–	–
5	Mr. Subir Nag – Independent Director				
	As at 01/04/2019	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	–	–	–	–
6	Mr. Bala Bhaskaran – Independent Director				
	As at 01/04/2019	100	*0.00	100	*0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	100	*0.00	100	*0.00

7	Mr. Darshil Hiranandani – Company Secretary				
	As at 01/04/2019	—	—	—	—
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	—	—	—	—

* *Insignificant Shareholding.*

(Preference Share Capital Breakup as percentage of Total Preference)

i) Category-Wise Shareholding:

Category of Shareholders	**No. of Shares held as on April 1, 2019.**				**No. of Shares held as on March 31, 2020.**				**% change during the year**
A. PROMOTERS	**Demat**	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
(1) Indian									
a) Individual / HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt. Or State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corporate	Nil	Nil	Nil	Nil	10000000	Nil	10000000	100.00	100.00
d) Bank / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL: (A) (1)	Nil	Nil	Nil	Nil	10000000	Nil	10000000	100.00	100.00
(2) Foreign									
a) NRI- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.									
d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL: (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

TOTAL SHAREHOLDING OF PROMOTER (A)= (A)(1)+(A)(2)	Nil	Nil	Nil	Nil	10000000	Nil	10000000	100.00	100.00
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(1):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Non Institutions									
a) Bodies corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individuals shareholders holding nominal share capital in	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

excess of Rs. 1 lakhs									
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
GRAND TOTAL (A+B+C)	Nil	Nil	Nil	Nil	10000000	Nil	10000000	100.00	100.00

ii) Share Holding of Promoters:

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	MAS Financial Services Limited	Nil	Nil	Nil	10000000	100.00	Nil	100.00

iii) Change In Promoters' Shareholding (Specify, if there is no change):

Sl. No.	Shareholders Name	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
1	MAS Financial Services Limited	**No. of Shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
	As at 01/04/2019	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	Issue of OCPS			
	As at 31/03/2020	10000000	100.00	10000000	100.00

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & Holders of GDRS & ADRS):

Not Applicable

v) Shareholding of Directors & KMP:

Sl. No.	Particulars	Shareholding		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	**No. of shares**	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
1	Mr. Kamlesh Gandhi – Chairman & Managing Director				
	As at 01/04/2019	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	–	–	–	–
2	Mr. Mukesh Gandhi – Whole-Time Director & CFO				
	As at 01/04/2019	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			

	As at 31/03/2020	–	–	–	–
3	Mrs. Darshana Pandya – Director & COO				
	As at 01/04/2019	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	–	–	–	–
4	Mr. Chetan Shah – Independent Director				
	As at 01/04/2019	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	–	–	–	–
5	Mr. Subir Nag – Independent Director				
	As at 01/04/2019	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	–	–	–	–
6	Mr. Bala Bhaskaran – Independent Director				
	As at 01/04/2019	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	–	–	–	–
7	Mr. Darshil Hiranandani – Company Secretary				
	As at 01/04/2019	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2020	–	–	–	–

V. INDEBTEDNESS:

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

(Amount In INR)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	2,54,60,41,089	Nil	1,65,75,000	2,56,26,16,089
ii. Interest due but not paid	Nil	Nil	Nil	Nil
iii. Interest accrued but not due	36,61,581	Nil	2,96,048	39,57,629
Total (i+ii+iii)	**2,54,97,02,670**	**Nil**	**1,68,71,048**	**2,56,65,73,718**
Change in Indebtedness during the financial year				
• **Net Addition / (Reduction)**	(37,69,97,952)	5,70,10,461*	28,04,529	(31,71,82,962)
Indebtedness at the end of the financial year				
i. Principal Amount	2,16,79,10,829	5,70,10,461	1,85,25,000	2,24,34,46,290
ii. Interest due but not paid	Nil	Nil	Nil	Nil
iii. Interest accrued but not due	47,93,889	Nil	11,50,577	59,44,466
Total (i+ii+iii)	**2,17,27,04,718**	**5,70,10,461**	**1,96,75,577**	**2,24,93,90,756**

* INR 5,70,10,461 represents Liability Component of 1,00,00,000 6% Optionally Convertible Preference Shares issued by the company during the current year and thus shown under Unsecured Loans.

Note: All the deposits are security deposits received from corporate customers against loans disbursed.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole time director and/or Manager:

(Amount In INR)

Sl No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Mr. Kamlesh Gandhi Chairman & Managing Director	Mr. Mukesh Gandhi Whole-time Director & Chief Financial Officer	Mrs. Darshana Pandya – Director & Chief Operating Officer	
1.	Gross salary a. Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	Nil	Nil	Nil	Nil
	b. Value of perquisites u/s 17(2) of the Income tax Act, 1961	Nil	Nil	Nil	Nil
	c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others (specify)	Nil Nil	Nil Nil	Nil Nil	Nil Nil
5.	Others, please specify (Electricity Charges Reimbursement)	Nil	Nil	Nil	Nil
Total A		**Nil**	**Nil**	**Nil**	**Nil**

B. Remuneration to other directors:

(Amount In INR)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Bala Bhaskaran	Mr. Chetan Shah	Mr. Subir Nag	
1	**Independent Directors**				
	a. Fee for attending board committee meetings	1,30,000	90,000	40,000	2,60,000
	b. Commission	Nil	Nil	Nil	Nil
	c. Others please specify.	Nil	Nil	Nil	Nil
	Total (1)	**1,30,000**	**90,000**	**40,000**	**2,60,000**
2	**Other Non Executive Directors**				
	a. Fee for attending board committee meetings	Nil	Nil	Nil	Nil
	b. Commission	Nil	Nil	Nil	Nil
	c. Others, please specify.	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	**1,30,000**	**90,000**	**40,000**	**2,60,000**

C. Remuneration To Key Managerial Personnel other than MD / Manager / WTD:

(Amount In INR)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Company Secretary	
1.	**Gross Salary** a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961 c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	620,739	620,739
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of profit - others (specify)	Nil Nil	Nil Nil
5.	Others, please specify	Nil	Nil
	Total	**620,739**	**620,739**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

NONE

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

KAMLESH C. GANDHI
CHAIRMAN & MANAGING DIRECTOR
DIN: 00044852

Date : October 28, 2020
Place : Ahmedabad

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, 2020.

Sl No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MAS Financial Services Limited (MFSL)
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	18/07/2019
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
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	14/03/2019
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.

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MAS Financial Services Limited
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	23/10/2019
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.

III. 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
MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

KAMLESH C. GANDHI
CHAIRMAN & MANAGING DIRECTOR
DIN: 00044852

Date : October 28, 2020
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, 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 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 Rs. 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) <u>Disclosures</u>

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.

****

NOTICE

NOTICE is hereby given that the Thirteenth (13th) Annual General Meeting (AGM) of the members of MAS Rural Housing & Mortgage Finance Limited will be held at 11:00 am, on Wednesday, the 4th day of November, 2020 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, 2020 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.

By order of the Board

Darshil Hiranandani
Company Secretary
(A47986)

Place : **Ahmedabad**
Date : **October 28, 2020**

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 November 4, 2020.

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.

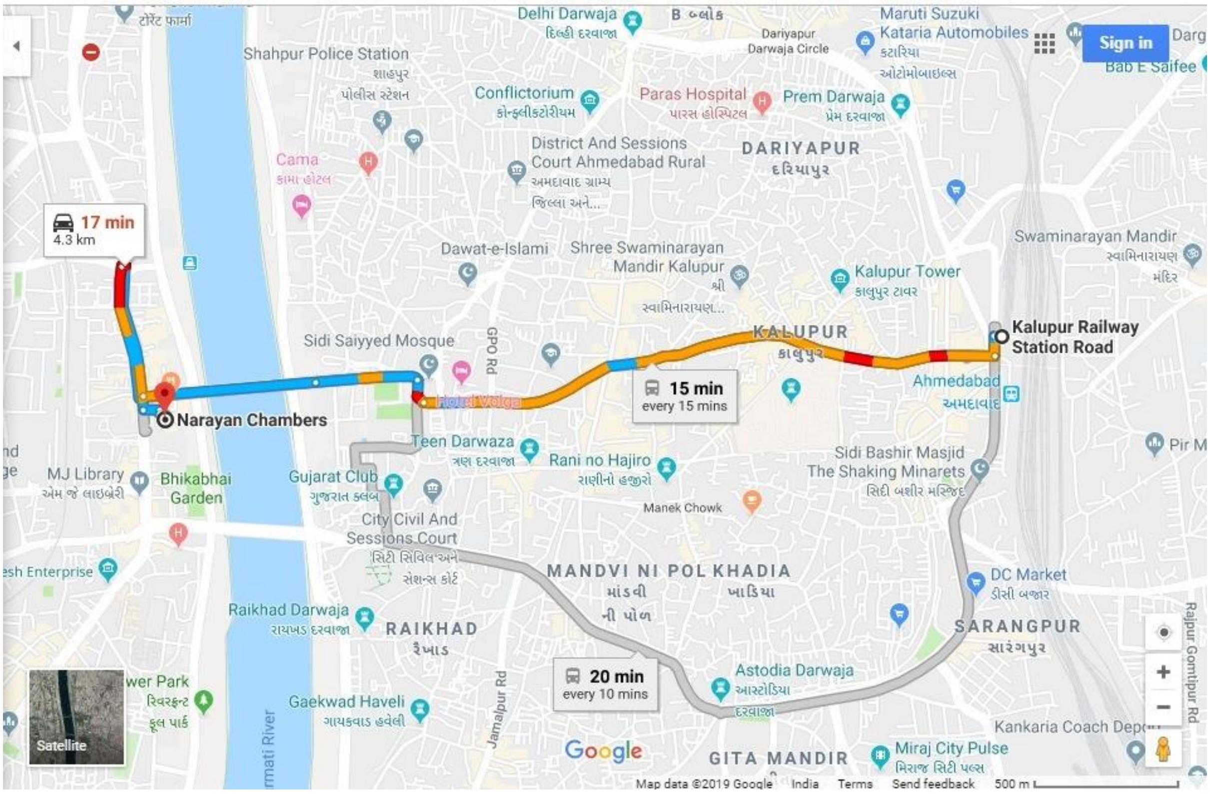
The Notice and the Annual Report of the Company for the financial year 2019-20 are being sent to the Members in accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014.

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 2019-20 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 13th Annual General Meeting of members of the Company, to be held on Wednesday, November 4, 2020 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, 2020.
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.

Signed this ___________day of ____________ 2020.

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 13th 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 – 13th 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 THIRTEENTH ANNUAL GENERAL MEETING of the Company at Wednesday, November 4, 2020 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.

RAJPARA ASSOCIATES
Chartered Accountants

D -1107, The First, Near Hotel ITC Narmada, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad-380 015. Phone: 079-4849 3366. E mail: admin@carajpara.com
carajpara.com

INDEPENDENT AUDITOR'S REPORT

To the Members of
MAS Rural Housing and Mortgage Finance Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of **MAS Rural Housing and Mortgage Finance Limited** which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flow, the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operative effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the Company as at 31 March, 2020, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

As described in Notes to the Financial Statements, the extent to which the COVID-19 Pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, 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.

2. 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account;

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

d. in our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards (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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

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

g. 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:

   i. The Company does not have any pending litigations which would impact its financial position.
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Rajpara Associates
Chartered Accountants
FRN 113428W

Jay Soni

Jay Soni
Partner
M. No. 174165

RAJPARA ASSOCIATES
Ahmedabad
Chartered Accountants

Place: Ahmedabad
Date:
UDIN:

RAJPARA ASSOCIATES
Chartered Accountants

D -1107, The First, Near Hotel ITC Narmada, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad-380 015. Phone: 079-4849 3366. E mail: admin@carajpara.com

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

(i) **In respect of its fixed assets:**

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The fixed assets have been physically verified by the management inn a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regards to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the book records and the physical fixed assets have been noticed.

(c) No immovable property is held by the company and accordingly, the provisions of clause 3 (i) (c) of the Order are not applicable to the Company and hence not commented upon.

(ii) The company being Non-banking Financial Company has no inventory; Accordingly, the provisions of clauses 3(ii) of the order are not applicable to the company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the provisions of clauses 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(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.

(vii) According to information and explanations given to us, in respect of statutory dues:

(a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it.

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

(b) According to the records of the company, there are no disputed statutory dues for income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or Government. The Company has not issued any debentures.

(ix) In our opinion and according to information and explanations given to us, term loans have been applied for the purposes for which they were obtained. Company has not raised moneys by way of initial public offer or further public offer.

(x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

(xi) Based upon the audit procedures performed and the information and explanations given by the management, no managerial remuneration has been paid or provided. Therefore, the provision of clause 3 (xi) of the Order are not applicable to the Company.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

(xiii) In our opinion, all 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 Ind AS Financial Statements as required by the applicable accounting standards.

(xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has made preferential allotment of preference shares during the year under review and the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised.

(xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

(xvi) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Rajpara Associates
Chartered Accountants
FRN 113428W

Jay Soni
Partner
M. No. 174165

Place: Ahmedabad
Date:
UDIN:

RAJPARA ASSOCIATES
Chartered Accountants

D -1107, The First, Near Hotel ITC Narmada, Behind Keshavbaug Party Plot, Vastrapur,
Ahmedabad-380 015. Phone: 079-4849 3366. E mail: admin@carajpara.com
carajpara.com

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **MAS Rural Housing and Mortgage Finance Limited** as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

RAJPARA ASSOCIATES
Ahmedabad
Chartered Accountants

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting 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.

For Rajpara Associates
Chartered Accountants
FRN 113428W

Jay Soni
Partner
M. No. 174165

Place: Ahmedabad
Date:
UDIN:

RAJPARA ASSOCIATES Ahmedabad Chartered Accountants

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

STANDALONE BALANCE SHEET AS AT 31 MARCH 2020

(Amount in ₹)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	5	21,07,45,086	41,22,89,043
Bank Balance other than cash and cash equivalents	6	2,05,087	1,92,533
Loans	7	2,54,46,03,647	2,64,14,05,249
Other Financial assets	8	1,72,31,475	1,66,47,054
Total Financial Assets		**2,77,27,85,295**	**3,07,05,33,879**
Non-Financial Assets			
Income tax assets (net)		1,84,611	-
Deferred tax Assets (Net)	9	-	69,40,936
Property, Plant and Equipment	10 (a)	84,35,958	98,74,207
Other Intangible assets	10 (b)	71,815	1,04,905
Right-of-use Asset	10 (c)	39,21,377	-
Other non-financial assets	11	83,28,225	49,20,774
Total Non Financial Assets		**2,09,41,986**	**2,18,40,822**
Total Assets		**2,79,37,27,281**	**3,09,23,74,701**
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		59,70,400	46,71,641
Borrowings (Other than Debt Securities)	12	2,21,48,58,732	2,53,44,10,639
Other financial liabilities	13	3,73,00,841	8,56,44,947
Total Financial Liabilities		**2,25,81,29,973**	**2,62,47,27,227**
Non-Financial Liabilities			
Current tax liabilities (Net)		-	94,380
Provisions	14	1,56,762	1,34,933
Deferred tax liabilities (Net)	9	48,07,431	-
Other non-financial liabilities	15	22,47,686	12,98,092
Total Non Financial Liabilities		**72,11,879**	**15,27,405**
Total Liabilities		**2,26,53,41,852**	**2,62,62,54,632**
EQUITY			
Equity Share Capital	16	21,22,64,040	21,22,64,040
Other Equity	17	31,61,21,389	25,38,56,029
Total Equity		**52,83,85,429**	**46,61,20,069**
Total Liabilities and Equity		**2,79,37,27,281**	**3,09,23,74,701**

See accompanying notes to the financial statements

In terms of our report attached
For Rajpara & Associates
Chartered Accountants

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

Jay Soni
Partner
Membership No.174165

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

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

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

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

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Place : Ahmedabad
Date : 20 May 2020

Place: Ahmedabad
Date : 20 May 2020

IIFL RURAL HOUSING & MORTGAGE FINANCE LIMITED

STANDLONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹)

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
I. Revenue from operations			
Interest Income	18	37,73,80,852	32,16,61,634
Gain on assignment of financial assets		1,81,67,834	-
Fees and commission Income		15,31,958	21,18,917
Total Revenue from operations		**39,70,80,644**	**32,37,80,551**
Other Income	19	17,67,072	3,26,917
Total Income		**39,88,47,716**	**32,41,07,468**
II. Expenses			
Finance Costs	20	24,41,15,154	19,52,73,009
Impairment on financial instruments	21	2,18,88,035	90,91,888
Employee Benefit Expenses	22	6,04,21,517	4,90,00,174
Depreciation, amortization and impairment	23	53,54,536	31,66,353
Other expenses	24	2,46,09,888	2,51,84,135
Total Expenses		**35,63,89,130**	**28,17,15,559**
III. Profit Before Tax		**4,24,58,586**	**4,23,91,909**
IV. Tax Expense:			
Current Tax		99,50,000	1,14,20,000
Short / (Excess) Provision For Tax Relating to Prior Years		10,360	(1,80,835)
Deferred tax (credit) / charge	9	1,73,221	46,33,453
Net tax expense		**1,01,33,581**	**1,58,72,618**
V. Profit for the year (III - IV)		**3,23,25,005**	**2,65,19,291**
VI. Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of the defined benefit liabilities		(4,14,087)	3,07,958
Income tax impact on above		1,04,226	(85,674)
Total		(3,09,861)	2,22,284
(B) Items that will be reclassified to profit or loss:			
Loans and Advances through other comprehensive Income		7,26,091	-
Income tax relating to items that will be reclassified to profit or loss		(1,82,757)	-
Total		5,43,334	-
Other comprehensive income		**2,33,473**	**2,22,284**
VII. Total comprehensive income (V + VI)		**3,25,58,478**	**2,67,41,575**
VIII. Earnings per equity share (of ₹ 10 each):	25		
Basic		1.52	1.26
Diluted		1.52	1.26
See accompanying notes to the financial statements			

In terms of our report attached
For Rajpara & Associates
Chartered Accountants

For and on behalf of the Board of Directors of
IIFL Rural Housing and Mortgage Finance Ltd.

Jay Soni
Partner
Membership No.174165

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

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

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

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

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Place: Ahmedabad
Date : 20 May 2020

Place: Ahmedabad
Date : 20 May 2020

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

STANDLONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

(A) Equity Share Capital

(Amount in ₹)

Particulars	Balance at 31 March 2018	Changes in equity share capital during the year	Balance at 31 March 2019	Changes in equity share capital during the year	Balance at 31 March 2020
Equity Share of ₹ 10 each issued, subscribed and fully paid	18,03,49,200	3,19,14,840	21,22,64,040	-	21,22,64,040

(B) Other Equity

(Amount in ₹)

Particulars	Reserves and Surplus						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 31 March 2018	**3,36,28,865**	**31,50,800**	**1,84,45,516**	**6,79,905**	**7,02,36,234**	**-**	**12,61,41,320**
Profit for the year	-	-	-	-	2,65,19,291	-	2,65,19,291
Other comprehensive income (net of taxes)	-	-	-	-	3,12,127	-	3,12,127
Dividend on Equity Shares including DDT	-	-	-	-	(5,26,787)	-	(5,26,787)
Dividend on Preference Shares including DDT	-	-	-	-	(38,62,427)	-	(38,62,427)
Transfer to Reserve fund u/s. 29-C of NHB Act,1987	1,02,70,000	-	-	-	(1,02,70,000)	-	-
Additions during the year in Security Premium	-	11,80,85,041	-	-	-	-	11,80,85,041
Adjustment on account of premature conversion to equity share	-	-	(1,28,12,536)	-	-	-	(1,28,12,536)
Balance at 31 March 2019	**4,38,98,865**	**12,12,35,841**	**56,32,980**	**6,79,905**	**8,24,08,438**	**-**	**25,38,56,029**
Transition impact of Ind AS 116 (Net of Tax)	-	-	-	-	(3,58,633)	-	(3,58,633)
Profit for the year	-	-	-	-	3,23,25,005	-	3,23,25,005
Other comprehensive income (net of taxes)	-	-	-	-	(3,09,861)	11,87,276	8,77,415
Dividend on Equity Shares including DDT	-	-	-	-	(12,79,528)	-	(12,79,528)
Dividend on Preference Shares including DDT	-	-	(38,36,781)	-	-	-	(38,36,781)
Transfer to Reserve fund u/s. 29-C of NHB Act,1987	88,90,000	-	-	-	(88,90,000)	-	-
Equity component of 6% OCPS issued during the period (net of tax)	-	-	3,45,37,882	-	-	-	3,45,37,882
Balance at 31 March 2020	**5,27,88,865**	**12,12,35,841**	**3,63,34,081**	**6,79,905**	**10,38,95,421**	**11,87,276**	**31,61,21,389**

In terms of our report attached
For Rajpara & Associates
Chartered Accountants

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RAJPARA ASSOCIATES
Ahmedabad
Chartered Accountants

Place : Ahmedabad
Date : 20 May 2020

Place: Ahmedabad
Date : 20 May 2020

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹)

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		4,24,58,586		4,23,91,909
Adjustments for :				
Depreciation and Amortisation	53,54,536		31,66,353	
Finance Costs	24,41,15,154		19,52,73,009	
Provision for impairment on financial assets	1,92,05,403		16,14,867	
Loss assets written off (net)	26,82,632		74,77,021	
Interest Income	(36,56,41,319)		(31,40,16,006)	
Interest Income from Investments and Deposits	(1,17,39,533)		(75,25,032)	
Profit on Sale of Property, Plant & Equipments	-		(1,217)	
Gain on derecognition of leased asset	(12,108)		-	
		(10,60,35,235)		(11,40,11,005)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(6,35,76,649)		(7,16,19,096)
Changes in Working Capital:				
Adjustments for (increase)/decrease in operating assets:				
Loans and Advances	7,62,83,600		(65,65,94,361)	
Deposits given as Collateral	(50,648)		16,055	
Bank balance other than cash and cash equivalents	(12,554)		1,30,082	
Other non-financial asset	(40,45,612)		(11,05,591)	
Adjustments for increase/(decrease) in operating liabilities:				
Trade Payables	12,98,759		7,92,079	
Advance from Borrowers	(35,53,177)		33,26,339	
Other financial and non-financial liabilities	(5,03,26,317)		(5,33,14,099)	
Provisions	21,829	1,96,15,880	(7,17,160)	(70,74,66,656)
CASH GENERATED FROM / (USED IN) OPERATIONS		(4,39,60,769)		(77,90,85,752)
Finance Costs paid	(23,73,94,834)		(20,44,95,543)	
Income Tax Paid (Net)	(1,02,39,351)		(94,46,087)	
Interest Income Received	36,53,31,620	11,76,97,435	31,08,41,058	9,68,99,428
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)		7,37,36,666		(68,21,86,324)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on Property, Plant & Equipments and Intangible Assets	(7,64,296)		(7,51,116)	
Proceeds from sale of Property, Plant & Equipments and Intangible Assets	-		3,813	
Interest Income from Investments and Deposits	1,17,39,533		75,25,032	
CASH FLOW (USED IN) INVESTING ACTIVITIES (B)		1,09,75,237		67,77,729
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares	-		10,99,99,881	
Proceeds from Issue of Optionally Convertible Preference Shares	10,00,00,000		-	
Repayment of principal component of lease liability	(30,09,290)		-	
Proceeds from debt securities and borrowings	44,00,00,000		1,43,00,00,000	
Repayments of borrowings	(81,80,99,783)		(56,15,20,563)	
Net Increase / (Decrease) in Working Capital Borrowings	(30,478)		(6,20,764)	
Dividends paid including dividend distribution tax	(51,16,309)		(43,89,214)	
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)		(28,62,55,860)		97,34,69,340
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(20,15,43,957)		29,80,60,745
Cash and Cash Equivalents at the beginning of the year		41,22,89,043		11,42,28,298
Cash and Cash Equivalents at the end of the year (Refer Note 1 below)		21,07,45,086		41,22,89,043

RAJPARA ASSOCIATES
Ahmedabad
Chartered Accountant

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹)

	Notes:	As at 31 March 2020	As at 31 March 2019
1	Cash and bank balances at the end of the year comprises:		
	(a) Cash on Hand	14,06,088	10,57,820
	(b) Balances with banks	20,93,38,998	41,12,31,223
	Cash and Cash Equivalents as per Balance Sheet	**21,07,45,086**	**41,22,89,043**

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 applied Ind AS 116 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying Ind AS 116 is recognised in retained earnings at the date of initial application.

4 The Company as at 31 March 2020 has undrawn borrowing facilities amounting to ₹ 3600 lakhs that may be available for future operating activities and to settle capital commitments.

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

(Amount in ₹)

Particulars	1 April 2019	Cash Flows	Non-cash changes*	31 March 2020
Borrowings other than debt securities	2,53,44,10,639	(32,81,39,096)	85,87,189	2,21,48,58,732
Total liabilities from financing activities	**2,53,44,10,639**	**(32,81,39,096)**	**85,87,189**	**2,21,48,58,732**

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

See accompanying explanatory notes forming part of the financial statements

In terms of our report attached
For Rajpara & Associates
Chartered Accountants

For and on behalf of the Board of Directors of
MAS Rural Housing & Mortgage Finance Ltd.

Jay Soni
Partner
Membership No.174165

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

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Place : Ahmedabad
Date : 20 May 2020

Place: Ahmedabad
Date : 20 May 2020

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") along with other relevant provisions of the Act and Master Circular- The Housing Finance Companies (NHB) Directions, 2010 ('Master Directions') issued by NHB..

2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for certain financial instruments and defined benefit plans which are measured at fair value and or amortised cost at the end of each reporting period.

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 carrying amounts of loans. 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 company has performed analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these 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 (the "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 (the "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 (the "PD"), exposure at default (the "EAD") and loss given default (the "LGD").
d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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.

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 38.

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

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, financial instrument measured at Fair Value through Other Comprehensive Income ("FVOCI") and financial instruments designated at Fair Value through Profit & Loss account ("FVTPL"). 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.

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.

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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.

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument.

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 assets and liabilities are initially recognized at amortised cost or fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, are adjusted to the cost on initial recognition.

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

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. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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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 ("AC")**
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.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in the Other Comprehensive Income (OCI). The interest income on these assets is recognised in profit or loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from other comprehensive income to profit or loss.

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

The Company classifies financial assets which are held for trading under FVTPL category. Held-for-trading assets are recorded and measured in the balance sheet at fair value. Interest and dividend income is recorded in interest income or dividend income respectively according to the terms of the contract, or when the right to payment has been established. Gain and losses on changes in fair value of debt instruments are recognised on net basis through profit or loss.

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.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2020 and 31 March 2019.

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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. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

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 a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, 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.

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 fair value through profit and loss (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.) Full 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.

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 credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2. It also includes upgraded stage 3 loans of which DPD status are upgraded to 0 DPD.
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:	Stage 3 consists of loan accounts having DPD above 90. Loans considered credit impaired. The Company records an allowance for life time ECL.

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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 in 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.

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%.

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.

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3.7 Write-offs

Financial assets are written off either partially or in their entirety after reasonable efforts for recovery have been made and when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instrument on the statement of profit and loss.

3.8 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 activities 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.

3.9 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

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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, Stamp and 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. Sale of Service

The Company on de-recognition of financial assets where a right to service the derecognised financial assets for a fee is retained, recognises the fair value of future service fee income over service obligations cost on net basis as service fees income in the statement of profit and loss and corresponding creates a service asset in balance sheet. Any subsequent increase in the fair value of service assets is recognised as service income and any decrease is recognised as an expense in the period in which it occurs. The embedded interest component in the service asset is recognised as interest income in line with Ind AS 109 'Financial Instrument'.

D. Borrowing costs

Borrowing costs on financial liabilities is recognised using the EIR method.

Borrowing Costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing 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 borrowing 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.

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. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise 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 and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act.

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.

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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.

3.14 Leasing

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

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.

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Company applies the definition of a contract and determines the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

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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).

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.

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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.

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.

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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.

The Company declares and pays dividends in Indian rupees. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay/distribute dividend after deducting applicable taxes.

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

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Note 5. Cash and Cash Equivalents		
Cash on Hand	14,06,088	10,57,820
Balances with Banks:		
In Current/ Cash Credit Accounts	20,93,38,998	41,12,31,223
Total Cash and Cash Equivalents	**21,07,45,086**	**41,22,89,043**
Note 6. Bank Balance other than cash and cash equivalents		
In Current Accounts (Refer Note below)	2,05,087	1,92,533
Total Bank Balance other than cash and cash equivalents	**2,05,087**	**1,92,533**
Note: Balance represents balance with banks in earmarked account i.e. "Collection and Payout Account".		

Particulars	As at 31 March 2020			As at 31 March 2019		
	At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total
Note 7. Loans						
(A) (i) Term Loans	16,59,69,515	2,40,96,88,740	2,57,56,58,255	-	2,65,38,98,396	2,65,38,98,396
Total (A) -Gross	**16,59,69,515**	**2,40,96,88,740**	**2,57,56,58,255**	-	**2,65,38,98,396**	**2,65,38,98,396**
Less: Impairment loss allowance	-	3,10,54,608	3,10,54,608	-	1,24,93,147	1,24,93,147
Total (A) - Net	**16,59,69,515**	**2,37,86,34,132**	**2,54,46,03,647**	-	**2,64,14,05,249**	**2,64,14,05,249**
(B) (i) Secured by tangible assets	16,59,69,515	2,40,96,88,740	2,57,56,58,255	-	2,65,38,98,396	2,65,38,98,396
(ii) Unsecured	-	-	-	-	-	-
Total (B)-Gross	**16,59,69,515**	**2,40,96,88,740**	**2,57,56,58,255**	-	**2,65,38,98,396**	**2,65,38,98,396**
Less: Impairment loss allowance	-	3,10,54,608	3,10,54,608	-	1,24,93,147	1,24,93,147
Total (B)-Net	**16,59,69,515**	**2,37,86,34,132**	**2,54,46,03,647**	-	**2,64,14,05,249**	**2,64,14,05,249**
(C) (I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Private Sector	16,59,69,515	2,40,96,88,740	2,57,56,58,255	-	2,65,38,98,396	2,65,38,98,396
Total (C)-Gross	**16,59,69,515**	**2,40,96,88,740**	**2,57,56,58,255**	-	**2,65,38,98,396**	**2,65,38,98,396**
Less: Impairment loss allowance	-	3,10,54,608	3,10,54,608	-	1,24,93,147	1,24,93,147
Total (C) (I) -Net	**16,59,69,515**	**2,37,86,34,132**	**2,54,46,03,647**	-	**2,64,14,05,249**	**2,64,14,05,249**
(C) (II) Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total (C) (II)- Net	-	-	-	-	-	-
Total C(I) and C(II)	**16,59,69,515**	**2,37,86,34,132**	**2,54,46,03,647**	-	**2,64,14,05,249**	**2,64,14,05,249**

Notes:

1. During the current year the company has made assignment transactions and have arrived at 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.

For this purpose, the Company has classified and measured its assignment eligible portfolio from Quarter 4 of 2019-20 at FVOCI.

Accordingly, in the current quarter, difference between the fair value of loan and carrying amount has been recognised as a separate component of loans and advances, in the FVOCI reserve, net of related deferred taxes.

2. 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.

(Amount in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
3. Percentage of loans against gold to total assets	0.00%	0.00%
4. The Company has advanced loans to its officer. Principal amount of such loans outstanding is:	19,78,885	21,91,756

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(Amount in ₹)

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

Particulars	FY 2019-20				FY 2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	2,56,70,52,185	7,71,37,078	97,09,133	2,65,38,98,396	1,91,71,54,209	7,98,51,136	77,75,711	2,00,47,81,056
Changes in opening credit exposures (net of repayment and excluding write off)	(85,04,61,754)	(2,86,44,826)	(19,042)	(87,91,25,622)	(50,05,24,475)	(1,35,91,131)	(19,31,363)	(51,60,46,969)
New assets originated (net of repayment)*	80,69,77,191	20,15,599	-	80,89,92,790	1,17,60,29,191	3,93,731	-	1,17,64,22,922
Transfers from Stage 1	(6,77,20,642)	6,67,62,791	9,57,851	-	(5,17,80,246)	4,59,49,821	58,30,425	-
Transfers from Stage 2	1,03,52,771	(1,29,91,029)	26,38,259	-	2,80,67,369	(3,19,46,077)	38,78,708	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Amounts written off	(5,06,921)	(35,21,534)	(40,78,854)	(81,07,309)	(18,93,864)	(35,20,402)	(58,44,348)	(1,12,58,614)
Gross carrying amount closing balance	**2,46,56,92,829**	**10,07,58,079**	**92,07,346**	**2,57,56,58,255**	**2,56,70,52,185**	**7,71,37,078**	**97,09,133**	**2,65,38,98,396**

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

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 81,07,309 at 31 March 2020 (31 March 2019 : ₹ 1,12,58,614).

7.2 Reconciliation of ECL balance is given below:

Particulars	FY 2019-20				FY 2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	52,58,610	45,55,642	26,78,895	1,24,93,147	33,69,714	52,85,307	22,23,259	1,08,78,281
Changes in opening credit exposures (net of repayment and excluding write off)	(28,48,394)	1,86,78,335	16,99,731	1,75,29,672	(39,75,912)	21,00,691	24,25,982	5,50,762
New assets originated (net of repayment)	27,86,870	3,96,668	-	31,83,538	31,67,314	22,256	-	31,89,570
Transfers from Stage 1	(1,76,281)	1,65,720	10,561	-	(2,04,111)	1,81,047	23,064	-
Transfers from Stage 2	22,81,551	(26,49,384)	3,67,833	-	25,67,225	(30,33,660)	4,66,435	-
Transfers from Stage 3	1,82,204	-	(1,82,204)	-	3,34,380	-	(3,34,380)	-
Amounts written off	-	-	(15,07,807)	(15,07,807)	-	-	(21,25,465)	(21,25,465)
ECL allowance - closing balance	**74,84,560**	**2,11,46,981**	**30,67,009**	**3,16,98,550**	**52,58,610**	**45,55,642**	**26,78,895**	**1,24,93,147**

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company has provided a moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers based on their requests as well as on suo-moto basis, even if the said amounts were overdue on 29 February 2020. For all such accounts, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purpose of asset classification as per the policy).

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 and change in probability of default 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 a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances. For further details, refer note no. 41.1.

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(Amount in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Note 8. Other Financial Assets		
Security deposits	12,41,148	11,90,500
Interest accrued but not due on loans and advances	1,57,66,253	1,54,56,554
Sundry Debtors	2,24,074	-
Total Other Financial Assets	**1,72,31,475**	**1,66,47,054**

Note 9. Income Tax

The components of income tax expense for the years ended 31 March 2020 and 2019 are:

	As at 31 March 2020	As at 31 March 2019
Current tax	99,50,000	1,14,20,000
Adjustment in respect of current income tax of prior years	10,360	(1,80,835)
Deferred tax	1,73,221	46,33,453
Total tax charge	**1,01,33,581**	**1,58,72,618**
Current tax	99,60,360	1,12,39,165
Deferred tax	1,73,221	46,33,453

Note: The Taxation Laws (Amendment) Ordinance, 2019 contained substantial amendments in the Income Tax Act, 1961 and the Finance (No. 2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at the concessional tax rate for the half year ended 30 September 2019 and continued to apply the concessional tax rate for the year ended 31 March 2020. Further, the opening net deferred tax assets in the books of the Company had been re-measured at lower rate with a one-time impact of ₹ 6.61 lakh recognised in the financial statements for the year ended 31 March 2020.

9.1 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 2020 and 31 March 2019 is, as follows:

	As at 31 March 2020	As at 31 March 2019
Accounting profit before tax	4,24,58,586	4,23,91,909
Applicable Tax Rate	25.17%	27.82%
Computed Tax Expense	**1,06,86,826**	**1,17,93,429**
Tax effect of :		
Non deductible items	5,32,912	70,58,590
Additional Deduction	(12,23,379)	(28,43,713)
Adjustment on account of change in tax rate	1,84,134	-
Others	(46,912)	(1,35,688)
Tax Expenses recognised in Statement of Profit and Loss	**1,01,33,581**	**1,58,72,618**
Effective Tax Rate	23.87%	37.44%

Note 9.2 Deferred Tax

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred Tax Asset / Liability (Net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL)	69,40,936	1,16,60,063
Credit/(Charge) to Other Equity	(1,14,96,615)	-
Credit/(Charge) for Loans and advances through OCI	(1,82,757)	-
Credit/(Charge) for Remeasurement of the defined benefit liabilities through OCI	1,04,226	(85,674)
Credit/(Charge) to Statement of Profit and Loss	(1,73,221)	(46,33,453)
At the end of year DTA / (DTL)	**(48,07,431)**	**69,40,936**

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(Amount in ₹)

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

	As at 31 March 2019	Credit/(Charge) to Other Equity	Credit/(Charge) to Profit or Loss	Recognised in OCI	As at 31 March 2020
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	(60,476)	-	1,27,052	-	66,576
Impact of fair value of assets	-	-	4,789	(1,82,757)	(1,77,968)
Income taxable on realised basis	26,87,366	-	(58,68,967)	1,04,226	(30,77,375)
Compound Financial Instrument	-	(1,16,17,246)	7,96,779	-	(1,08,20,467)
Deferred tax on prepaid finance charges	8,00,914	-	85,656	-	8,86,570
Impairment on financial assets	34,75,594	-	45,02,932	-	79,78,526
Recognition of Lease Asset & liability	-	1,20,631	1,45,173	-	2,65,804
Expenses allowable on payment basis	37,538	-	33,365	-	70,903
Total	**69,40,936**	**(1,14,96,615)**	**(1,73,221)**	**(78,531)**	**(48,07,431)**

	As at 31 March 2018	Credit/(Charge) to Other Equity	Credit/(Charge) to Profit or Loss	Recognised in OCI	As at 31 March 2019
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	(6,74,756)	-	6,14,280	-	(60,476)
Income taxable on realised basis	16,94,066	-	10,78,974	(85,674)	26,87,366
Deferred tax on prepaid finance charges	11,789	-	7,89,125	-	8,00,914
Impairment on financial assets	28,30,638	-	6,44,955	-	34,75,594
Expenses allowable on payment basis	77,98,326	-	(77,60,787)	-	37,538
Total	**1,16,60,063**	**-**	**(46,33,453)**	**(85,674)**	**69,40,936**

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(Amount in ₹)

Note 10. Property, Plant and Equipments and Intangible assets

Nature of Assets	Property, Plant and Equipments (a)				Intangible Assets (b)		
	Office Equipments	Furniture and Fixtures	Vehicles	Total	Software	Other Intangibles	Total
Cost							
At 1 April 2018	47,74,419	15,10,781	1,02,37,086	1,65,22,286	2,53,653	-	2,53,653
Additions	5,67,857	1,58,711	-	7,26,568	14,549	10,000	24,549
Disposals	5,485	-	-	5,485	-	-	-
At 31 March 2019	**53,36,791**	**16,69,492**	**1,02,37,086**	**1,72,43,369**	**2,68,202**	**10,000**	**2,78,202**
Additions	5,66,393	1,57,721	-	7,24,114	40,182	-	40,182
Disposals		-	-	-		-	-
As at 31 March 2020	**59,03,184**	**18,27,213**	**1,02,37,086**	**1,79,67,483**	**3,08,384**	**10,000**	**3,18,384**
Depreciation/Amortisation							
At 1 April 2018	25,34,583	1,29,467	16,28,830	42,92,880	86,114	-	86,114
Depreciation/Amortization Charge	14,06,027	1,69,945	15,04,769	30,80,741	87,021	162	87,183
Disposal	4,459	-	-	4,459	-	-	-
At 31 March 2019	**39,36,151**	**2,99,412**	**31,33,599**	**73,69,162**	**1,73,135**	**162**	**1,73,297**
Depreciation/Amortization Charge	4,79,322	1,81,823	15,01,218	21,62,363	72,272	1,000	73,272
Disposal	-	-	-	-	-		-
As at 31 March 2020	**44,15,473**	**4,81,235**	**46,34,817**	**95,31,525**	**2,45,407**	**1,162**	**2,46,569**
Net Block Value:							
At 1 April 2018	**22,39,836**	**13,81,314**	**86,08,256**	**1,22,29,406**	**1,67,539**	**-**	**1,67,539**
At 31 March 2019	**14,00,640**	**13,70,080**	**71,03,487**	**98,74,207**	**95,067**	**9,838**	**1,04,905**
As at 31 March 2020	**14,87,711**	**13,45,978**	**56,02,269**	**84,35,958**	**62,977**	**8,838**	**71,815**

Note 10(c) Right-of-use Asset

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

	(Amount in ₹)
Office Premises	
At 1 April 2019	72,73,401
Additions for the period	-
Disposals	2,59,923
As at 31 March 2020	**70,13,478**
Amortisation	
At 1 April 2019	-
Additions	31,18,901
Disposals	26,800
As at 31 March 2020	**30,92,101**
Net Block Value:	
As at 31 March 2020	**39,21,377**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Note 11. Other non-financial assets		
Prepaid expenses	2,51,784	14,182
Advances to employees	70,084	55,000
Balance with Government Authorities	64,00,445	39,40,666
Gratuity Fund	1,28,478	3,88,345
Other Advances	14,77,434	5,22,581
Total other non-financial assets	**83,28,225**	**49,20,774**
Note 12. Borrowings (Other than Debt Securities) (At amortised cost)		
(a) Term loans (Refer Note No. 12.3)		
(i) from Banks	1,87,59,18,990	2,30,39,69,447
(ii) from National Housing Bank	15,75,12,000	12,12,86,000
(iii) from Financial Institutions	13,44,78,444	12,07,53,770
(b) Liability component of compound financial instruments (Refer Note No. 12.1)	5,70,10,461	-
(c) Loans repayable on demand		
(i) from banks - Cash Credit (Refer Note No. 12.2)	1,395	31,873
Less: Unamortised Borrowing Cost	(1,00,62,558)	(1,16,30,451)
Total (A)	**2,21,48,58,732**	**2,53,44,10,639**
Borrowings in India	2,21,48,58,732	2,53,44,10,639
Borrowings outside India	-	-
Total (B) to tally with (A)	**2,21,48,58,732**	**2,53,44,10,639**

Note 12.1

(a) Liability Component of Compound financial instruments represents liability component of 1,00,00,000 6% Optionally Convertible Preference Shares ("OCPS") issued at face value of ₹ 10 each on 12th September 2019.

(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 2020		As at 31 March 2019	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
6% Optionally Convertible Preference Shares				
Outstanding at the beginning of the year	-	-	-	-
Add: Issued during the period (Refer Note (a) above)	1,00,00,000	10,00,00,000	-	-
Outstanding at the end of the year	1,00,00,000	10,00,00,000	-	-

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

Class of shares / Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
6% Optionally Convertible Preference Shares				
𝔐𝔄𝔖 Financial Services Limited	1,00,00,000	100.00%	-	0.00%

(d) Terms/ rights attached to preference shares

1,00,00,000 OCPS are having a par value of ₹ 10 each per share. 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 his preference shares.

Note 12.2

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 and Mr. Mukesh Chimanlal Gandhi.

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

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

Particulars	As at 31 March 2020	As at 31 March 2019	Terms of Redemption/ Repayment	Security
Term Loans from Banks				
Term Loan-I	50,00,000	1,50,00,000	Repayment in 8 Quarterly Instalments from 11/11/2018.	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide 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 & Mr. Mukesh Gandhi.
Term Loan-II	2,50,00,000	7,50,00,000	Repayment in 8 Quarterly Instalments from 11/12/2018.	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide 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 & Mr. Mukesh Gandhi.
Term Loan-III	3,75,00,000	8,75,00,000	Repayment in 8 Quarterly Instalments from 27/03/2019.	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 & Mr. Mukesh Gandhi.
Term Loan-IV	84,22,619	4,21,13,095	Repayment in 24 Quarterly Instalments starting from 01/09/2014	Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-V	10,10,98,284	13,35,41,667	Repayment in 24 Quarterly Instalments starting from 31/03/2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-VI	4,58,33,333	6,25,00,000	Repayment in 24 Quarterly Instalments starting from 31/03/2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-VII	3,74,99,995	5,41,66,663	Repayment in 24 Quarterly Instalments beginning from 31/07/2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-VIII	2,49,99,996	3,33,33,328	Repayment in 24 Quarterly Instalments starting from 30/06/2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-IX	5,41,66,663	6,66,66,664	Repayment in 24 Quarterly Instalments starting from 30/06/2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-X	1,78,57,202	3,21,42,906	Repayment in 28 Quarterly Instalments from 30/04/2014	Loan is secured by Hypothecation on receivables. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XI	37,50,000	87,50,000	Repayment in 20 Quarterly Instalments from 31/03/2016	Hypothecation of the Receivables arising out of onward lending of Rupee Term loan extended by the Bank. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XII	1,66,66,664	2,49,99,996	Repayment in 24 Quarterly Instalments beginning from 30/06/2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XIII	7,97,88,617	9,58,33,333	Repayment in 24 Quarterly Instalments starting from 31/01/2019	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 & Mr. Mukesh Gandhi.
Term Loan-XIV	4,62,09,019	5,00,00,000	Repayment in 24 Quarterly Instalments starting from 30/09/2019	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 & Mr. Mukesh Gandhi.
Term Loan-XV	13,75,00,000	23,75,00,000	Repayment in 10 Quarterly Instalments starting from 28/02/2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi & Mrs Shweta Gandhi.
Term Loan-XVI	22,00,00,000	25,00,00,000	Repayment in 26 Quarterly Instalments starting from 28/02/2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi & Mrs Shweta Gandhi.
Term Loan-XVII	87,50,000	1,37,50,000	Repayment in 24 Quarterly Instalments from 19/03/2016.	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 & Mr. Mukesh Gandhi. & Mrs. Shweta K. Gandhi.
Term Loan-XVIII	2,04,11,000	3,20,79,000	Repayment in 24 Quarterly Instalments from 19/03/2016.	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 & Mr. Mukesh Gandhi. & Mrs. Shweta K. Gandhi.

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(Amount in ₹)

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

Particulars	As at 31 March 2020	As at 31 March 2019	Terms of Redemption/ Repayment	Security
Term Loan-XIX	6,71,62,106	7,91,66,673	Repayment in 24 Quarterly Instalments from 31/03/2018.	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 & Mr. Mukesh Gandhi.
Term Loan-XX	3,64,11,084	6,66,66,672	Repayment in 36 monthly Instalments from 30/04/2018.	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 & Mr. Mukesh Gandhi.
Term Loan-XXI	21,00,00,000	28,00,00,000	Repayment in 8 Quarterly Instalments from 27/12/2019.	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 & Mr. Mukesh Gandhi.
Term Loan-XXII	42,00,46,232	50,00,00,000	Repayment in 18 Quarterly Instalments from 30/06/2019.	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 & Mr. Mukesh Gandhi.
Term Loan-XXIII	10,07,96,175	-	Repayment in 24 Quarterly Instalments from 31/12/2020.	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 & Mr. Mukesh Gandhi.
Term Loan-XXIV	15,10,50,000	-	Repayment in 24 Quarterly Instalments from 30/06/2021.	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 & Mr. Mukesh Gandhi.
Term Loan-XXV	-	1,87,50,000	Repayable in 24 Quarterly instalments from 28/02/2014.	Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXVI	-	4,45,09,449	Repayment in 8 Quarterly Instalments starting from 07/10/2017	Loan is secured by First & exclusive Hypothecation of Specific Receivables which are not more than 30 days overdue. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Total Term Loans from Banks	**1,87,59,18,990**	**2,30,39,69,447**		
Term Loans from Others				
Term Loan-XXVII	2,65,90,000	3,97,36,000	Repayment in 39 Quarterly Instalments from 01/07/2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXVIII	-	79,44,000	Repayment in 39 Quarterly Instalment from 01/07/2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXIX	-	79,44,000	Repayment in 39 Quarterly Instalment from 01/07/2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXX	2,78,53,000	3,44,61,000	Repayment in 39 Quarterly Instalments from 01/10/2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXXI	-	7,76,000	Repayable in 27 Quarterly instalments from 01/07/2013.	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 MAS Financial Services Ltd.
Term Loan-XXXII	1,68,64,000	3,04,25,000	Repayment in 51 Quarterly Instalments from 01/07/2014	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 MAS Financial Services Ltd.
Term Loan-XXXIII	2,84,55,000	-	Repayment in 60 Quarterly Instalments from 01/10/2019	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXXIV	1,77,50,000	-	Repayment in 60 Quarterly Instalments from 01/10/2019	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.

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(Amount in ₹)

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

Particulars	As at 31 March 2020	As at 31 March 2019	Terms of Redemption/ Repayment	Security
Term Loan-XXXV	4,00,00,000	-	Repayment in 60 Quarterly Instalments from 01/07/2020	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXXVI	3,63,63,634	7,27,27,270	Repayment in 11 Quarterly Instalments starting from 30/09/2018	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 & Mr. Mukesh Gandhi.
Term Loan-XXXVII	55,52,000	2,22,20,000	Repayment in 36 Monthly Instalments starting from 15/08/2017	Loan is secured by hypothecation of book debts created out of the loan availed.
Term Loan-XXXVIII	64,51,700	2,58,06,500	Repayment in 31 Monthly Instalments starting from 15/01/2018	Loan is secured by hypothecation of book debts created out of the loan availed.
Term Loan-XXXIX	8,61,11,110	-	Repayment in 36 Monthly Instalments starting from 30/11/2019	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 & Mr. Mukesh Gandhi.
Total Term Loans from Others	**29,19,90,444**	**24,20,39,770**		
Total Term Loans	**2,16,79,09,434**	**2,54,60,09,217**		

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Particulars	As at 31 March 2020	As at 31 March 2019
Note 13. Other financial liabilities		
Interest accrued but not due on borrowings	47,93,889	36,61,581
Interest accrued but not due on others	11,50,577	2,96,048
Dues to the assignees towards collections from assigned receivables	56,42,720	3,69,520
Lease Liability as per Ind AS 116	44,98,145	-
Security Deposits from borrowers (Refer Note No. 1 below)	1,85,25,000	1,65,75,000
Amount Received under Credit Linked Subsidy Scheme (Refer Note No. 2 below)	-	5,84,99,111
Advances received against loan agreements	26,90,510	62,43,687
Total other financial liabilities	**3,73,00,841**	**8,56,44,947**

Note:

1. All the security deposits from borrowers as on 31 March 2020 & 31 March 2019 are from Corporate entities.

2. The Credit Linked Subsidy amount as on 31 March 2019 represents the amount received from National Housing Bank at the end of the previous year pending credit to Customer accounts based on their eligibility.

Note 14. Provisions		
Provision for Employee Benefits		
Compensated Absences	1,56,762	1,34,933
Total Provisions	**1,56,762**	**1,34,933**
Note 15. Other non-financial liabilities		
Statutory remittances	22,47,686	12,98,092
Total other non-financial liabilities	**22,47,686**	**12,98,092**

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(Amount in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Note 16. Equity Share Capital		
Authorized Shares:		
2,40,00,000 Equity Shares of ₹10 each (As at 31 March 2019: 2,30,00,000 Equity Shares of ₹10 each)	24,00,00,000	23,00,00,000
1,10,00,000 Preference Shares of Rs.10/- each (As at 31 March 2019: 70,00,000 Preference Shares of ₹10 each)	11,00,00,000	7,00,00,000
	35,00,00,000	30,00,00,000
Issued, Subscribed and Fully Paid-Up Shares:		
2,12,26,404 Equity Shares of ₹10 each fully paid up (As at 31 March 2019: 2,12,26,404 Equity Shares of ₹10 each)	21,22,64,040	21,22,64,040
	21,22,64,040	21,22,64,040

16.1 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 2020		As at 31 March 2019	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
Equity Shares				
Outstanding at the beginning of the period / year	2,12,26,404	21,22,64,040	1,80,34,920	18,03,49,200
Issued during the year	-	-	23,40,423	2,34,04,230
Converted from 8% Optionally Convertible Preference Shares during the year	-	-	8,51,061	85,10,610
Outstanding at the end of the period / year	2,12,26,404	21,22,64,040	2,12,26,404	21,22,64,040

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

Class of shares / Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	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 (Holding Co.)	1,26,64,893	59.67%	1,26,64,893	59.67%
Mukesh C. Gandhi	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%

16.3 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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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Note 17. Other Equity		
Equity component of compound financial instruments- Optionally Convertible preference shares		
Outstanding at the beginning of the year	56,32,980	1,84,45,516
Less: Dividend on 8% OCPS	(31,82,466)	-
Less: Dividend Distribution Tax on 8% OCPS	(6,54,315)	-
Add: Equity component of 6% OCPS issued during the period (net of tax)	3,45,37,882	-
Less: Equity component of 8% OCPS converted into Equity Share Capital	-	(1,28,12,536)
Outstanding at the end of the year	**3,63,34,081**	**56,32,980**
IPO Discount given by Holding company		
Outstanding at the beginning of the year	6,79,905	6,79,905
Additions during the year	-	-
Outstanding at the end of the year	**6,79,905**	**6,79,905**
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	3,02,481	3,02,481
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	4,35,96,384	3,33,26,384
c. **Total**	**4,38,98,865**	**3,36,28,865**
Addition / Appropriation / Withdrawal during the year		
Add:		
a. Amount transferred 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	88,90,000	1,02,70,000
Less:		
a. Amount appropriated u/s 29C of the National Housing Bank Act, 1987	-	-
b. Amount withdrawn from 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	3,02,481	3,02,481
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	5,24,86,384	4,35,96,384
c. **Total**	**5,27,88,865**	**4,38,98,865**
Securities Premium		
Outstanding at the beginning of the year	12,12,35,841	31,50,800
Additions during the year	-	11,80,85,041
Outstanding at the end of the year	**12,12,35,841**	**12,12,35,841**
Retained Earnings		
Outstanding at the beginning of the year	8,24,08,438	7,02,36,234
Profit for the year	3,23,25,005	2,65,19,291
Item of other comprehensive income recognised directly in retained earnings		
Remeasurement of the defined benefit liabilities	(3,09,861)	3,12,127
Transition impact of Ind AS 116 (Net of Tax)	(3,58,633)	-
	11,40,64,949	**9,70,67,652**
Less : Appropriations:		
Reserve u/s.29-C of NHB Act,1987 & Special Reserve U/s 36(1)(viii) of Income Tax Act,1961	88,90,000	1,02,70,000
Dividend on Equity Shares	10,61,320	4,32,838
Dividend on Preference Shares	-	32,00,000
Dividend Distribution Tax on Equity Dividend	2,18,208	93,949
Dividend Distribution Tax on Preference Dividend	-	6,62,427
Total Appropriations	**1,01,69,528**	**1,46,59,214**
Retained Earnings	**10,38,95,421**	**8,24,08,438**
Other Comprehensive Income		
Loans and Advances through other comprehensive Income	7,26,091	-
Impairment on loans and advances through OCI	6,43,942	-
Income tax relating to items that will be reclassified to profit or loss	(1,82,757)	-
Other Comprehensive Income for the Period, Net of Tax	**11,87,276**	-
Total Other Equity	**31,61,21,389**	**25,38,56,029**

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(Amount in ₹)

17.1 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).
On transition to IND AS on 1 April, 2017 Rs. 1,84,45,516 was classified as Equity Component while Rs. 2,45,10,720 (including accrued interest Rs.29,56,236) was classified as Debt component.
Further, during the previous year all the OCPS were converted into 8,51,061 Equity Shares having face value of Rs. 10 each at a premium of Rs. 37 per equity share.
During the current period further 6% Optionally Convertible Preference Shares (OCPS) were issued having face value of Rs. 10,00,00,000. Out of which Rs. 3,45,37,882 was classified as Equity Component (net of tax Rs.1,16,17,246) while Rs. 5,41,23,685 (including accrued interest Rs. 2,78,813 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 SMAS Financial Services Limited had allotted equity shares under Employee Reservation Category to the eligible employees of the company at a discount of Rs.45 per share on the offer price. The total discount Rs. 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 the Companies Act, 2013.

5 Surplus in Statement of Profit and Loss

Surplus in Statement of Profit and Loss is the accumulated available profit for the company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

6 FVOCI - Loans and Advances

The Company recognises 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.

7 Remeasurement of the defined benefit liabilities

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

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MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹)

Particulars	Year ended 31 March 2020			Year ended 31 March 2019		
	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
Note 18. Interest Income						
Interest on Loans	4,50,331	36,51,90,988	36,56,41,319	-	31,40,16,006	31,40,16,006
Interest on deposits with Banks	-	1,17,39,533	1,17,39,533	-	75,25,032	75,25,032
Other interest Income	-	-	-	-	1,20,596	1,20,596
Total	**4,50,331**	**37,69,30,521**	**37,73,80,852**	**-**	**32,16,61,634**	**32,16,61,634**

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Note 19. Other Income		
Net gain/(loss) on derecognition of property, plant and equipment	-	1,217
Gain on derecognition of leased asset	12,108	-
Income from non-financing activity	17,54,964	3,25,700
Total	**17,67,072**	**3,26,917**
Note 20. Finance Costs		
(On Financial liabilities measured at Amortised Cost)		
Interest on borrowings	23,30,91,755	18,32,43,015
Interest on liability component of compound financial instruments	31,65,590	-
Other interest expense	12,74,243	76,83,645
Other borrowing cost	59,69,657	43,46,349
Lease liability interest obligation	6,13,909	-
Total	**24,41,15,154**	**19,52,73,009**
Note 21. Impairment on financial instruments		
Loans measured at Amortised Cost	1,85,61,461	16,14,867
Loans measured at FVOCI	6,43,942	-
Loss Assets Written Off (Net of Recoveries)	26,82,632	74,77,021
Total	**2,18,88,035**	**90,91,888**

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Note 22. Employee Benefits Expense		
Salaries and wages	5,55,16,673	4,55,29,104
Contribution to provident and other funds	33,91,311	18,92,980
Gratuity expense	5,04,201	5,04,127
Staff welfare expenses	10,09,332	10,73,963
Total	**6,04,21,517**	**4,90,00,174**
Note 23. Depreciation and Amortisation		
Depreciation on Property, Plant & Equipment	21,62,363	30,79,170
Amortisation of intangible assets	73,272	87,183
Amortisation of Right-of-use Asset	31,18,901	-
Total	**53,54,536**	**31,66,353**
Note 24. Other Expenses		
Rent (Refer Note No. 36)	32,01,729	63,16,303
Rates & Taxes	4,44,282	8,79,424
Stationery & Printing	7,08,819	6,94,982
Telephone	9,45,293	11,07,408
Electricity	6,15,927	6,05,499
Postage & Courier	1,70,806	1,58,397
Insurance	1,98,268	2,75,795
Conveyance	21,78,958	25,44,377
Travelling	15,16,008	11,36,275
Repairs & Maintenance:		
Others	6,42,831	8,89,756
Professional Fees	81,53,141	68,87,443
Director's Sitting Fees	2,83,400	2,75,000
Bank Charges	3,23,009	2,59,613
Advertisement Expenses	7,79,420	9,38,287
Sales Promotion Expenses	16,04,442	16,646
Recovery Contract Charges	15,58,653	13,02,564
Miscellaneous Expenses	12,84,902	8,96,366
Total	**2,46,09,888**	**2,51,84,135**
Note: Payment to Statutory Auditors (including Taxes)		
For Statutory Audit Fees	1,36,250	1,25,000
For Limited Review of Quarterly Results	27,250	76,500
For Other Services	74,448	2,48,550
	2,37,948	**4,50,050**

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Note 25. Earnings Per Share		
(A) Basic		
Computation of Profit (Numerator)		
Net Profit for the period	3,23,25,005	2,65,19,291
Less: Preference dividend including tax thereon	-	(38,36,781)
Net Profit for the year attributable to Equity Shareholders	**3,23,25,005**	**2,26,82,510**
Computation of Weighted Average Number of Shares (Denominator)	**Nos.**	**Nos.**
Weighted average number of Equity Shares of ₹10 each used for calculation of Basic Earnings per Share	2,12,26,404	1,80,52,408
Basic Earnings per Share of face value of ₹10 each (in ₹)	1.52	1.26
(B) Diluted		
Net Profit attributable to Equity Shareholder's as above	**3,23,25,005**	**2,26,82,510**
Computation of Weighted Average Number of Shares (Denominator)	**Nos.**	**Nos.**
Weighted average number of Equity Shares as above	2,12,26,404	1,80,52,408
Diluted Earnings per Share of face value of ₹10 each (in ₹)	1.52	1.26

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.

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26 Additional Information to the Financial Statements:

A. Expenditure in Foreign Currency – Nil
B. Earning in Foreign Currency – Nil
C. Disclosure as required in terms of Paragraph 5 of National Housing Bank Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010 and notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 are given in Note No. 44 forming part of these Financial Statements.

27 Segment Reporting:

The company is engaged primarily in the business of financing and all its operations are in India only. Accordingly, there is no separate reportable segment as per Ind AS 108 on 'Operating Segments'.

28 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	Mr. Kamlesh C. Gandhi (Chairman and Managing Director) Mr. Mukesh C. Gandhi (Whole time Director and Chief Financial Officer) 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	Mrs. Shweta K. Gandhi Mr. Saumil D. Pandya

Transactions with related parties are as follows:

(Amount in ₹)

Particulars	Year ended 31 March 2020			
	Holding Company	Key management personnel	Other Related Parties	Total
Rent Expense	14,40,000	-	-	**14,40,000**
Recovery Contract charges paid	2,40,000	-	-	**2,40,000**
Cross-charge for Director's Remuneration	24,00,000	-	-	**24,00,000**
Expenditure reimbursed to	56,25,271	-	-	**56,25,271**
Reimbursement of Collection Received on behalf of	29,03,233	-	-	**29,03,233**
Issue of 6%.OCPS	10,00,00,000	-	-	**10,00,00,000**
Dividend Paid	6,33,245	3,26,366	1,01,710	**10,61,320**
Sitting fees	-	2,60,000	-	**2,60,000**

Particulars	Year ended 31 March 2019			
	Holding Company	Key management personnel	Other Related Parties	Total
Rent Expense	13,34,667	-	-	**13,34,667**
Recovery Contract charges paid	2,40,000	-	-	**2,40,000**
Expenditure reimbursed to	32,59,110	-	-	**32,59,110**
Reimbursement of Collection Received on behalf of	53,30,756	-	-	**53,30,756**
Remuneration (Including Bonus)	-	2,40,000	34,000	**2,74,000**
Dividend Paid	2,58,000	25,31,121	8,43,715	**36,32,836**
Sitting fees	-	2,75,000	-	**2,75,000**

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Balances outstanding from related parties are as follows:

(Amount in ₹)

Particulars	As at 31 March 2020			
	Holding Company	Key management personnel	Other Related Parties	Total
Loans and Advances given	-	19,78,885	-	**19,78,885**
6% OCPS	10,00,00,000	-	-	**10,00,00,000**
Guarantees outstanding	4,68,93,821	-	-	**4,68,93,821**

Particulars	As at 31 March 2019			
	Holding Company	Key management personnel	Other Related Parties	Total
Loans and Advances given	-	21,91,756	-	**21,91,756**
Guarantees outstanding	13,29,57,001	-	-	**13,29,57,001**

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:

(Amount in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
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.

29 Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

Particulars	As at 31 March 2020	As at 31 March 2019
Principal amount payable to suppliers as at year-end	-	-
Interest due thereon as at year end	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates	-	-
Amount of delayed payment actually made to suppliers during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

30 During the quarter ended 30 September 2019, the Company had raised ₹ 10 Crores from MAS Financial Services Limited, its Holding Company, by issuing 6% OCPS of face value of ₹ 10 each with a non-cumulative dividend right. The preference shares 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 OCPS in the 5th year, for 33.33% of OCPS in the 6th year and for remaining 33.34% of OCPS in the 7th year from the date of issue. If the option of conversion is not exercised then the preference shares shall be redeemed at the face value of ₹ 10 each.

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31 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 above mentioned 6% OCPS from the date of its issue is also proposed in the meeting. The amounts of dividend and dividend distribution tax are as follows:

(Amount in ₹)

Particulars	Dividend Proposed	Dividend Distribution Tax*	Total
Equity Shares	10,18,867	NIL	10,18,867
6% OCPS	33,11,475	NIL	33,11,475

* The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay / distribute dividend after deducting applicable taxes.

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

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Ind AS AUM	28,654.48	27,023.62
Stage III AUM	97.79	97.16
Stage III AUM after provisioning	67.12	70.37
Stage 3 As % Of AUM	0.34%	0.36%
Stage 3 As % Of AUM after provisioning	0.23%	0.26%

33 Total amount of assigned assets outstanding as per books of the company (excluding accrued interest) as on 31st March 2020 is Rs. 2668.53 Lakh. Dues to assignees towards collections from assigned receivables as on 31st March, 2019 is Rs. 56.43 Lakh.

34 Balances of trade payables and loans and advances are subject to confirmation. Adjustments, if any required, will be made on settlement of the account of the parties.

35 The company has sanctioned but undisbursed amount of loans amounting to Rs 598.84 Lakh as on the date of balance sheet which are to be disbursed during the normal course of business.

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36 New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for annual reporting period commencing from 1 April 2019

36.1 Ind AS 116 Leases

Nature of the effect of adoption of Ind AS 116

The Company has lease contracts for office / branch premises. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The operating lease commitments as of 31 March 2019 reconciled with lease liabilities as at 1 April 2019 as follows:

Particulars	**(Amount in ₹)**
Future operating lease commitments as at 31 March 2019	89,33,586
Weighted average incremental borrowing rate as at 1 April 2019	10.00%
Discounted operating lease commitments at 1 April 2019	77,52,665
	-
Lease liabilities as at 1 April 2019	**77,52,665**

The Company also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application

The effect of adoption Ind AS 116 as at 1 April 2019 (increase/(decrease)) is as follows:

Particulars	**(Amount in ₹)**
Assets	
Right of use assets	72,73,401
Deferred Tax Asset (Net)	1,20,631
Total Assets	**73,94,032**
Liabilities	
Financial Liabilities - Lease Liabilities	77,52,665
Other Equity	(3,58,633)
Total Liabilities	**73,94,032**

Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of Ind AS 116:

> **Right-of-use assets**

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. Right-of-use assets are subject to impairment.

> **Lease liabilities**

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, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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.

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> **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Company applies the definition of a contract and determines the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

> **Significant judgement in determining the lease term of contracts with renewal options**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

> **Amounts recognised in the Balance sheet and statement of profit and loss:**

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the year:

(Amount in ₹)

Particulars	Right to Use of Assets	Lease Liabilities
	Buildings	
Recognition on Initial application of Ind As 116 as at 1 April 2019	72,73,401	77,52,665
Depreciation and Amortisation Expenses	(31,18,901)	-
Interest Expenses	-	6,13,909
(Deductions)/adjustment	(2,33,123)	(2,45,231)
Payments	-	(36,23,199)
As at 31 March 2020	**39,21,377**	**44,98,144**

Set out below, are the amounts recognised in statement of profit or loss:

(Amount in ₹)

Particulars	Year ended 31 March 2020
Post-amendment in Ind AS 116	
Depreciation expense of right-of-use assets	31,18,901
Interest expense on lease liabilities	6,13,909
Rent expense - short-term leases and leases of low value assets	32,01,729
Gain on derecognition of leased asset	(12,108)
Total amounts recognised in profit or loss	**69,22,431**
Pre-amendment in Ind AS 116	
Rent expense	68,24,928
Total amount that would have been recognised in profit or loss	**68,24,928**

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 2020 and 31 March 2019. The column 'net amount' shows the impact of Company's balance sheet if all the set-off rights were exercised.

(Amount in ₹)

Particulars	Effect of offsetting on the balance sheet			Related amount not offset		Net amount
	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)	
31 March 2020						
Loans and advances	2,55,17,73,647	71,70,000	2,54,46,03,647	26,90,510	1,85,25,000	2,52,33,88,137
31 March 2019						
Loans and advances	2,65,09,81,849	95,76,600	2,64,14,05,249	62,43,687	1,65,75,000	2,61,85,86,562

Note:

1. ₹ 71,70,000 (31 March 2019: ₹ 95,76,600) advances received against loan agreements is offset against loans and advances.
2. ₹ 1,85,25,000 (31 March 2019: ₹ 1,65,75,000) 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.

(Amount in ₹)

Particulars	31 March 2020			31 March 2019		
	Within 12	After 12 months	Total	Within 12	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	21,07,45,086	-	21,07,45,086	41,22,89,043	-	41,22,89,043
Bank Balance other than above	2,05,087	-	2,05,087	1,92,533	-	1,92,533
Loans	47,38,48,409	2,07,07,55,238	2,54,46,03,647	57,29,43,536	2,06,84,61,713	2,64,14,05,249
Other Financial assets	1,72,31,475	-	1,72,31,475	1,66,47,054	-	1,66,47,054
Non-Financial Assets						
Current tax assets (Net)	1,84,611	-	1,84,611	-	-	-
Deferred tax Assets (Net)	-	-	-	69,40,936	-	69,40,936
Property, Plant and Equipment	-	84,35,958	84,35,958	-	98,74,207	98,74,207
Capital work-in-progress	-	-	-	-	-	-
Other Intangible assets	-	71,815	71,815	-	1,04,905	1,04,905
Right-of-use Asset	22,98,831	16,22,546	39,21,377			-
Other non-financial assets	83,28,225	-	83,28,225	9,80,108	39,40,666	49,20,774
Total Assets	**71,28,41,724**	**2,08,08,85,557**	**2,79,37,27,281**	**1,00,99,93,210**	**2,08,23,81,491**	**3,09,23,74,701**
LIABILITIES						
Financial Liabilities						
Trade Payables						
Total outstanding dues of creditors other than micro enterprises and small	59,70,400	-	59,70,400	46,71,641	-	46,71,641
Borrowings (Other than Debt Securities)	63,74,29,084	1,57,74,29,648	2,21,48,58,732	72,92,80,260	1,80,51,30,379	2,53,44,10,639
Other financial liabilities	2,09,46,817	1,63,54,024	3,73,00,841	7,04,63,474	1,51,81,473	8,56,44,947
Non-Financial Liabilities						
Current tax liabilities (Net)	-	-	-	94,380		94,380
Provisions	1,56,762	-	1,56,762	1,34,933	-	1,34,933
Deferred tax liabilities (Net)	-	48,07,431	48,07,431	-	-	-
Other non-financial liabilities	22,47,686	-	22,47,686	12,98,092	-	12,98,092
Total Liability	**66,67,50,749**	**1,59,85,91,103**	**2,26,53,41,852**	**80,59,42,780**	**1,82,03,11,852**	**2,62,62,54,632**
Net	**4,60,90,975**	**48,22,94,454**	**52,83,85,429**	**20,40,50,431**	**26,20,69,639**	**46,61,20,069**

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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 ₹ 27,73,346 (31 March 2019: ₹ 13,22,816) and Employee State Insurance Scheme aggregating to ₹ 3,01,154 (31 March 2019: ₹ 3,58,236) 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.

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

(Amount in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
i. Reconciliation of Opening and Closing Balances of defined benefit obligation		
Present Value of Defined Benefit Obligations at the beginning of the year	11,22,959	8,63,151
Current Service Cost	5,54,797	5,68,713
Past service Cost	-	-
Interest Cost	84,927	66,141
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in demographic assumptions	(14,968)	-
Change in financial assumptions	4,54,719	17,419
Experience variance (i.e. Actual experience vs assumptions)	(82,726)	(3,92,465)
Present value of defined benefit obligations at the end of the year	**21,19,708**	**11,22,959**
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	15,11,304	14,17,568
Interest Income	1,35,523	1,30,727
Return on plan assets excluding amounts included in interest income	(57,062)	(67,088)
Contributions by employer	6,58,421	30,097
Fair value of plan assets at the end of the year	**22,48,186**	**15,11,304**
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	21,19,708	11,22,959
Fair value of plan assets at the end of the year	22,48,186	15,11,304
Net asset / (liability) recognized in balance sheet as at the end of the year	**1,28,478**	**3,88,345**

iv. Composition of plan assets

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
v. Expense recognised during the Year		
Current service cost	5,54,797	5,68,713
Interest Cost	(50,596)	(64,586)
Past service Cost	-	-
Expenses recognised in the income statement	5,04,201	5,04,127
vi. Other Comprehensive Income		
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	4,54,719	17,419
Due to change in demographic assumption	(14,968)	-
Due to experience adjustments	(82,726)	(3,92,465)
Return on plan assets excluding amounts included in interest income	57,062	67,088
Components of defined benefit costs recognised in other comprehensive income	4,14,087	(3,07,958)

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Particulars	As at 31 March 2020	As at 31 March 2019
vii. Principal actuarial assumptions		
Discount Rate (per annum)	6.85%	7.60%
Rate of Return on Plan Assets (p.a.)	6.85%	7.60%
Annual Increase in Salary Cost	8.00%	7.00%
Withdrawal Rates	5% p.a. at younger ages reducing to 2% p.a. at older ages	3% at younger ages reducing to 1% 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:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Defined Benefit Obligation (Base)	21,19,708	11,22,959

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 0.5%)	22,86,141	19,70,049	12,16,031	10,39,550
(% change compared to base due to sensitivity	7.85%	-7.06%	8.29%	-7.43%
Salary Growth Rate (- / + 0.5%)	19,78,109	22,65,367	10,41,024	12,13,287
(% change compared to base due to sensitivity)	-6.68%	6.87%	-7.30%	8.04%
Withdrawal Rate (W.R.) (W.R. x 90% / W.R. x 110%)	21,41,074	20,98,831	11,24,828	11,20,980
(% change compared to base due to sensitivity)	1.01%	-0.98%	0.17%	-0.18%

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 14.40 years.

Particulars	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	32,875	0.50%
2nd Following year	1,60,371	2.20%
3rd Following Year	57,234	0.80%
4th Following Year	1,91,631	2.60%
5th Following Year	77,709	1.10%
Sum of years 6 to 10	4,13,031	5.70%

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

The Expected contribution for the next year is ₹ 9,01,769

(c) Other long term employee benefits

The actuarial liability for compensated absences as at the year ended 31 March 2020 and 31 March 2019 is ₹ 1,56,762 and ₹ 1,34,933 respectively.

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(Amount in ₹)

40 Financial Instrument and Fair Value Measurement

A. Accounting classifications and fair values

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

As at 31 March 2020	Carrying amount		Fair value			
	Amortised cost	FVTOCI	Level 1	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents	21,07,45,086		-	-	-	-
Bank Balance other than cash and cash equivalents	2,05,087		-	-	-	-
Loans	2,37,86,34,132	16,59,69,515	-	-	2,56,74,04,655	2,56,74,04,655
Security deposits	12,41,148		-	-	11,81,486	11,81,486
Interest Accrued on Loans and Advances	1,57,66,253		-	-	-	-
Other financial Assets	2,24,074		-	-	-	-
	2,60,68,15,780	**16,59,69,515**	**-**	**-**	**2,56,85,86,141**	**2,56,85,86,141**
Financial liabilities						
Trade Payables	59,70,400		-	-	-	-
Borrowings (Other than Debt Securities)	2,21,48,58,732		-	-	2,21,48,58,732	2,21,48,58,732
Other financial liabilities	3,73,00,841		-	-	-	-
	2,25,81,29,973	**-**	**-**	**-**	**2,21,48,58,732**	**2,21,48,58,732**

As at 31 March 2019	Carrying amount		Fair value			
	Amortised cost	FVTOCI	Level 1	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents	41,22,89,043		-	-	-	-
Bank Balance other than cash and cash equivalents	1,92,533		-	-	-	-
Loans	2,64,14,05,249		-	-	-	-
Security deposits	11,90,500		-	-	10,98,716	10,98,716
Interest Accrued on Loans and Advances	1,54,56,554		-	-	-	-
	3,07,05,33,879	**-**	**-**	**-**	**10,98,716**	**10,98,716**
Financial liabilities						
Trade Payables	46,71,641		-	-	-	-
Borrowings (Other than Debt Securities)	2,53,44,10,639		-	-	2,53,44,10,639	2,53,44,10,639
Other financial liabilities	8,56,44,947		-	-	-	-
	2,62,47,27,227	**-**	**-**	**-**	**2,53,44,10,639**	**2,53,44,10,639**

The Company has not disclosed the fair values for cash and cash equivalents, bank balances, interest accrued but not due on loans and advances and bank deposits, trade payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

Reconciliation of level 3 fair value measurement is as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
i) Loans		
Balance at the beginning of the year	-	-
Addition during the year	20,46,15,992	
Gain included in OCI		
- Net change in fair value (unrealised)	7,26,091	-
Amount derecognised / repaid during the year	(3,93,72,568)	-
Balance at the end of the year	**16,59,69,515**	**-**

Sensitivity analysis

	OCI, net of tax	
	Increase	Decrease
31 March 2020		
Loans		
Interest rates (1% movement)	(48,04,827)	63,14,430
31 March 2019		
Loans		
Interest rates (1% movement)	-	-

(Amount in ₹)

B. Measurement of fair values

i) Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences in the carrying values presented.

ii) 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.

iii) Transfers between levels I and II

There has been no transfer in between level I and level II.

iv) 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.

Security deposits

The Company has fair valued the security deposit using normal market rate of interest as on relevant date using cash flow method approach.

B. 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.

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.

2 Regulatory capital

Particulars	2020	2019
Tier 1 Capital	47,17,30,030	44,76,96,499
Tier 2 Capital	11,76,10,577	1,16,79,550
Total Capital	**58,93,40,607**	**45,93,76,049**
Risk weighted assets		
Tier 1 Capital Ratio (%)	32.57	27.68
Total Capital Ratio (%)	40.69	28.40

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41 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 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 directors 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 audit 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. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

41.1 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.

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 risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

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

Particulars	Carrying Amount	
	31 March 2020	31 March 2019
Retail customer	1,91,75,70,513	1,67,74,87,532
HFC Loans	30,00,04,207	33,56,87,835
Project Finance	35,80,83,535	64,07,23,029
Total	2,57,56,58,255	2,65,38,98,396

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 portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months provision
1-30 Days	Stage 1	12 Months provision
31-60 Days	Stage 2	Lifetime provision
61-90 Days	Stage 2	Lifetime provision
90+ Days	Stage 3	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:

(Amount in ₹)

Days past due	31 March 2020	31 March 2019
Stage I	0.30%	0.20%
Stage II	20.86%	5.87%
Stage III	33.08%	27.57%
Amount of expected credit loss provided for	**3,16,98,550**	**1,24,93,147**

The 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 current COVID -19 impact on economic growth of the country is difficult to predict and the extent of negative impact will mainly depend on the future developments in containment of COVID-19, which is highly uncertain. Existing ECL model of the Company was primarily based on historical experiences of the economic conditions, customer behaviour and related factors. Hence, the increased uncertainty about potential future economic scenarios and their impact on credit losses has necessitated to consider additional scenarios while measuring ECLs.

Further, the company, based on current available information, has estimated impact on the future cash flows and applied overlays based on the policy of the Company for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company has considered internal and external information including credit reports and economic forecasts up to the date of approval of these financial statements. Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates ₹ 316.99 lakh (as at 31 March 2019, ₹ 124.93 lakh) which includes potential impact on account of the pandemic of ₹ 202.23 lakh. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

The extent to which the COVID-19 pandemic will impact future results of the Company will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

41.2 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 2020 is 40.69% against regulatory norms of 12%. Tier I capital is 32.57%. Tier II capital is 8.12% 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 limit available to the Company is ₹ 1700 lakhs spread across 2 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.

(Amount In ₹)

Particulars	1 day to 30/31	Over one	Over 2 months	Over 3 months	Over 6 months	Over 1 year to 3	Over 3 year to 5	Over 5 years	Total
As at 31 March 2020									
Debt Securities									-
Borrowings	42,61,879	53,55,138	4,10,19,315	21,40,44,977	37,27,47,775	96,20,50,942	41,74,15,464	19,79,63,242	2,21,48,58,732
Trade Payable	59,70,400	-	-	-	-	-	-	-	59,70,400
Lease Liability	3,40,648	2,51,355	2,43,098	6,45,490	11,05,298	15,80,744	3,31,512	-	44,98,145
Other Financial Liabilities	1,45,22,546	2,75,000	2,50,000	5,00,000	28,13,382	1,01,20,141	43,21,627	-	3,28,02,696
As at 31 March 2019									
Debt Securities									-
Borrowings	3,93,44,303	3,89,28,889	11,55,31,697	12,35,45,008	41,19,30,365	1,25,01,04,308	42,39,91,775	13,10,34,293	2,53,44,10,639
Trade Payable	46,71,641	-	-	-	-	-	-	-	46,71,641
Other Financial Liabilities	6,89,13,474	-	-	-	15,50,000	1,15,70,276	36,11,197	-	8,56,44,947

41.3 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 interest rates for the tenure of the fixed deposits are fixed. However, with the continuous decrease in the returns on fixed deposits, the income earned on such deposits may change in future based on the interest rates.

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(Amount In ₹)

Particulars	As at 31 March 2020	
Change in interest rates	50 bp increase	50 bp decrease
Variable rate lending	2,57,56,58,255	2,57,56,58,255
Impact on Profit for the year	1,21,56,039	-1,21,56,039
Variable rate borrowings	2,22,49,21,290	2,22,49,21,290
Impact on Profit for the year	-20,99,34,430	20,99,34,430

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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42 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:

(Amount in ₹)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Type of income		
Services charges	1,82,557	-
Others	31,04,365	24,44,617
Total revenue from contracts with customers	**32,86,922**	**24,44,617**
Geographical markets		
India	32,86,922	24,44,617
Outside India	-	-
Total revenue from contracts with customers	**32,86,922**	**24,44,617**
Timing of revenue recognition		
Services transferred at a point in time	32,86,922	24,44,617
Services transferred over time	-	-
Total revenue from contracts with customers	**32,86,922**	**24,44,617**

43 There have been no events after the reporting date that require disclosure in these financial statements.

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44 Disclosure as required in terms of Paragraph 5 of National Housing Bank Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010 and notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017.

As the information in this Annexure is to be provided as per the aforementioned NHB Circular and Notification, it is presented as per the extent provisions of National Housing Bank Act 1987 and Housing Finance Companies (NHB) Directions 2010 including framework on Prudential Norms, and other related Circulars and notifications etc., issued in this regard by the NHB from time to time and not as per the provisions of IND AS. This is in compliance with NHB Circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018.

A Disclosures

A.1 Capital

(Rs. in Crore)

Particulars	Current Year	Previous Year
(i) CRAR (%)	40.69%	28.41%
(ii) CRAR - Tier I Capital (%)	32.57%	27.68%
(iii) CRAR – Tier II Capital (%)	8.12%	0.72%
(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

Refer Note No. 17 to the Financial Statements

A.3 Investments

(Rs. 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	-	-

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A.4 Derivatives

4.1 Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(Rs. 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	-	-
(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.

4.2 Exchange Traded Interest Rate (IR) Derivative

(Rs. 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 2020	-
(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

(Rs. in Crore)

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	-	-
(ii) Marked to Market Positions [1]	-	-
(a) Assets (+)	-	-
(b) Liability (-)	-	-
(iii) Credit Exposure [2]	-	-
(iv) Unhedged Exposures	-	-

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A.5 Securitisation

5.1 For Securitisation Transactions

(Rs. 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	-
	Amount of exposures to securitisation transactions	-
4	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

(Rs. 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

(Rs. in Crore)

Particulars		Current Year	Previous Year
(i)	No. of accounts	185	0
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	24.99	-
(iii)	Aggregate consideration	24.99	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

5.3 Details of non-performing financial assets purchased / sold

A Details of non-performing financial assets purchased:

(Rs. 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:

(Rs. in Crore)

Particulars		Current Year	Previous Year
1	No. of accounts sold	0	0
2	Aggregate outstanding	-	-
3	Aggregate consideration received	-	-

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A.6 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

Current Year

(Rs. 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	0.58	0.58	4.14	21.51	37.45	96.57	39.95	12.39	1.43	2.19	**216.79**
Market Borrowing	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	2.59	5.82	4.90	17.53	30.13	69.01	41.61	21.81	27.10	38.11	**258.62**
Investments	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

Previous Year

(Rs. 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	4.00	3.95	11.61	12.50	41.45	125.44	42.52	11.62	1.50	-	**254.60**
Market Borrowing	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	13.73	3.67	3.61	11.77	24.79	65.32	30.21	24.12	37.14	50.34	**264.70**
Investments	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

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A.7 Exposure

7.1 Exposure to Real Estate Sector

(Rs. 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 Rs. 15 Lakh	154.99	137.11
- Individual Housing Loan above Rs. 15 Lakh	15.29	14.26
(i) 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 Rs. 15 Lakh	18.84	12.81
- Individual Commercial Loan above Rs. 15 Lakh	4.00	3.96
- Builders	35.85	64.47
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
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)	29.65	33.76

7.2 Exposure to Capital Market

(Rs. 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	-	-
(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.

7.5 Unsecured Advances

a) Refer Note No. 7 to the Financial Statements.
b) The Company has not granted any advances against intangible securities.

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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. 28 to the Financial Statements.

B.4 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)	Rs. 600 Crore	CARE A (Stable)	CARE A (Stable)

By India Ratings::

Instrument	Amount	Current Rating	Previous Rating
Long term bank facilities (Cash Credit/Term Loan)	Rs. 500 Crore	IND A (Stable); Reaffirmed and Withdrawn	IND A (Stable)

By ICRA:

Instrument	Amount	Current Rating	Previous Rating
Long term bank facilities (Cash Credit/Term Loan)	Rs. 150 Crore	[ICRA] A (stable); Reaffirmed and Withdrawn	[ICRA] A (stable)

By CRISIL:

Instrument	Amount	Current Rating	Previous Rating
Long term bank facilities (Cash Credit/Term Loan)	Rs. 24.77 Crore	CRISIL A- / Stable; Reaffirmed and Withdrawn	CRISIL A- / Stable

B.5 Remuneration of Directors

Please refer note no. 28 to the Financial Statements.

B.6 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.

B.7 Revenue Recognition

The Company has not postponed recognition of revenue during the period. Refer Note No. 3.1 and 3.9 to Financial Statements.

B.8 Accounting Standard 21 – Consolidated Financial Statements (CFS)

Since the company does not have any subsidiaries, Accounting Standard 21 - Consolidated Financials Statements (CFS) is not applicable to the company.

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C Additional Disclosures

C.1 Provisions and Contingencies

(Rs. 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	0.87	1.32
3 Provision towards NPA	-	-
4 Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)		
i) Housing Loans	0.54	0.02
ii) Commercial Real Estate (CRE)	-0.01	0.10
iii) Commercial Real Estate - Residential Housing (CRE-RH)	0.05	-
5 Other Provision and Contingencies	0.24	0.15

(Rs. in Crore)

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount	200.82	185.67	22.91	16.82
b) Provisions made	1.01	0.46	0.28	0.17
Sub-Standard Assets				
a) Total Outstanding Amount	0.33	0.43	0.01	0.02
b) Provisions made	0.07	0.08	-	0.00
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	-	-	-	-

Break up of Loan & Advances and Provisions thereon	Project Housing		Project Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount	26.80	43.49	8.86	20.94
b) Provisions made	0.38	0.33	0.09	0.21
Sub-Standard Assets				
a) Total Outstanding Amount	-	0.53	-	-
b) Provisions made	-	0.10	-	-
Doubtful Assets – Category - I				
a) Total Outstanding Amount	0.47	-	-	-
b) Provisions made	0.11	-	-	-
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	228.42	230.13	31.78	37.77
b) Provisions made	1.57	0.97	0.37	0.38

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Note:

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 2020 (P.Y. ₹ NIL)

C.3 Concentration of Public Deposits, Advances, Exposures and NPAs

3.1 Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

(Rs. 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.

3.2 Concentration of Loans & Advances

(Rs. in Crore)

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	54.37	65.23
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	21.02%	24.49%

3.3 Concentration of all Exposure (including off-balance sheet exposure)

(Rs. in Crore)

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers / customers	54.37	68.48
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	20.55%	24.91%

3.4 Concentration of NPAs

(Rs. in Crore)

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	0.81	0.98

3.5 Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
A	**Housing Loans :**	
1	Individuals	0.19%
2	Builders/Project Loans	1.73%
3	Corporates	0.00%
4	Others (specify)	0.00%
B	**Non-Housing Loans :**	
1	Individuals	0.06%
2	Builders/Project Loans	0.00%
3	Corporates	0.00%
4	Others (specify)	0.00%

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C.4 Movement of NPAs

(Rs. in Crore)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	0.24%	0.30%
(II) Movement of NPAs (Gross)		
a) Opening balance	0.98	0.74
b) Additions during the year	1.65	1.51
c) Reductions during the year	1.82	1.27
d) Closing balance	0.81	0.98
(III) Movement of Net NPA		
a) Opening balance	0.79	0.56
b) Additions during the year	1.38	1.24
c) Reductions during the year	1.56	1.00
d) Closing balance	0.61	0.79
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	0.19	0.19
b) Additions during the year	0.19	0.19
c) Reductions during the year	0.19	0.19
d) Closing balance	0.19	0.19

C.5 Overseas Assets

(Rs. 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	1
b) No. of complaints received during the year	4	2
c) No. of complaints redressed during the year	4	3
d) No. of complaints pending at the end of the year	0	0

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45 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:

(Amount in ₹)

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	2,46,56,92,829	74,84,560	2,45,82,08,269	1,21,28,738	(46,44,178)
	Stage 2	10,07,58,079	2,11,46,981	7,96,11,098	54,81,839	1,56,65,142
Subtotal		**2,56,64,50,908**	**2,86,31,541**	**2,53,78,19,367**	**1,76,10,577**	**1,10,20,964**
Non-Performing Assets (NPA)						
Substandard	Stage 3	35,96,110	12,95,901	23,00,209	7,75,169	5,20,732
Doubtful - up to 1 year	Stage 3	56,11,237	17,71,108	38,40,129	10,76,609	6,94,499
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**56,11,237**	**17,71,108**	**38,40,129**	**10,76,609**	**6,94,499**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**92,07,347**	**30,67,009**	**61,40,338**	**18,51,778**	**12,15,231**
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**	**2,46,56,92,829**	**74,84,560**	**2,45,82,08,269**	**1,21,28,738**	**(46,44,178)**
	Stage 2	**10,07,58,079**	**2,11,46,981**	**7,96,11,098**	**54,81,839**	**1,56,65,142**
	Stage 3	**92,07,347**	**30,67,009**	**61,40,338**	**18,51,778**	**12,15,231**
	Total	**2,57,56,58,255**	**3,16,98,550**	**2,54,39,59,705**	**1,94,62,355**	**1,22,36,195**

Information as required in terms of RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 are mentioned as below:

The details of the accounts on which moratorium has been granted by the Company is as below:

Particulars	**Amount in (₹)**
(i) Amounts in SMA/overdue categories, where the moratorium/deferment was extended	15,70,52,505
(ii) Amount where asset classification benefits is extended	5,43,08,592
(iii) Provisions made during the Q4FY2020 in terms of paragraph 5 of the notification (Refer Note below)	-
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions.	-

Note: The Company has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. Refer Note 41.1.