



# **MRHMFL RURAL HOUSING & MORTGAGE FINANCE LIMITED**

## **ANNUAL REPORT 2022-23**

**Corporate Identification No.** : U74900GJ2007PLC051383

**Registered Office** : 4<sup>th</sup> Floor, Narayan Chambers  
B/h. Patang Hotel, Ashram Road,  
Ahmedabad – 380 009.  
Gujarat.

**Board of Directors:**

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

**Chief Financial Officer** : Mr. Ankit Jain

**Company Secretary** : Mr. Darshil Hiranandani

**Auditors:**

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

**Registrar & Share Transfer Agent:**

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



## **DIRECTORS' REPORT**

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

Your Directors have pleasure to present the Sixteenth (16<sup>th</sup>) Annual Report of your Company together with the Audited Statement of Accounts for the year ended on March 31, 2023.

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)**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Interest Income	38,05,69,979	33,47,64,985
Gain on Assignment of Financial Assets	3,42,98,905	1,68,32,398
Fees and Commission Income	92,19,116	92,39,668
Net Gain on Fair Value Changes	69,95,137	-
Income from Operations & Other Sources	64,56,505	18,50,608
<b>Total Income</b>	<b>43,75,39,642</b>	<b>36,26,87,659</b>
<b>Total Expenditure</b>	<b>35,66,10,908</b>	<b>30,05,30,871</b>
Profit before Depreciation and Taxes	8,40,42,614	6,51,09,663
Depreciation and Amortization	31,13,880	29,52,875
<b>Profit before Taxes</b>	<b>8,09,28,734</b>	<b>6,21,56,788</b>
Provision for Taxation (including Deferred Tax)	1,74,82,505	1,32,24,429
<b>Profit after Taxes</b>	<b>6,34,46,229</b>	<b>4,89,32,359</b>
Profit brought forward from previous year	13,74,61,245	10,39,91,755
Add/(Less) : Item of other comprehensive income recognised directly in retained earnings	1,34,050	1,85,998
<b>Profit available for Appropriation</b>	<b>20,10,41,524</b>	<b>15,31,10,112</b>
<u>Appropriations</u>		
Reserves u/s. 29-C of the NHB Act, 1987 and Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961	1,95,10,000	1,46,30,000
Dividend Paid (including Interim dividend)	10,18,867	10,18,867
Dividend Distribution Tax on Dividend		-
<b>Surplus Balance Carried to Balance Sheet</b>	<b>18,05,12,657</b>	<b>13,74,61,245</b>



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## **BUSINESS PERFORMANCE:**

The portfolio at the end of the year 2022-23 was INR 413.34 Cr., which increased by 31.57% 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 0.52% as compared to the previous year being 0.38%. This performance is in lines with our concentrated efforts of growing the portfolio @ of 30%+ over a sustained period of time resulting in to a cognizable AUM within the next three years.

During the year under review the Interest Income of the Company was INR 38.06 Cr. Further, the total income of the Company remained 43.75 Cr.

The profit after taxes stands up to INR 6.34 Cr. during the year compared to the profits of INR 4.89 Cr. during the Previous Year which shows an increase of 29.66% profits compared to the Previous Year. The Company's average borrowing rates increased from 8.95% p.a. to 9.62% p.a. due to increase in RBI's Repo Rate by 250 basis points in current year.

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.



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## **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, 2023 was INR 85.13 Cr. Number of institutions have shown keen interest in participating in the future debt and the capital requirement of the Company. The Company is quite optimistic to tie up their financial requirement for the year 2023-24.



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

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

## **HUMAN RESOURCE:**

MAS believes in Human Capital Management which creates a strong culture that fosters employee development and commitment to business goals. With a committed team, we have not only been able to enhance customer experience but also stakeholder's value. We respect that our each team member comes with unique capabilities, experiences and thinking and collectively as a team, we perfectly complement each other. We are proud of our homegrown leaders who have helped company achieve new heights. The Company provides employment and growth opportunities to 217 employees with the human resource strength growing with the size and operation of the company.

The broad competencies that make us a strong team are our great learning curve which helps us to constantly evolve and set new targets which helps people in self-development along with the company and by development we don't mean just a specific competence, it is more of a broader, generic, ongoing growth. Along with development, we believe that collaborative problem solving leads to better outcomes. The zeal of team continued to be high in sustaining growth year on year of disbursements and in maintaining healthy recoveries. We are confident that we will always achieve Excellence through our endeavors.

## **DIVIDEND:**

Your Directors recommend a final dividend at a fixed rate of 6% p.a. to the preference shareholders amounting to INR 1,20,00,000.00/- (Rupees One Crore Twenty Lakh 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, 2023.



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### **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:**

#### **Changes in accounting policies:**

The accounting policies and practices followed in the preparation of the standalone financial statement for the year ended March 31, 2021 are the same as those followed in the preparation of the standalone financial statement for the year ended 31 March 2020, except for the change in accounting policy as explained in below paras.

Till quarter ended 31 December 2022, gain on assignment of financial asset was recognised as 'unearned income on assigned loans' under the head 'other non-financial liabilities' and was amortised in the statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio. Such policy was adopted by the management for more prudent and fair presentation of financial statements by exercising their judgement under para 19 of Ind AS 1 "Presentation of financial statements". During the quarter ended 31 March 2023, MAS Financial Services Limited (the Holding Company) has received a directive from the Reserve Bank of India to book such gain upfront in the statement of profit and loss in accordance with Ind AS 109 instead of amortising it over the period of the underlying residual tenure of the assigned loan portfolio. Hence the company has also decided to follow the guidance and has accordingly booked the gain upfront in the statement of profit and loss.

The new accounting policy has been implemented retrospectively and being presented from the beginning of the earliest period i.e. 1 April 2021. On account of new policy, in case of derecognition of loans upon assignment prior to 1 April 2021, where underlying residual terms of the assigned portfolio was falling on or after 1 April 2021, the Company has increased other equity by INR 10.61 lakh, decreased the deferred tax assets by INR 3.93 lakh, decreased unearned income on assigned loans under the head other non-financial liabilities of INR 180.97 lakh and decreased spread on assigned assets by INR 166.43 lakhs.

Had the Company not booked the gain on assignment on upfront basis, other equity would have decreased by INR 25.54 lakh, deferred tax assets would have increased by INR 8.56 lakh and liability on unearned income would have increased by INR 34.10 lakh as at 31 March 2023. Had the Company followed the accounting policy which it followed hitherto, the Company would have recognized gain on assignment (on amortised basis) of INR 77.83 lakh and INR 259.02 lakh for the quarter ended 31 March 2023 and year-to-date results for the period from 1 April 2022 to 31 March 2023, respectively. As per the new policy, the Company has recognized gain on assignment of INR 57.62 lakh and INR 342.99 lakh for the quarter ended 31 March 2023 and year-to-date



results for the period from 1 April 2022 to 31 March 2023, respectively. Accordingly, gain on assignment would have increased by INR 20.21 lakh and deferred tax expense would have decreased by INR 5.09 lakh for the quarter ended 31 March 2023 and gain on assignment would have decreased by INR 83.97 lakh and deferred tax expense would have increased by INR 21.13 lakh for year-to-date results for the period from 1 April 2022 to 31 March 2023.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Your Company has always responded in a responsible manner to the growing needs of the communities in which it operates and believes in giving back to society in some measure that is proportionate to its success in business. During the year, your Company has undertaken a number of initiatives that contribute to society at large, in the area Education.

Education is believed to be the stepping stone to improve the quality of life, especially for the poor and the most vulnerable. In view of the same, the Company has identified various bright students who wish to pursue higher studies but are not financially sound and financed them for achieving their dreams. In order of development of the society, to curb the said causes and to achieve 100% Literacy Rate, the Company takes active interest in the education of these students and we care about providing better and quality education. The Company supports them by providing school bags, stationeries, uniforms, sweaters, school shoes and other such necessary accomplishment to ensure that the parents and the students do not have to take burden of these additional costs and stay focused while studying. A good school infrastructure makes it possible for the children that live in rural areas to study and in addition tends to improve the attendance and interest of students and teachers in learning. The Management Team at **MAA** Rural Housing & Mortgage Finance Limited is proactively involved and connected with schools located at the outskirts of Ahmedabad and Gandhinagar to analyze infrastructure provided to the students and how organization can support them to make it better.

The CSR Report for the Financial Year 2022-23 is annexed to this report as "**Annexure – A**".

### **AUDITORS:**

#### **Statutory Auditors:**

In terms of the transitional provisions applicable to Statutory Auditors under the Companies Act, 2013, M/s. MAAK & Associates, Chartered Accountants (Firm Registration No. 135024W), Ahmedabad were appointed as the statutory auditors of the Company for a period of 5 (five) years in the 15<sup>TH</sup> Annual General Meeting (AGM) of the Company held on June 29, 2022.

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



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appointment and M/s. MAAK & Associates, Chartered Accountants, Ahmedabad (FRN: 135024W), will continue to act as auditors of the Company till the conclusion of the 20<sup>th</sup> AGM of the Company to be held in the year 2027.

**Secretarial Auditors:**

In the Board Meeting held on April 27, 2022, M/s. Parth P. Shah, Practicing Company Secretaries were appointed as Secretarial Auditor of the Company for the financial year 2022-23.

**SECRETARIAL AUDIT REPORT:**

Pursuant to Section 204 of the Companies Act, 2013, the unqualified Secretarial Audit Report for the Financial Year ended March 31, 2023 given by Mr. Parth P. Shah, Practicing Company Secretary is annexed to this Report as an "***Annexure – B'***".

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

(i) By the auditor in his report;

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

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

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

**FRAUDS REPORTED BY THE AUDITOR:**

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

**PUBLIC DEPOSITS:**

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




## **ANNUAL RETURN:**

The Annual Return of the Company as on March 31, 2023 is available on the Company's website and can be accessed at [www.mrhmfl.co.in](http://www.mrhmfl.co.in)

## **INFORMATION OF BOARD OF DIRECTORS, AND ITS MEETINGS:**

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

<b>Name of the Director / Key Managerial Personnel</b>	<b>No. of other Directorships*</b>	<b>No. of Board Meetings attended during 2022-23</b>	<b>Attendance at the AGM held on 29/06/2022</b>
<b>Whole-time Directors</b>			
Mr. Kamlesh Gandhi Chairman & Managing Director DIN: 00044852	5	6	Yes
Mrs. Darshana Pandya Director & Chief Operating Officer DIN: 07610402	4	6	Yes
<b>Independent Directors</b>			
Mr. Bala Bhaskaran Independent Director DIN: 00393346	3	4	Yes
Mr. Chetan Shah Independent Director DIN: 02213542	1	5	Yes
Mr. Subir Nag Independent Director DIN: 02169915	3	4	Yes
<b>Key Managerial Personnel</b>			
Mr. Darshil Hiranandani Company Secretary	Nil	6	Yes
Mr. Ankit Jain Chief Financial Officer	Nil	6	Yes

\* Excluding Directorship of  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, Mrs. Darshana Pandya, Director of the Company is eligible to retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

The Board of Directors in its meeting held May 3, 2023, on the recommendations of the Nomination and Remuneration Committee (NRC), further recommends to the members of the Company to re-appointment of Mrs. Darshana Pandya (DIN: 07610402), 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.

<b>Sr. No.</b>	<b>Date of Meeting</b>	<b>Total Number of Directors as on the date of Meeting</b>	<b>Number of Directors attended</b>
1.	April 27, 2022	5	5
2.	June 22, 2022	5	5
3.	August 3, 2022	5	3
4.	November 2, 2022	5	4
5.	January 25, 2023	5	3
6.	March 27, 2023	5	5

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

#### **Independent Directors and Evaluation of Directors and the Board:**

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

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

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

A separate meeting of Independent Directors was held on March 27, 2023 to review the performance of Non-Independent Directors and Board as whole.



## **INFORMATION OF COMMITTEE AND ITS MEETINGS**

### **Audit Committee:**

Our Audit Committee comprised of 3 Directors as on March 31, 2023:

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

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

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

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

The Company has established a vigil mechanism and oversees 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.mrhmf.com](http://www.mrhmf.com)

The Company had 5 Audit Committee Meetings during the Financial Year under review:

<b>Sr. No.</b>	<b>Date of Meeting</b>	<b>Total Number of Members as on the date of Meeting</b>	<b>Number of Members attended</b>
1.	April 27, 2022	3	3
2.	June 22, 2022	3	3
3.	August 2, 2022	3	2
4.	November 1, 2022	3	3
5.	January 25, 2023	3	2

• **Nomination and Remuneration Committee:**

The Company constituted its Remuneration Committee on 6<sup>th</sup> October, 2011 and the nomenclature of the Remuneration Committee was changed to "Nomination and Remuneration Committee" on 20<sup>th</sup> 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, 2023:

- 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:

<b>Sr. No.</b>	<b>Date of Meeting</b>	<b>Total Number of Members as on the date of Meeting</b>	<b>Number of Members attended</b>
1.	April 27, 2022	3	3

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

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

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

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



- (b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- (c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The directors have prepared the annual accounts on a going concern basis.
- (e) The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively.

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

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

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

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

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

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

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

During the year under review INR 1,95,10,000/- transferred to reserve fund under Section 29-C of NHB Act, 1987 & Special Reserve U/s 36(1)(viii) of Income-tax Act, 1961.

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## **CAPITAL:**

### **1. AUTHORISED SHARE CAPITAL:**

The Authorised Share Capital as on March 31, 2023 was:

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

### **2. PAID UP SHARE CAPITAL:**

The Paid Up Share Capital as on March 31, 2023 was:

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

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

### **Conservation of Energy and Technology Absorption:**

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

### **Foreign Exchange earnings and outgo:**

The Company has no Foreign Exchange earnings and outgo.

### **ADEQUACY OF INTERNAL FINANCIAL CONTROL:**

The Companies Act, 2013 read with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 re-emphasizes the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. The Company has devised proper system of internal financial control which is commensurate with size and nature of Business. Even, the Board had appointed Internal Auditors pursuant to provisions of Section 138 of the Companies Act, 2013 in order to ensure proper internal financial control for the Financial Year 2022-23. Further, the Statutory Auditors of the Company also ensure adequacy of the Internal Financial Controls for the Company and during the period under review the same is found satisfactory.



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### **RISK MANAGEMENT:**

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

### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

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

### **PARTICULARS OF EMPLOYEES:**

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

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

### **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

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

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





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### **DISCLOSURE FOR MAINTENANCE OF COST RECORDS:**

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

### **GENERAL DISCLOSURE:**

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

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

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

### **ACKNOWLEDGEMENTS:**

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

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

**Date** : May 3, 2023

**Place** : Ahmedabad

**KAMLESH C. GANDHI**  
**CHAIRMAN & MANAGING DIRECTOR**  
**DIN: 00044852**



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## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### • **Industry Structure and Developments:**

\* The total loan book of Affordable Housing Finance Companies (AHFCs) stood at Rs. 83,052 crore as on December 31, 2022, registering a robust YoY growth of 25% (17% in FY 2022), supported by the improvement in the operating environment and good demand.

The share of AHFCs remains small in the overall housing finance industry is estimated at 6% as on December 31, 2022. Nevertheless, the underpenetrated market and Government thrust on 'housing for all' are likely to support growth, going forward as well.

The reported asset quality indicators, which peaked in Q3FY2022 mainly because entities aligned their GNPA reporting with the clarification issued by the RBI on IRAC norms, improved in Q4FY2022 and have largely remained stable since then, supported by good collection efficiencies.

The headline GNPA / stage3 numbers could remain elevated as it would be difficult for these borrowers to clear their entire overdues and hence come out of the GNPA tagging; however, the overall 90+ dpd is expected to remain range-bound.

Overall, the restructured book stood at ~4% of the loan book as on September 30, 2022 and, incremental slippages from this book remain around 10-20%.

Banks continue to dominate the overall borrowing mix. The presence of capital market funding has remained largely stable, with only a few higher rated entities tapping the capital markets. The impact of the increase in systemic rates will be visible in the near future.

The profitability indicators for AHFCs benefitted from the improvement in the net interest margins (NIMs) and lower credit costs in H1FY2023, leading to better overall return indicators. However, NIMs would be incrementally under pressure, which could bring down the RoMA marginally, though the impact could be partly offset by operating efficiency.

\* Report of ICRA on Affordable Housing Finance Companies April 2023.

### • **Opportunities & Threats:**

#### **OPPORTUNITIES**

- Both rural and semi-urban markets are vastly underserved;
- Massive housing shortage in the country;
- Government focus on affordable housing;
- Favourable demographics;
- Rapid urbanization.

## THREATS

- Competition from banks;
- Retaining quality manpower;
- High inflation led stagflation and
- Rise in borrowing cost.

The Company has set itself moderate performance targets across all major parameters and will look to achieve them. In addition:

- The Company will continue to maintain an optimal blend of non-salaried and salaried loans in the loan book;
- The Company will focus on improving the asset quality.

### • **Outlook:**

# India's real estate sector is expected to expand to a \$1 -trillion industry by 2030, says a joint report prepared by developers' body NAREDCO and E&Y. According to the report released during the NAREDCO Finance Conclave on March 3, 2023, the sector was valued at \$200 Billion in 2021, and would move to the projected label of \$1 trillion in the next 7 years on account of its huge potential. The sector is likely to contribute 18-20% to India's GDP by 2030.

The report further states that there is a favorable demand-supply gap which will propel the growth of this sector even though the current shortage of housing in urban areas is estimated to be 10 million units.

Additional 25 million units of affordable housing are required by 2030, says the report.

# Real estate to be \$1-trillion industry by 2030 – [www.housing.com](http://www.housing.com) (<https://housing.com/news/real-estate-to-be-1-trillion-industry-by-2023-report/>)

### • **Market Scenario**

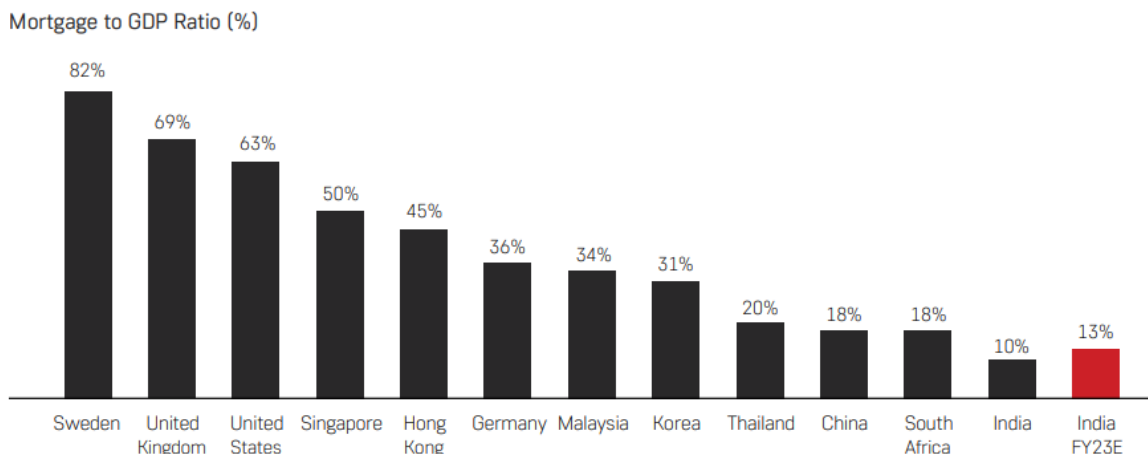
\* The Indian housing and housing finance sector has undergone a series of transformations amidst the structural changes, policy reforms, liquidity crisis, and COVID-19 pandemic. The sector has emerged stronger and has created new avenues in consonance with the emerging environment. In the current scenario,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

Uptick in mortgage penetration:

Our housing finance market is severely underpenetrated vis-à-vis peers and given the high housing shortage, housing penetration is bound to improve. We estimate the mortgage penetration to reach the high teens by the end of the next decade:



## Indian mortgage market is significantly under-penetrated



**Increasing Housing Demand in Semi-urban and Rural Areas** - Expectations of a good harvest and increased disposable income have reduced the risk aversion that had crept into the rural economy during the pandemic, instead fuelling the appetite for big-ticket purchases or investments, including home buying. Increased disposable income in the hands of rural customers has also aided the demand for affordable housing.

India currently faces an affordable housing shortage. To address this, the government launched the Pradhan Mantri Awas Yojana in 2015, and later the Credit-Linked Subsidy Scheme in 2017. This has given rise to several affordable housing projects in semi-urban and rural areas, as more and more developers are encouraged to venture away from the major cities to address the increased demand. Lending to the affordable housing segment which historically relied on unorganised lenders/money lenders has also become lucrative. The informal lending market stands at 95% in rural & semi-urban markets, providing a large opportunity for affordable housing financiers.

Source: <https://bfsi.economictimes.indiatimes.com/blog/semi-urban/rural-affordable-housing-outpacing-urban-demand/92853996>

With Work from Home being the new normal, the professionals belonging to such cities may continue to work from their hometowns thus boosting housing demand in these areas.

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



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

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

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

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

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

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



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## **Inflation and Interest Rates:**

India's inflation trajectory for FY24 would have varying degrees of impact from domestic and global factors. The crude oil prices outlook is subject to high uncertainty. Nevertheless, the expectation of a record rabi food grains production renders some comfort to the food prices outlook. Against this backdrop, estimates indicate India's Consumer Price Index (CPI) inflation to be circa 5.2% in FY24, largely well spread out across all four quarters of the year. One key aspect to notice is, RBI's clear distinction between policy strategy and policy stance. While it kept the stance same as 'withdrawal of accommodation' to calibrate liquidity and ensure that government borrowings face no disruption, its strategy changed by hitting the pause button on rate hike. The policy strategy may still indicate rate adjustment to curb inflation expectations, should inflation surprise on the upside beyond tolerance. In our view, growth expectations would take precedence over sticky inflation in the medium term, and RBI may have just hit the pause button as the inflation trajectory is estimated to be below 6% for the rest of FY24.

## **Overview**

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

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

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

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

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

It is worth mentioning that this type of working is highly respected by our lenders and investors.

- **Loan Products**

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

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

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

- **Marketing Efforts**

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

MRHMFL is operating in four states - Gujarat, Maharashtra, Madhya Pradesh and Rajasthan. MRHMFL has 73 offices across these four states.

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

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



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

- **Disbursements**

MRHMFL disbursed INR **175.14** Crores during the year as against INR 105.51 Crores in the previous year. MRHMFL disbursed loans of INR **136.29** Crores (previous year INR 87.45 Crores) for home purchase and renovation.

MRHMFL disbursed home loans to **1235** families (previous year 758 families) and the average home loan to individuals was maintained at INR 0.08 Crores.

MRHMFL disbursed loans of INR **30.09** Crores (previous year INR 16.56 Crores) for purchase of Non Residential Property/Commercial Property.

- **Loans**

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

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

During the year, MRHMFL's total outstanding loans increased to INR 413.34 Crores from INR 314.15 Crores, showing a growth of 31.57% as compared to the previous year.

MRHMFL's total outstanding home loans to individuals of INR 334.68 crores constitute 80.97% of the total outstanding loans. Loans to individuals for non-residential premises (NRP) of INR 66.80 Crores constituted 16.16% of the total outstanding loans. The outstanding loans to developers of INR 11.85 Crore constituted 2.87% 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 1.49 Crore towards Stage I loans and INR 2.59 Crore towards Stage II loans.

MRHMFL's Stage III loan assets as at March 31, 2023 were INR 2.88 Crores on which MRHMFL has made a provision of INR 0.74 Crores.



MRHMFL therefore carries a total provision of INR 4.82 Crores on its total assets as per IND AS 109.

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

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

MRHMFL's total borrowings as at March 31, 2023 of INR 291.60 Crores were within the permissible limit of RBI and NHB Directions.

MRHMFL's CAR as at March 31, 2023 was 38.53% as against prescribed limit of 15%. The Capital Adequacy on account of Tier I Capital was 28.21% while the Capital Adequacy on account of the Tier II Capital was 10.32%.

- **Risks & Concerns**

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

### **Asset Liability Management Committee [ALCO]**

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

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



## Credit Risk Management

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

The Company has recognized following risk mitigants:

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

## Operational Risk

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

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

The company has recognized following risk mitigants:

- **Task Segregation:** Effective segregation of tasks and duties reduces internal theft and risks related to fraud. This prevents one individual from taking advantage of the numerous aspects of transactions and business processes or practices.
- **Curtailing complexities in business processes:** Reducing complexity in different business processes radically mitigates operational risks. Curtailing manual activities and the number of people and exceptions that rise during the implementation of business processes is important.
- **Reinforcing organizational ethics:** Creating a strong ethical compass within the organization is highly effective in mitigating operational risks management. Organizational ethics can be reinforced by combining personal values and principles of the workforce with the ideology of the organization.

- **The right people for the right job:** Having the right people in the right jobs can reduce issues pertaining to business process execution and skill and technology usage. This also results in appropriate workforce utilization, adherence to timelines, enhanced quality, and fewer errors and process breakdowns.
- **Monitoring and evaluations at regular intervals:** Business processes are more effective with well-designed performance indicators in place. Key Performance Indicators (KPIs) are critical for timely detection and mitigation of risks, provided they are continuously monitored and reviewed. This helps to identify discrepancies proactively and manage them accordingly.
- **Periodic risk assessment:** Periodic assessments of all facets of operational risks bring more relief to organizational management. It is imperative to be risk-ready by gauging regulatory obligations, IT assets, skills, competencies, processes and business decisions.
- **Look back and learn:** Risk incidents and various remedial activities employed in the past make way for some of the most effective strategies to counter future risks. Previous risk occurrences help to implementing a stronger, proactive operational risk management framework. It also supports real-time amendments that suit the current operating scenario.

### **Market Risk**

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

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

- **Central Registry**

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



- **Internal Audit and Control**

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

MRHMFL has robust internal audit programme, where the internal auditors, an independent firm of chartered accountants, conduct a planned 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, 2023 are:

- ❖ Profit before tax grew by 30.20% and Profit after tax grew by 29.66% as against the previous year.
- ❖ Current year tax provision amounted to INR 1.75 Crore as compared to INR 1.32 Crore in the previous year. The effective income tax rate for the current year was 21.60% against 21.28% in the previous year.
- ❖ Pre-tax return on average assets was 2.42% in the current year as against 2.17% in the previous year. Post-tax return on average assets was 1.90% as against 1.69% in the previous year.
- ❖ The Earnings Per Share (Basic) was INR 2.99 for the current year against INR 2.31 for the previous year.

- **Human Resource**

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



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

- **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

### **ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES** **[Pursuant to clause (o) of Sub-Section 3 of Section 134 of the Act and Rule 9 of the** **Companies (Corporate Social Responsibility) Rules, 2014]**

#### **1. Brief outline on the CSR Policy of the Company:**

Corporate Social Responsibility is a Company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large.

MAS Group has always been actively involved in various **C**orporate **S**ocial **R**esponsibility (CSR) activities. We are committed to make a difference by placing priority on giving back to our community and believe that businesses can only be successful when they are engaged in making the world a better place.

During the year, the Company has undertaken various initiatives in the area of Education.

#### **2. Composition of CSR Committee:**

Not Applicable, as the amount spent under CSR is less than Rs. 50 Lakh.

#### **3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**

Weblink of Company's CSR policy and CSR projects are provided below. However, Company has not constituted CSR Committee as the amount to be spent on CSR is less than Rs. 50 lakhs and accordingly company is not required to provide the weblink of composition of CSR Committee.

Composition of CSR Committee : [Not Applicable](#)  
Company's CSR Policy : [www.mrhmfl.co.in](http://www.mrhmfl.co.in)  
CSR Projects' : [www.mrhmfl.co.in](http://www.mrhmfl.co.in)

#### **4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable**

#### **5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable**

6. Average Net Profit of the Company as per Section 135(5): Rs. 3,93,31,339.00/-

7. (a) Two percent of average net profit of the company as per section 135(5): Rs. 7,86,626.78/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 7,86,626.78/-

8. (a) Details of CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
7,86,772	Not Applicable		Not Applicable		

(b) Details of CSR amount spent against Ongoing Projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/No)	Location of the Project		Project Duration	Amount allocated for the project (in Rs. Crores)	Amount spent in the current financial Year (in Rs. Crores)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs. Crores)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration Number
Not Applicable												



**(c) Details of CSR amount spent against other than Ongoing Projects for the financial year:**

Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local Area (Yes/No)	(5) Location of the Project		(6) Amount spent for the project (in Rs.)	(7) Mode of Implementation – Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	MAS Shiksha Abhiyan	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Gujarat	Ahmedabad and Gandhinagar	786772	Yes	Not Applicable	
<b>TOTAL</b>						786772			

**(d) Amount spent in Administrative Overheads: Rs 5,000/-**

**(e) Amount spent on Impact Assessment, if applicable: NA**

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 7,86,772.00/-**

**(g) Excess amount for set-off, if any: NA**



**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of Transfer	
<b>Not Applicable</b>							

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed /Ongoing.
<b>Not Applicable</b>								

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): NA**

- Date of creation or acquisition of capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).



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**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5): Not Applicable**

**Kamlesh Gandhi**

Chairman & Managing Director

DIN: 00044852

**Date : May 3, 2023**

**Place : Ahmedabad**



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## ANNEXURE B TO DIRECTORS' REPORT

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023 [Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Key Managerial Personnel) Rules, 2014]

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

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

Based on my verification of the records of MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent , in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and record maintained by MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED (CIN: U74900GJ2007PLC051383) for the financial year ended on March 31, 2023 according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made there under;
  - ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
2. The provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:
  - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;



- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - v. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and
  - vi. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - vii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
3. Other laws as applicable specifically to the Company:
- i. Reserve Bank of India Act, 1934.
  - ii. National Housing Bank (NHB) Act, 1987;
  - iii. Housing Finance Companies (NHB) Directions, 2010;
  - iv. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (w.e.f. February 17, 2021)
4. The provisions and guidelines prescribed under the Securities Contracts (Regulation) Act, 1956 ('SCRA') and rules made there under were **not applicable** to the Company during the Financial Year under report.
5. The provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings were **not applicable** to the Company during the Financial Year under report.
6. I have also examined compliance with the applicable clauses of the following:
- i. Secretarial Standards issued by The Institute of Company Secretaries of India.

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

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



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I further report that

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

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

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

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

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

Place : Ahmedabad  
Date : May 3, 2023

Signature:  
Name of Practicing Company Secretary: Parth P Shah  
FCS No. : 11871  
C P No. : 18640  
Peer Review Certificate No.: 1949/2022  
UDIN: F011871E000243091

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



## ANNEXURE-A to MR-3

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

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

### MANAGEMENT RESPONSIBILITY:

- I. Maintenance of secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively is the responsibility of the management of the Company. my responsibility is to express an opinion on these secretarial records based on my audit;
- II. I have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices i followed provide a reasonable basis for my opinion;
- III. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company, related party transactions figures and AS-18 disclosures of the Company provided to us or verified compliances of laws other than those mentioned above;
- IV. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis;
- V. I have obtained Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
- VI. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Ahmedabad  
Date : May 3, 2023

Signature:  
Name of Practicing Company Secretary: Parth P Shah  
FCS No. : 11871  
C P No. : 18640  
Peer Review Certificate No.: 1949/2022  
UDIN: F011871E000243091



## ANNEXURE C TO DIRECTORS' REPORT

### MRHMFL 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, 2023.**

SI No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MRHMFL Financial Services Limited (MFSL) Holding Company
b.	Nature of contracts / arrangements / transaction	Availing of Services
c.	Duration of the contracts / arrangements / transaction	One Year
d.	Salient terms of the contracts or arrangements or transaction including the value, if any.	MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities- Usage of commercial premises of MFSL, furniture's & fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly.
e.	Justification for entering into such contracts or arrangements or transactions.	MRHMFL is in requirement of the premises, assets and infrastructure which is available with MFSL. So, to fully utilise the premises, MRHMFL has requested MFSL to provide several amenities, services, facilities- Usage of commercial premises for carrying on business smoothly.
f.	Date of approval by the Board	August 3, 2022
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	HAAS Financial Services Limited Holding Company
b.	Nature of contracts/arrangements/transaction	Availing of Services
c.	Duration of the contracts/arrangements/transaction	Two Years
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	MRHMFL appoints MFSL as recovery agent to collect outstanding instalments and other dues from its customers and MFSL in consideration accepts appointment and agrees to provide the said service under the terms and conditions as set forth.
e.	Justification for entering into such contracts or arrangements or transactions.	MRHMFL is in requirement of services for recovery of dues from customers at its various branches and MFSL has network executives at its various branches. So, to avail its services, MRHMFL has requested MFSL to provide services of recovery agent.
f.	Date of approval by the Board	February 3, 2021
g.	Amount paid as advances, if any	No such amount was paid as advances.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.





Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MAS Financial Services Limited Holding Company
b.	Nature of contracts/arrangements/transaction	Availing of Services
c.	Duration of the contracts/arrangements/transaction	One Year
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	The Executive Management of MAS Financial Services Limited will share several intellectual services to MAS Rural Housing & Mortgage Finance Limited to carry out the Operations of the Company effectively. Since the remuneration for their services is paid by MAS Financial Services Limited and considering various parameters to look in to the activities of the Company, MRHMFL will pay an amount decided by the Board of Directors as Cross Charge payment to share the Cost of Remuneration of the Executive Management.
e.	Justification for entering into such contracts or arrangements or transactions.	MRHMFL is in requirement of various intellectual services of the Executive Management of MAS Financial Services Limited to carry out the Business Operations of the Company effectively considering various parameters to look in to the activities of the Company.
f.	Date of approval by the Board	April 27, 2022
g.	Amount paid as advances, if any	No such amount was paid as advances.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.



Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MAS Financial Services Limited Holding Company
b.	Nature of contracts/arrangements/transaction	Providing Services
c.	Duration of the contracts/arrangements/transaction	One Year
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	MRHMFL is appointed as a servicer to collect and receive payments in respect of the Receivables and the Assigned Assets, and to provide certain other services.
e.	Justification for entering into such contracts or arrangements or transactions.	MAS Financial Services Limited is in requirement of a Service Provider who can collect and receive payments in respect of the Receivables on behalf of MAS Financial Services Limited.
f.	Date of approval by the Board	April 27, 2022
g.	Amount paid as advances, if any	No such amount was paid as advances.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.



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

<b>SI No.</b>	<b>Particulars</b>	<b>Details</b>
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  
**MAHARASHTRA RURAL HOUSING & MORTGAGE FINANCE LIMITED**

**Date** : May 3, 2023

**Place** : Ahmedabad

**KAMLESH C. GANDHI**  
**CHAIRMAN & MANAGING DIRECTOR**  
**DIN: 00044852**



## ANNEXURE D

### POLICY ON RELATED PARTY TRANSACTIONS

#### **1) Prelude**

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

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

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

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

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

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

#### **2) Objective of the Policy**

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

### **3) Applicability and Legal Framework**

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

### **4) Definitions**

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

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

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

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

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

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

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

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

### **7) Approval of Related Party Transactions**

#### **a) Prior Approval of Audit Committee**

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



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

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

- a) The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The criteria for making omnibus approval shall include the following which shall be approved by the Board:-
  - i) Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.
  - ii) The maximum value per transaction which can be allowed.
  - iii) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
  - iv) Review, at such interval as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each of the omnibus approval made.
  - v) Transactions which cannot be subject to the omnibus approval by the Audit Committee.

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

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

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

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

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

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

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

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

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

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

#### **c) Approval of the Shareholders of the Company:**

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



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## **8) Disclosures**

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

## **9) Related Party Transactions not approved under this Policy**

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

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## NOTICE

**NOTICE** is hereby given that the Sixteenth (16<sup>th</sup>) Annual General Meeting (AGM) of the members of **MRHMFL** Rural Housing & Mortgage Finance Limited will be held at 11:00 am, on Wednesday, the 7<sup>th</sup> day of June, 2023 at 5<sup>th</sup> 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, 2023 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 Mrs. Darshana Pandya, (DIN 07610402), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers herself for re-appointment.

**By order of the Board**

Place : **Ahmedabad**  
Date : **May 3, 2023**

**Darshil Hiranandani**  
**Company Secretary**  
**(A47986)**



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**NOTES:**

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

**The proxy form, to be valid and effective, should be lodged at the registered office of the Company, duly completed and signed, not less than forty-eight hours before the commencement of the AGM.**

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carry voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

Subject to the provisions of Section 126 of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the AGM, will be dispatched/remitted commencing on or after June 7, 2023.

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.

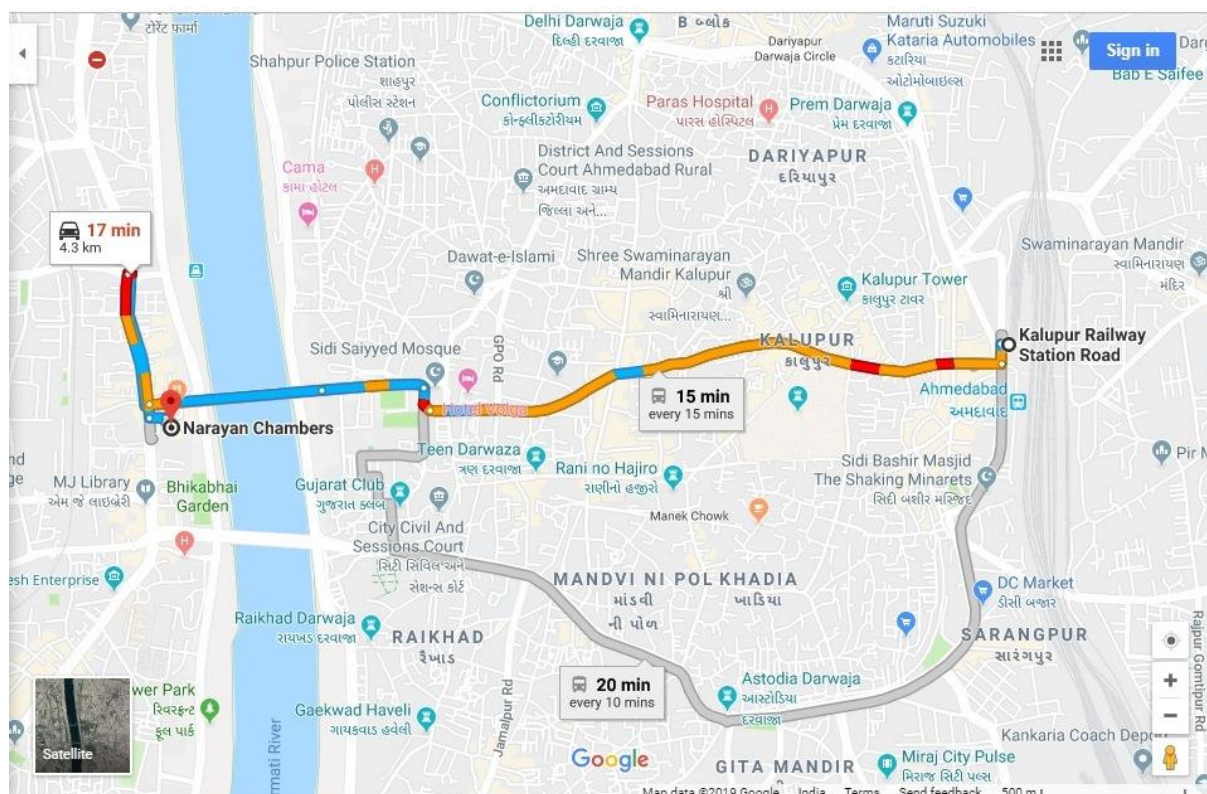
The Notice and the Annual Report of the Company for the financial year 2022-23 are being sent to the Members in accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014.

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 2022-23 of the Company is also available on the Company's website at [www.mrhmf.com](http://www.mrhmf.com)

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 **MRHMFL** Rural Housing & Mortgage Finance Limited, holding \_\_\_\_\_ shares, hereby appoint

- Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him;
- 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 16<sup>th</sup> Annual General Meeting of members of the Company, to be held on Wednesday, June 7, 2023 at 5<sup>th</sup> 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, 2023.
2.	To declare dividend on equity and preference shares.
3.	To appoint a Director in place of Mrs. Darshana Pandya, (DIN 07610402), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers herself for re-appointment.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Affix  
Revenue  
Stamp

Signature of Shareholder:

Signature of Proxy holder(s):



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**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 16<sup>th</sup> 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 – 16<sup>th</sup> 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 SIXTEENTH ANNUAL GENERAL MEETING of the Company at Wednesday, June 7, 2023 at the 5<sup>th</sup> 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.