

34th

Annual Report 2019 - 2020



Manipal Housing Finance Syndicate Ltd.

Regd. Office: Manipal House, Manipal – 576 104, Karnataka



Network of Branches

Manipal: Manipal House, Manipal – 576 104
Bangalore: Unit No. N – 116, Manipal Centre
North Block, Dickenson Road, Bangalore – 560 042

Mangalore: Ideal Towers, D.No.13-1-25/39
1st Floor, Opp. Sharavu Mahaganapathi Temple
Sharavu Temple Road, Mangalore – 575 001

Udupi: Maruthi Veethika, II Floor,
New Vyavahar Complex, Udupi – 576 101

Hyderabad: Flat No. 101, Gayathri Plaza
Mettuguda, Secunderabad – 500 017

Chennai: Gemini Parson – Commercial Complex,
Ground Floor, D-6, No. 1,
Kodambakkam High Road, Chennai – 600 006

Mumbai: 3, Priyotama Sahanivas,
Prarthana Samaj Road, Vile Parle (E),
Mumbai – 400 057

Car Street: Shop No. 201, First Floor,
Ideal Towers, Opp. Sharavu Mahaganapathi Temple
Mangalore, D.K. District – 575 001

B C Road: First Floor, SR Complex, NH 75,
BC Road, Jodumarga, D.K. District – 574 219

Surathkal: Shop No. S-209, 1st Floor, Suma Tower
MRPL Road, Surathkal – 575 014

Kankanady: Bye-pass Road
Kankanady, D.K. District – 575 002

Maruthi Veethika: First Floor, “Vyavahar 1001”
Maruthi Veethika Road, Near Chittaranjan Circle
Udupi District – 576 101

Kundapura: Shop No. 3, First Floor, Yediyal
Complex, Near Old Bus Stand, Kundapura
Udupi District – 576 201

Yeshwanthpur: Shop No. 3, First Floor, Jai Complex
Triveni Road, Yeshwanthpur, Bangalore – 560 022

Chamarajpet: First Floor, Gowramma Govindraju
Complex, 134/1, 4th Main Road, 9th Cross
Chamarajpet, Bangalore – 560 018

K R Market (Sunkadakatte): First Floor
Gangadarappa Building, 119 Magadi Main Road
Sunkadakatte, Near K. R. Market, Bangalore

Vittal: 1st Floor, Puttur Road
Near Bus Stand, Vittal
D.K. District – 574 243

Hebri: Shop No. 5, First Floor, Ramanath Complex
Main Road, Opp. Bus Stand, Hebri – 576 112

Srinivasnagar: Shop No. 3, First Floor
341/A, 80 Ft Road, Opp. Bank Colony Bus Stand
Srinivasnagar, Banashankari 1st Stage
Bangalore – 560 050

Moodabidri: Shop No. F-5, First Floor
Panchami Apartments, Market Road, Behind Market
Moodabidri, D.K. District – 574 227

Kamakshipalya: Shop No. 3, First Floor
Jayalakshmi Complex, Magadi Main Road
Near Ganesh Temple, Kamakshipalya
Bangalore – 560 079

Sullia: Shop No. 5, First Floor, Honesty Building
Main Road, Balemakki, Sullia – 574 239

Kadaba: Shop No. 4, 1st Floor, Sri Ram Towers Main Road,
Near Sri Durgambika Amma Temple, Kadaba
D. K. District – 574 221

Bhatkala: Shop No. 32, 1st Floor, Mahale Building, Sagar
Road, Near Samshuddin Circle, Bhatkal
U.K. District – 581 320

Bajpe: 1st Floor, Britto's First, Main Road
Opp. Bus Stand, Bajpe - 574 142

Periya Patna: Shop No. 8, First Floor
L. M. Complex, B. M. Road, Near KSRTC Bus Stand
Periya Patna, Mysore District – 571 107

Janata Nagar: First Floor, 1133,
Sahukar Chennaiah Road, Near Bisilu Maramma Circle,
Janatha Nagar, Mysore – 570 009

Kushal Nagara: Shop No. 1, First Floor
Taanya Lakshmi Building, Rathabeedi
Near Govt. Hospital, Kushal Nagara
Kodagu District – 571 234

Hebbala: Shop No. 3, 1st Floor, Srinivas Complex
Vijaya Nagar Main Road, Near Abhishek Circle
Hebbal, Mysore Dist. – 570 017

K. R. Nagara: Ground Floor, Laxmi Narayana Nilaya,
No. 17, Mysore Road, Near Police Station, K. R. Nagar
Mysore – 571 602

Kengeri: Shop No. 2, First Floor, 118/2,
Mysore Road, Fort Kengeri, Kengeri
Bangalore Dist. – 560 060

Saligrama: 1st Floor, Mahaveer Nilaya,
Mahaveer Road, Opp. Bus Stand
Saligrama, Mysore – 571 604

Mudipu: First Floor, P. K. Towers
Vittal – Mangalore Road, Opp. Mudipu Bus Stand Mudipu,
D.K. Dist., Karnataka – 574 153

Virajpet: Shop No. 2, 1st Floor, Sathyanarayana Complex,
Main Road, Opp. Indian Bank, Virajpet
Kodagu District, Karnataka – 571 218

Shimoga (Durgigudi): 2nd Floor, Sri Rama Complex
Main Road, Opp. Market, Gandhi Bazar
Shimoga Dist. – 577 202

Honnali: Shop No. 2 & 3, 1st Floor
Janani Complex, Sarvarikeri Road, Near Bus Stand
Honnali, Davanagere Dist., Karnataka – 577 217

Hunsur: No. 1825, Katha No. 1326/1825/1
First Floor, BM Road
Near Hunsur Bus Stand, Mysore



BOARD OF DIRECTORS

Chairman

Sri N. A. Shanbhag

Directors

Mrs. Vijayalaxmi N. Pai

Sri B. Ganapathi Pai

Sri P. Palanisamy – Nominee – Syndicate Bank (up to 21.08.2019)

Sri V. M. Giridhar – Nominee – Syndicate Bank (up to 21.08.2019)

Sri K. Srinivas Rao

Sri Daljeet Singh Bedi

Executive Director

Sri T. Sunil Pai

General Manager

Dr. K. K. Ammannaya

Deputy General Manager

Sri N. Ashok

C.F.O.

Sri Gopalakrishna Bhat

Auditors

M/s A. Krishna Kumar & Co.

Chartered Accountants

Rehman Complex

Near Kana Masjid

Kana, Surathkal

Mangaluru – 575 014

Bankers

1) Syndicate Bank, 2) Canara Bank, 3) HDFC Bank, 4) State Bank of India, 5) ICICI Bank Ltd., 6) Karnataka Bank Ltd., 7) Bank of Maharashtra, 8) Indian Overseas Bank, 9) Bank of Baroda, 10) Union Bank of India, 11) Federal Bank, 12) Oriental Bank of Commerce, 13) Security Trustees for the Public Deposits – Canara Bank

Registered Office

MANIPAL HOUSE, MANIPAL – 576 104 (UDUPI), KARNATAKA

Phone : (0820) 2570741 ISIN No.: INE03Y801013

Website : www.manipalhousing.com

CIN No. : U65922KA1986PLC007396

Contents	Page
NOTICE	2
DIRECTORS' REPORT	6
AUDITORS' REPORT	15
BALANCE SHEET	18
PROFIT & LOSS ACCOUNT	19
NOTES	20
DISCLOSURES REQUIRED BY NHB	31

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 34th Annual General Meeting of the Members of Manipal Housing Finance Syndicate Limited will be held on Monday, the 28th September, 2020 at 11.00 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2020, statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To confirm the payment of interim dividend on Cumulative Redeemable Preference Shares and on equity dividend on the Equity Shares for the Financial Year ended March 31, 2020.
3. To appoint a Director in place of Smt. Vijayalaxmi N. Pai (DIN: 00101662), who retires by rotation, and being eligible offers herself for reappointment.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"Reappointment of Mr. T. Sunil Pai as Executive Director for a period of 5 (Five) Years"

"RESOLVED THAT pursuant to the provisions of the Section 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (The Act) and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and in terms of Articles of Association of the Company, Mr. T. Sunil Pai, be and is hereby reappointed as Whole-Time Director in the designation of Executive Director of the Company for a further period of 5 years with effect from 15th December, 2019 on the terms set out herein below:

- I. The Executive Director shall be vested with substantial power of management of the day to day affairs of the Company and he shall exercise the said powers under the superintendence and control of the Board of Directors or Committee of Directors.
- II. Salary – ₹30,000/- per mensem in the scale of ₹30,000/- to ₹75,000/- and annual/periodical increments will be subject to the approval of the Board of Directors.
- III. Perquisites, Benefits etc.
 - a. Bonus – at the rate as decided and paid or made applicable for payment to other employees by the company from time to time.
 - b. Reimbursement of Expenses incurred in connection with Gas, Water, Electricity and Furnishing of the accommodation which will be evaluated in accordance with Income Tax Rules and subject to the limits prescribed under Schedule V to the Companies Act, 2013.
 - c. Medical reimbursement – reimbursement of expenses incurred by the Executive Director and his family, subject to a ceiling of one month's salary in a year or three month's salary over the period of three years.
 - d. Leave Travel Concession to Executive Director and his family, once in a year – 1st Class A.C railway fare or air fare to the extent of 4,000 kms.
 - e. Leave with full pay and allowance in accordance with the rules of the Company.
 - f. Fees of the clubs subject to a maximum of two clubs.
 - g. Personal accident insurance of an amount, premium in respect of which shall not exceed ₹4,000 per annum.
 - h. Provident Fund – Company's contribution to the extent of 12% of his salary and gratuity at such rates not exceeding of ½ month's salary for each completed year of service.
 - i. Car for use on Company's business and telephone at residence. Personal long distance calls and use of car for private purposes shall be billed by the Company.

Note: The perquisites shall be valued as per the Income Tax Act and at cost wherever Income Tax Act is not applicable.

IV. General:

- a) The Whole-time Director will perform his duty as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- b) The Whole-time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of Directors.
- c) The Whole-time Director shall satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his reappointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

RESOLVED FURTHER THAT in the absence of or inadequacy of net profit in any financial year remuneration payable to Mr. T. Sunil Pai, shall be governed by Section II of the Part II of Schedule V of the Act or any statutory modification thereof.

RESOLVED FURTHER THAT the aforesaid terms shall be deemed to be the extract of the terms and conditions of the contract of employment between the company and Mr. T. Sunil Pai.

RESOLVED FURTHER THAT Mr. T. Sunil Pai shall not be paid any fees for attending the meetings of the Board or Committees so long as he holds the position of Whole-time Director.

RESOLVED FURTHER THAT Mr. T. Sunil Pai shall not, while he continues to hold office as Whole-time Director be liable to retire by rotation as a Director of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Act".

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

Reappointment of Sri N. A. Shanbhag as Independent Director for a further period of 5 years.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Sri N. A. Shanbhag (DIN: 07157128), who holds office of Independent Director up to 13th August, 2020 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member, signifying his intention to propose Mr. Shanbhag's candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 14th August, 2020 upto 13th August, 2025.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

Reappointment of Sri B. Ganapathi Pai as Independent Director for a further period of 5 years.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with



Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Sri B. Ganapathi Pai (DIN: 07209943), who holds office of Independent Director up to 13th August, 2020 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member, signifying his intention to propose Mr. Pai's candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 14th August, 2020 upto 13th August, 2025."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

By Order of the Board

Registered Office:
"Manpal House"
Manpal – 576 104
5th August, 2020

Sd/-
(N. A. Shanbhag)
Chairman
DIN: 07157128

Notes:

1. In view of the outbreak of the COVID-19 pandemic, social distancing norms and pursuant to the General Circular No. 14/2020, 17/2020 and 20/2020 dated April 08, 2020, April 13, 2020 and May 05, 2020, respectively, issued by the Ministry of Corporate Affairs (collectively "MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") read with and in compliance with the applicable provisions of the Companies Act, 2013, the 34th Annual General Meeting ("AGM") of the Company is being held through VC/OAVM Facility, which does not require physical presence of Members at the venue. The proceedings of the 34th AGM shall be deemed to be made at the Registered Office of the Company situated at "Manpal House", Manpal, Udupi District, Karnataka - 576104, India (deemed venue for the AGM).
2. Corporate Members intending to attend the meeting through VC/OAVM are requested to send a scanned copy of the certified true copy of Board Resolution / Power of Attorney from the Corporate Member's registered email address authorising their representatives to attend the AGM on their behalf, at the email ID, investorrelations@manipalhousing.com. Further, the Corporate Members are requested to also state the Client ID/DP ID in which the Company's shares are held.
3. Members holding shares in physical form can avail the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and rules made thereunder, with the Company. Members holding shares in demat form may contact their respective Depository Participant(s) for availing this facility.
4. All the relevant documents referred in this Notice shall be available for inspection by the Members upto the date of 34th Annual General Meeting electronically and the Member(s) may send a request for inspection of documents to the Company (Email ID: investorrelations@manipalhousing.com) and mention the details of Folio No. or Client ID/DP ID wherein the shares of the Company are held by the Member(s).
5. **General Instructions for accessing and participating at the 34th AGM through Electronic Means (VC/OAVM)**
 - i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
 - ii. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 - iii. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
 - iv. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
 - v. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.manipalhousing.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
 - vi. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
6. **The instructions for Shareholders for Remote E-Voting are as under**
 - (i) The voting period begins on 25.09.2020 10.00 a.m. and ends on 27.09.2020 upto 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 21.09.2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iv) Click on "Shareholders" module.
 - (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 - (vi) Next enter the Image Verification as displayed and Click on Login.
 - (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.



(viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.
7. Process for those Shareholders whose Email Addresses are not registered with the Depositories for obtaining Login Credentials for E-Voting for the Resolutions proposed in this notice:
- For Physical shareholders – please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
 - For Demat shareholders – please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.
 - The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.
8. **Instructions for shareholders attending the AGM through VC/OAVM are as under:**
- Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
 - Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
 - Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 - Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 - Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 48 hours prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 (seven) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably.
 - Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.
9. **Instructions for shareholders for e-voting during the AGM are as under:-**
- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
 - Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
 - If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
 - Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
10. **Note for Non-Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdsindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdsindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.



- vi. Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorized to vote, to the Scrutiniser and to the Company at the email address viz; investorrelations@manipalhousing.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
11. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager (CDSL), Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.
12. Since the 34th AGM shall be held through VC/OAVM facility only and physical presence of the Members at the venue is not required, the route map is not annexed to this Notice.
13. The register of members and Share Transfer Book will remain closed from Thursday, 24th September, 2020 to Monday, 28th September, 2020 (both days inclusive) in connection with 34th Annual General Meeting.

Explanatory Note pursuant to Section 102(1) of the Companies Act, 2013

The following Explanatory Statements, as required under Section 102 of the Companies Act, 2013, set out all material facts relating to the business under Item Nos.4, 5 and 6 of the accompanying Notice dated 05.08.2020.

Item No. 4

The Board at its meeting held on 09.12.2014 reappointed Sri T. Sunil Pai as Executive Director of the Company for a period of 5 years with effect from 15th December, 2014 and the same was approved by the members at the Annual General Meeting held on 13th August, 2015. Accordingly his term of office as Executive Director will expire on 14th December, 2019.

The Board in its Meeting held on 14.12.2019, reappointed Sri T. Sunil Pai as Executive Director for a further period of 5 years with effect from 15.12.2019 upon the terms of remuneration as set out in Resolution No. 4, subject to obtaining necessary approval from the shareholders in this behalf in the Annual General Meeting. His reappointment as Executive Director for a further period is beneficial in the interest of the Company.

Hence, the resolution in item No. 4 of the Notice is being proposed for the consideration of the members. The details of the remuneration payable to him incidental to his reappointment are set out in the resolution. The same may also be treated as an abstract of the terms and conditions of his reappointment required to be circulated to the members.

The Board recommends that this resolution may be passed.

Sri T. Sunil Pai, Executive Director is concerned/interested in the resolution in so far as it entitles him to salary, commission and other perquisites referred to in the resolution.

Smt. Vijayalaxmi N. Pai, mother of Sri T. Sunil Pai is also deemed to be concerned/interested in the resolution.

Item No. 5 and 6

In respect of item No. 5 and 6, Sri N. A. Shanbhag and Sri B. Ganapathi Pai were appointed as Independent Directors of the Company pursuant to Section 149 of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014, by the Shareholders at the 29th Annual General Meeting held on 13th August 2015 to hold office upto 13th August 2020 ("first term" as per the explanation to Section 149(10) and 149(11) of the Act). After taking into account the performance evaluation of these Independent Directors, during their first term of five years and considering the knowledge, acumen, expertise and experience in their respective fields and the substantial contribution made by these Directors during their tenure as an Independent Director since their appointment, has recommended to the Board that continued association of these Directors as an Independent Directors would be in the interest of the Company. Based on the above, the Nomination & Remuneration Committee and the Board has recommended the reappointment of these Directors as Independent Directors on the Board of the Company, to hold office for the second term of five consecutive years commencing from 13th August 2020 and not liable to retire by rotation. The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Sri N. A. Shanbhag and Sri B. Ganapathi Pai for their appointment to the office of Independent Directors. Brief profile of the above Independent Directors are as under.

Sri N. A. Shanbhag:

Sri N. A. Shanbhag, MA LLB, started his career as a Lecturer in Economics in Goa in 1970. He joined Syndicate Bank as an Economist in the year 1971. After working for 36 years in various responsible positions in Syndicate Bank, he retired as General Manager – In-charge of Bangalore Region, one of the biggest Regions of the Bank. He had the privilege of heading the prime regions of Syndicate Bank viz. Mumbai, Delhi, Chennai and Bangalore as well as the Regional Inspectorate at Kolkata. He was a convener of the SLBC (State Level Bankers' Committee) of Karnataka from 2004 to 2007 having membership of as many as 62 participating Banks in the State. On his retirement from Syndicate Bank, he joined National Housing Bank as an Advisor and worked in that capacity from 02.05.2008 to May 2014. He gained valuable experience in NHB in different areas of housing finance and re-finance operations. Sri Shanbhag also published several articles and write-ups in Economic and financial dailies such as, Financial Express, the Hindu, IBA Bulletin, Giant, etc. The company has received a notice in writing from a member along with deposit of requisite amount under Section 160 of the Companies' Act, proposing the candidature of Sri N. A. Shanbhag for the office of Director of the company.

Sri B. Ganapathi Pai

Sri B. Ganapathi Pai has earlier experience in the area of housing finance. Sri B. G. Pai is a Graduate in Commerce, LLB, FIIA. He joined LIC of India in 1957 and worked in that organisation in various capacities till 31.3.1995 when he retired as Divisional Manager Incharge of Personnel & Industrial Relations at Divisional Office, LIC of India at Udupi. He has relevant experience in the LIC of India as Assistant Secretary Incharge of Legal and House Property Finance in the Zonal Office, Chennai. He also worked in Manipal Housing Finance Syndicate Limited as Senior Manager for 5 years from 1996 to 2001. Presently, he is an IRDA approved faculty for conducting training programme for insurance agents of private insurance companies.

The above Directors have given a declaration to the Board that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. In terms of proviso to sub-section (5) of Section 152, the Board of Directors is of the opinion that Sri N. A. Shanbhag and Sri B. Ganapathi Pai fulfils the conditions specified in the Act for their appointment as an Independent Directors. The Company has also received the consent in writing to act as Director, intimation that they are not disqualified under Section 164(2) of the Companies Act, 2013.

The Board recommend the Resolutions for reappointment of the Independent Directors at item Nos. 5 and 6 as Special Resolutions of this notice for your approval.

Sri N. A. Shanbhag and Sri B. Ganapathi Pai are concerned or interested in the resolutions of the accompanying notice relating to their own appointment.

None of the other Directors, Key Managerial Personnel and relatives thereof are concerned or interested in the Resolutions at item nos. 5 and 6.

By Order of the Board

Registered Office:
"Manipal House"
Manipal – 576 104
5th August, 2020

Sd/
(N. A. Shanbhag)
Chairman
DIN: 07157128

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting their 34th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2020.

1. Results of our operations:

The following table brings out the financial performance of the Company during the F.Y, 2019-2020:

Particulars	2019-2020 (₹)		2018-2019 (₹)	
Gross Income		56,19,70,026		51,51,93,104
Profit Before Interest and Depreciation		49,59,17,719		46,00,99,896
Finance Charges		37,36,54,768		33,85,80,803
Provision for Depreciation		38,24,402		36,31,942
Profit before Tax		11,84,38,549		11,78,87,151
Tax expenses:				
Current Income Tax	2,70,00,000		2,70,00,000	
Income Tax earlier year's provision	(53,422)		(3,91,125)	
Deferred Tax Adjustments	(6,20,914)	2,63,25,664	52,83,779	3,18,92,654
Net profit after Tax		9,21,12,885		8,59,94,497
Balance of Profit brought forward		30,25,66,971		24,76,46,418
Balance available for appropriation		39,46,79,856		33,36,40,915
Transfer to Special Reserve		1,73,00,000		1,59,00,000
Transfer to General Reserve		-		87,00,000
Reserves in terms of Sec.29 of NHB Act, 1987		12,00,000		13,00,000
Interim Dividend on Preference Shares		8,89,700		8,89,700
Dividend Distribution Tax on pref. Dividend		1,82,880		1,82,880
Final dividend for the year ending 31.03.2019		42,52,575		34,02,060
Tax on Equity Dividend for the year ending 31.3.2019		8,74,129		6,99,304
Interim Equity Dividend for the year end 31.3.2020		42,52,575		-
Tax on Equity Dividend for the year end 31.3.2020		8,74,127		-
Surplus carried to Balance Sheet		36,48,53,870		30,25,66,971

2. Economic Scene:

The rapid out-break of Corona Virus has brought about an alarming health crisis in the world. India too is facing severe health crisis that the Central and State Government are grappling with.

The economic impact of COVID-19 Pandemic in India has been universally disruptive. The Pandemic along with the lockdown enforced in India for containing the spread of the Virus have had negative impact on all sectors of the economy. The World Bank and Rating Agencies had initially revised India's growth for the fiscal 2021 with lowest figures India has seen in 3 decades since India's economic liberalisation in 1990's. Consequent on the extensive spread of COVID-19 in India, World Bank and Rating Agencies have further revised the growth forecast for the fiscal year 2021 to negative figure. India has also seen jump in unemployment from 6.7% to 26%. During the lockdown period about 14 Crore people lost employment while salaries were cut for many others. More than 45% of households across the country have reported an income drop as compared to the previous year.

The Housing Finance Sector has also seen widespread disruption on account of Pandemic and the lockdown that was implemented for a prolonged period. Retail lending including lending for housing which happens to be one of the key drivers of disbursement growth in Banks and Financial Companies was severely impacted because of the decline in demand for consumption and other assets including housing assets. Reduced off take of loans under the recessionary market conditions and cautious customer outlook have considerably reduced demand for loans. Even the recently released RBI Financial Stability report has acknowledged the severe overhang of macro-economic risks on the stability of domestic financial sector with global and domestic economy on a contraction mode in the near term due to persistent disruption from Covid 19, the recovery in domestic demand is bound to be slow and gradual, translating to a resurgence of credit stress. The slow down in pre Covid quarters and the disruptions during the outbreak and spread of Covid 19 and lockdown, credit growth of Banks and Financial companies including HFCs has severely moderated. The moratorium announced by the Reserve Bank of India as a part of the COVID 19 Relief Package has also created cash flow issues for financial companies and housing finance companies. It has been a challenge for these companies to strike the right balance between continuity of repayment cash flows and extending moratorium to the borrowers who sought the same. There is also a potential risk of defaults and consequent increase in NPAs unless necessary and effective measures are initiated to avert such a situation.

No doubt, the Government of India has announced relief measures for tackling the situation. The Reserve Bank of India has also announced a number of measures to assist the financial system. However, despite all these measures, the recessionary conditions which stand intensified on account of COVID-19 and the lockdown are bound to continue for a few quarters to come. This will curtail business expansion, growth of earnings and profitability for the Banks and Financial Institutions including Housing Finance Companies.

In spite of the dismal economic scene and bleak prospects, your company will strive hard to avail the business opportunities that may crop up from time to time in future and build up business volumes gradually.

3. Financial Performance:

Your Directors are pleased to report that in spite of continued recessionary conditions in the economy and declining GDP growth during the year, the company was able to show satisfactory financial performance and business growth during the year 2019-2020.

The total income during the year was ₹ 56.20 Crores. The company could achieve Profit After Tax of ₹9.21 Crores as against the profit of ₹8.60 Crores in the previous year. The net profit thus increased by ₹61 Lakhs with percentage increase of 7.02%.

Total loan sanctions during the year ended 31st March, 2020 amounted to ₹ 185.51 Crores. Disbursements of loans during the year amounted to ₹174.96 Crores and outstanding loans stood at ₹460.55 Crores.

Performance during past five years:

We are providing herbelow a bird's eye view of the performance of the company during the period from March 2015 to March 2020 on vital fronts such as total business, gross income, net profit, net worth, CRAR, NIM and net NPAs:

Particulars	₹ in Crores)			
	31.03.2015	31.03.2020	Increase/Decrease	
Total business	332.81	481.32	148.51	
Gross Income earned	44.71	56.20	11.49	
Net profit	4.82	9.21	4.39	
Net Owned Funds	45.03	72.87	27.84	
CAR (%)	20.53	23.43	2.90	
NIM (%)	3.82	3.80	-0.02	
Net NPA (%)	0.73	0.89	0.16	

The above table succinctly brings out the progress achieved by the Company during the last five year period under the above important parameters for the information of stakeholders.

The report of the Board on Management Discussion and Analysis on Housing Sector and Financial Performance and other matters relating to housing sector are presented elsewhere.

A. Regulatory and Statutory Compliances:

The Company has complied with the Housing Finance Companies (NHB) Directions, 2010 and other directions/guidelines prescribed by NHB regarding deposit acceptance, accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, credit rating, corporate governance, information technology framework, fraud monitoring, concentration of investments, capital market exposure norms, know your customer and anti-money laundering.

The National Housing Bank (NHB) has reduced the overall borrowing limits of housing finance companies (HFCs). As against earlier overall limit of sixteen times of Net Owned Funds (NoF), the HFCs will now be required to reduce their borrowings in a staggered manner i.e. a maximum of fourteen times of NoF for FY 2019-20, thirteen times of NoF for FY 2020-21 and twelve times of NoF for FY 2021-22. Similarly, the overall limit of public deposits has also been reduced from five times of NoF to three times of NoF. NHB has also lightened prudential norms for HFCs. The HFCs are now required to enhance capital adequacy ratio (CRAR) in a staggered manner over the three years i.e. minimum CRAR of 13% for FY 2019-20, 14% for FY 2020-21 and 15% for FY 2021-22 and thereafter, as against 12% of aggregate risk weighted assets earlier. The requirement of minimum tier I capital has also increased from 6% to 10%. These measures are aimed at strengthening the balance sheets of HFCs.

MHFSL has been giving utmost importance to compliances both statutory and regulatory. It has been the avowed policy of the company to scrupulously comply with the directions, guidelines and instructions of National Housing Bank. There is a compliance section headed by a senior officer, which attends to compliance on an on-going basis and ensures that the prescribed returns are submitted to NHB within the due dates fixed by NHB. MHFSL has adopted a Policy on Know Your Customer & Anti Money Laundering Measures for the Company based on NHB Guidelines vide their Policy Circular No.NHB/ND/DRS/Policy Circular No.94/2018-19 dated March 11, 2019. The Company has also revised ALM Policy by incorporating therein product pricing, maturity profile and incremental assets and liabilities and also Contingency Plan as per the NHB Directions. Revised policies on Information Technology and Jewel Loan were also adopted as per the NHB guidelines. The objective of IT policy is to maximise IT value and promote the most productive usage of IT products and services. The objective of Information Technology policy is to ensure that appropriate measures are put in place to protect corporate information and IT systems, services & equipment. Further, MHFSL has also revised the existing Investment Policy, incorporating therein the criteria for classifying investments into current and long term investments.

The company has also complied with the provisioning norms and fulfilled the provisioning requirements as per the NHB directions. As a measure of prudence, we have made extra provision of ₹71.00 Lakhs The Capital Adequacy Ratio was 23.43% as on 31.03.2020 as against the regulatory capital requirement of 13%.

The Net Owned Funds of the company as on 31.3.2020 stood at ₹72.87 Crores as against ₹64.79 Crores as on 31.3.2019. There was thus, an increase of ₹8.08 Crores in the Net Owned Funds, the percentage increase being 12.48%.

B. Resource mobilisation:

During the year, the Company continued its efforts at reducing the funding cost and average cost of funds. The company also continued its efforts at diversification of funding with a view to achieving an appropriate maturity structure and minimising the weighted average cost of borrowed funds. The major sources of funding presently comprise the following:

1) Term Loans: During the year, the company raised additional Term Loans at lower rates of interest from Banks to the extent of ₹53.50 Crores. The total outstanding Term Loans as on 31.3.2020 stood at ₹373.78 Crores. The Term Loans availed from different Banks have been for long terms of 10 years. This has helped the company in minimising the mis-match as between the maturities of loan assets and liabilities. Although the accent during the year 2019-2020 continued on getting rates of interest reduced by requesting banks and also by means of follow up with them there was some marginal increase in the rate of interest on some loans on account of implementation of the terms of loan agreement concerning reset of interest. However, MHFSL will continue its efforts at rate reduction whenever possible.

The term loans of the company have been rated by M/s Care Ratings and the Rating Agency has assigned "CARE BBB+ (CARE triple B Plus)" rating for the Bank liabilities.

2) Deposits: The aggregate amount of deposits of the company as on 31.3.2020 were ₹21.01 Crores as against the figure of ₹21.02 Crores as on 31.3.2019. The company has plans to mobilise additional deposits of about a couple of Crores of rupees in FY 2020-21.

The public deposits of the company have been rated by the Rating Agency M/s Care Ratings and the rating assigned by them is CARE BBB+[FD](Triple B Plus (Fixed Deposit)).

3) Matured Deposits: The total amount of matured deposits as on 31.3.2020 were ₹8.31 Lakhs involving 10 accounts as against ₹395.50 Lakhs as on 31.3.2019 comprising 12 accounts. It has been the constant endeavour of the company to contact the depositors and get the deposits renewed as and when they mature or in case they are not interested in renewing the deposits, to refund the same. It will also the constant endeavour of the company at all time to reduce the amount of unclaimed deposits by means of follow-up with depositors.

4) NHB Re-finance: During the year the refinance that was outstanding was fully repaid to NHB. The outstanding refinance as on 31.03.2020 was Nil.

4. Dividend:

The dividend policy of the company which has been consistent has the objective of striking a balance between the dual objectives of rewarding the shareholders to the extent possible and retaining a portion of profits for building up reserves, in order to maintain a healthy capital adequacy ratio to support further growth and credit expansion.

The Board of Directors on 4th March, 2020 declared a interim and final of 5% (₹0.50 paise) per equity share of face value of ₹10/- each. The above dividends were paid to the Shareholders on 20th March, 2020. Your Company intends to maintain similar or better levels of dividend payout over the next few years.

5. Share Capital:

The paid up Share Capital as on 31st March, 2020 was ₹9,77,61,500/-. Further, the Company has not issued any shares and also no shares have been issued with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

6. Dematerialisation of Shares:

Your Company's ISIN Number for extending the shareholders an option of holding their investment in the Company through Demat form is INE03Y801013. The Company has also appointed M/s NSDL Database Management Limited (NDML) as Share transfer Agents for electronic segment. The Shareholders are advised to approach the Depository Participants (DPs) which is linked to National Securities Depository Limited (NSDL) to convert their shares into Demat form. As on the date of this report 1704494 Equity Shares forming 20.04% of the share capital of the company stands dematerialised.

7. Management of NPAs and Recovery Management:

The company gives utmost primacy to management of NPAs and recovery of stressed assets and regularization of irregular loans. The stress is always on building up and maintenance of good quality assets book through constant monitoring and follow-up. The recovery strategy of the company is oriented towards improving recovery of NPAs and recycling of funds for further lending and up-gradation of sub-standard loan accounts. It has been the earnest endeavour of the company to reduce NPAs and restrict the percentages of NPAs to lowest rate possible. The details of NPAs as on 31.03.2020 with comparative data as on 31.03.2019 are furnished here below:

Classification	31st March 2020		31st March 2019	
	No. of A/cs	Amount (₹)	No. of A/cs	Amount (₹)
Sub-standard Assets	14	3,99,21,524	9	1,61,92,790
Doubtful Assets:				
Category 1	4	48,27,995	14	98,88,256
Category 2	18	1,74,50,151	11	1,58,52,225
Category 3	29	1,61,22,490	34	1,70,98,084
Loss Assets	-	-	-	-
Total	65	7,83,22,160	68	5,90,31,355

As could be seen, the net NPA percentage as on 31.3.2020 was 0.89% as against 0.61% a year ago. Similarly, gross NPA percentage was 1.70% as on 31.3.2020 as against 1.25% as on 31.3.2019. As regards existing NPA accounts, efforts are on to ensure their recovery through various recovery measures. Action under SARFAESI Act is also vigorously pursued to get the NPA accounts closed apart from employing other recovery measures including one-time settlement on the basis of discussion and negotiation with borrowers.

The company has in place a comprehensive collection and recovery policy. The progress made in the recovery of NPAs and overall recovery management



strategies are discussed in Audit Committee meetings. It is hoped that with the on-going efforts of field level functionaries and recovery staff at all levels and with vigorous pursuance of various recovery measures, we can accelerate recovery and further reduce NPAs in 2020-21. It is also expected that the staff incentive scheme which is in place will help to motivate the staff and spur them on to greater efforts at recovery.

8. Corporate Governance:

The Company has been giving utmost importance to Corporate Governance. MHFSL has long term relationship with its valued depositors, lenders and its financiers. The Company has been following principles of transparency and adequacy in all the disclosures through Annual Reports, Financial Results and other public documents. MHFSL believes in maximising its shareholders' value following transparency and fairness towards all its stakeholders viz. customers, business partners, investors, staff members, the government and the society. The MHFSL will continue to maintain high standards in corporate ethics, transparent disclosure, accountability and integrity and the Company's policies are key to high standards of corporate governance and will continue to follow all the applicable laws, regulatory guidelines and changes, which will come into effect from time to time.

Corporate Governance is based on such principles as conducting business with all integrity and fairness, being transparent with regard to all transactions, making all required disclosures, complying with laws of the land assuming accountability and responsibility towards stakeholders and commitment to conducting business in an ethical manner and implementing checks and balances in order to minimise conflict of interest. Effective Corporate Governance practices constitute the strong foundation on which the organisation is built to last. Strong leadership at the Management and Board level and effective Corporate Governance practices have been the hallmarks of functioning of MHFSL. MHFSL is always keen to demonstrate good corporate citizenship through normative approach, ethical behavior and sound corporate governance practices. Effective corporate governance forms the bedrock of business excellence in any Company. Corporate Governance essentially involves balancing of the interest of stakeholders comprising, Shareholders, Promoters, Customers, Financiers and Lenders, Regulators, Government and the Society at large and fulfilling goals and objectives in a manner that adds to the value to the Company and fetches benefit to all stakeholders. As Corporate Governance provides a framework for attaining the corporate goals and objectives it encompasses practically every sphere and every aspect of management from initial planning and internal controls to performance review and measurement and corporate disclosures. The disclosures prescribed by NHB vide Circular dt. 27th April, 2017 are provided separately in this Annual Report. The Corporate Governance Policy adopted as per NHB notification is displayed on the website of the Company. The report of the Board on Corporate Governance is presented elsewhere. Also the Board of Directors have adopted a policy on Fit and Proper Criteria for Directors in terms of NHB notification dt. 9th February, 2017. MHFS Ltd. has collected and kept on record Declarations and Undertaking giving additional information from all the Directors in the format prescribed by NHB as on 31.03.2020. Also Deed of Covenants signed by Directors has been obtained in prescribed format as on 31.03.2020.

9. Directors and Key Managerial Personnel :

Smt. Vijayalaxmi N. Pai (DIN: 00101662), Director retire by rotation at the forthcoming Annual General Meeting and being eligible, offer herself for reappointment. Details of remuneration paid to the Directors and Key Managerial Personnel are given in the Annexure I forming part of the Boards' Report.

10. Particulars of Employees:

During the year under review, the Company had no employees whose remuneration exceeded the limit prescribed pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Particulars of top ten employees of the Company, in terms of remuneration drawn during the year 2019-20 presented as an Annexure to the Director's Report during the Board meeting is preserved separately and the same will be furnished to any shareholder on request made to the Company in writing.

11. Meetings:

The Board Meetings are normally held at the Company's Head Office at Manipal House, Manipal. A calendar of Meetings is prepared and circulated in advance to the Directors. During the year five Board Meetings were convened and held on 12.06.2019, 21.08.2019, 12.11.2019, 14.12.2019 and 04.03.2020. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The Audit Committee constituted by the Board of Directors had its meetings on 12.06.2019, 21.08.2019, 12.11.2019 and 04.03.2020 respectively, during the year. The Audit Committee calls members of Senior Management as it considers appropriate to be present at the meetings of the Committee. The committee, among other things, deliberated on issues relating to risk management, internal control and inspection, audit of branches, financial performance of the company at quarter ends, cost of borrowing and funding cost, recovery & reduction of NPAs and steps required to improve net interest margin, financial reporting process and aspects concerning disclosures of financial information to ensure correctness, adequacy and credibility of financial statement, internal financial control system, vigil mechanism, sources and use of funds etc.

12. Board Evaluation:

The Board's evaluation process has been adopted by the Company in terms of the Companies Act, 2013. It applies to all the Directors of the Company. Its main objectives are to ensure effective and efficient Board operations towards corporate goals and objectives, to identify ways to improve Board member's functioning and to assess the balance of skills, knowledge and experience on the Board.

The Board evaluation process involve, evaluation of the whole Board, which is to be done by all the Members of the Board; evaluation of the Committees of the Board, which is to be done by all the Members of the respective Committee; and evaluation of the individual directors.

During the year, the Board has undertaken a formal evaluation of its own performance, apart from the performance of the directors individually as well as the evaluation of the working of various committees appointed by the Board.

13. Declaration by an Independent Director(s) and reappointment, if any :

The Company has obtained declarations by the Independent Directors stating that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

An independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment for next five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

14. Nomination & Remuneration Policy:

The functions of the Nomination and Remuneration Committee of the Directors include recommending policy to the Board with regard to remuneration to Directors including Executive Director and other Key Managerial Personnel, performance bonus if any to Directors, perquisites, sitting fees, travelling and other travel expenses etc., formulation of criteria for determining qualifications, qualities and positive attributes, and independence of director etc. The Committee also identifies and recommends suitable candidates for appointment as Directors from time to time. The Committee, consequent on recent reconstitution, now comprises the following Directors:

1. Sri N. A. Shanbhag – Chairman 2. Sri T. Sunil Pai – Executive Director 3. Sri K. Srinivas Rao – Nominee Director, 4. Sri Daljeet Singh Bedi – Nominee Director
The Committee also attends to the function relating to review of remuneration policy, changes to be effected in the policy from time to time and other aspects of remuneration to the Directors from time to time.

15. Auditors:

M/s A. Krishna Kumar & Co., Mangalore (FRN 012424S) was appointed as Statutory Auditors of the Company for the period of five years commencing from the conclusion of 31st Annual General Meeting held on 31.08.2017 till the conclusion of 36th Annual General Meeting of the Company to be held in the year 2022.

16. Auditor's Report:

The Independent Auditor's Report does not contain any qualification/observations.

17. Internal Financial Control:

It is the perennial endeavour of the company to maintain adequate internal controls over the financial reporting. Internal controls have been designed to provide reasonable assurance regarding the availability of financial and operational information of the Company and the reliability of financial reporting and preparation of financial statements in accordance with accounting principles generally accepted in India. The Company has internal control system commensurate with the size and nature of the business. The Company engages M/s N. P. Pai & Co., Chartered Accountants, Udupi (Firm Registration No.115271W / Membership No.039351) as its Internal Auditor. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed and acted upon and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

18. Risk Management and Asset Liability Management System:

MHFSL has adopted a Risk governance framework on the basis of NHB guidelines. The Board has approved Risk Management Policies of the Company. The Committee oversees and reviews various aspects of risk management and reviews the major risk exposures of the Company. It assists the Board in determining the nature and extent of the significant risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

The Company has put in place an asset liability management system on the basis of the guidelines issued by NHB. Since the operations of our company being a housing finance company may give rise to Asset Liability mismatches and interest rate risk exposures, it was found necessary to introduce a comprehensive system as part of our overall system for effective risk management both on liabilities and asset sides. The Risk Management Committee that meets periodically also deliberates on risk mitigation measures to be adopted by the Company.

Companies Act, 2013 ("the Act"). There were no materially significant Related Party Transactions made by the Company during the year that would have required shareholders approval under the provisions of the Act. Details of the transactions with related parties are provided in the Note No.24.04 of accompanying financial statements. Form 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 is annexed herewith marked as Annexure III.

30. Whistle Blower Policy:

The Company has Board approved the Vigil Mechanism/Whistle Blower Policy of the Company, which provides a framework to promote a responsible and secure whistle blowing. It protects employees wishing to raise concern about serious irregularities within the Company. The Audit Committee oversees the vigil mechanism and employees have access to the Audit Committee. The policy is stands uploaded on the website of the Company. www.manipalhousing.com

31. Acknowledgements:

The Directors place on record their gratitude for the support of various regulatory authorities including the National Housing Bank, Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, Registrar of Companies, and the depositories.

The Company acknowledges the role of all its key stakeholders - shareholders, borrowers, depositors, and lenders for their continued support.

Finally, the Directors express their appreciation for the dedication and commitment with which the employees of the Company at all levels have worked during the period.

For and on behalf of the Board of Directors

Sd/
(N. A. Shanbhag)
Chairman
DIN: 07157128

Place : Manipal
Date : 05.08.2020

Annexure I
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2020
Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company
(Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1. CIN	U65922KA1986PLC007396
2. Registration Date	06.01.1986
3. Name of the Company	Manipal Housing Finance Syndicate Ltd.
4. Category/Sub-category of the Company	-
5. Address of the Registered Office & contact details	Regd. Office : "Manipal House" Manipal – 576 104 Udupi Dist. Ph: 0820-2570741
6. Whether listed company	Not listed
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	NSDL Database Management Ltd. 4 th Floor, Trade World A Wing, Kamala Mills Compound Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 ☎ 022 4914 2502 (D), 022 4914 2700 (B) Website: www.ndml-nsdl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the product/service	% to total turnover of the company
1	Housing Finance	65922	65.88%
2	Jewel Loan	64649	18.33%
3	Mortgage Loan	64910	15.00%

III. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	1068056	1068056	12.56	-	1068056	1068056	12.56	-
b) Central Govt.									
c) State Govt(s)									
d) Bodies Corp.	523094	3629000	4152094	48.82	1252094	2900000	4152094	48.82	-
e) Banks / FI	-	600000	600000	7.05	-	600000	600000	7.05	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	523094	5297056	5820150	68.43	1252094	4568056	5820150	68.43	-
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds									
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs									
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):									



Category of Shareholders	No. of Shares held at the beginning of the year (As on 31-March-2019)				No. of Shares held at the end of the year (As on 31-March-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	-
ii) Overseas	0	0	0	0	0	0	0	0	-
b) Individuals	0	0	0	0	0	0	0	0	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	218000	1775200	1993200	23.44	218000	1775200	1993200	23.44	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	691950	691950	8.13	-	691950	691950	8.13	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non-Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	218000	2467150	2685150	31.57	218000	2467150	2685150	31.57	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	741094	7764206	8505300	100	1470094	7035206	8505300	100	-

A) Shareholding of Promoter:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	ICDS LTD.	729000	8.57	0	729000	8.57	0	0
2.	SYNDICATE BANK	600000	7.05	0	600000	7.05	0	0
3.	MFC LTD.	523094	6.15	0	523094	6.15	0	0
4.	MPL INSURANCE AGENCY SERVICES (P) LTD.	2900000	34.09	0	2900000	34.09	0	0
5.	T. Narayan M. Pai	264350	3.10	0	264350	3.10	0	0
6.	T. Sanjay Pai	243000	2.85	0	243000	2.85	0	0
7.	Sangeetha Pai	284603	3.36	0	284603	3.36	0	0
8.	Pranita Pai	276103	3.24	0	276103	3.24	0	0

B) Change in Promoters' Shareholding : Nil

C) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	653300	7.68	653300	7.68
2	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/sweat equity etc.):	-	-	190750 (transfer to IEPF)	2.24
3	At the end of the year	653300	7.68	844050	9.92

D) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	499350	5.87	499350	5.87
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
3	At the end of the year	499350	5.87	499350	5.87

E) INDEBTEDNESS – Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3877502477	-	210212426	4087714903
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	16376621	-	2231364	18607985
Total (i+ii+iii)	3893879098	-	212443790	4106322888
Change in Indebtedness during the financial year				
* Addition	535000000	-	94562647	629562647
* Reduction	691074423	-	94707219	785781642
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	3711194419	-	210067854	3921262273
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	26610256	-	1655681	28265937
Total (i+ii+iii)	3737804675	-	211723535	3949528210

IV. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:
A. Remuneration to Executive Director/Whole-time Director:

(₹)

Sl. No.	Particulars of Remuneration	Name	
		T. Sunil Pai	Total Amount
1.	Gross salary	7,80,000	7,80,000
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	28,800	28,800
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961		
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0	0
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission - as % of profit - others, specify...	0	0
	Others, please specify	0	0
	Total (A)	8,08,800	8,08,800
	Ceiling as per the Act	-	-

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		N. A. Shanbhag	B. G. Pai	
1.	Independent Directors			
	Fee for attending board committee meetings	₹ 7,500	₹ 7,500	₹ 15,000
	Commission	0	0	
	Travelling Allowance	53,051	0	53,051
	Total (1)	60,551	7,500	68,051
2.	Other Non-Executive Directors	Srinivas Rao And Daljeet Singh Bedi	V. N. Pai	
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	-	-	-
	Total Managerial Remuneration	-	-	-
	Overall Ceiling as per the Act	-	-	-

C. Remuneration to Key Managerial:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		C F O: G. K. Bhat	Total
1.	Gross salary	₹	₹
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4,11,000	4,11,000
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	5,497	5,497
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0	0
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission - as % of profit others, specify...	0	0
	Others, please specify	0	0
	Total	4,16,497	4,16,497

V. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Annexure II

THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

CSR Policy:

The Corporate Social Responsibility (CSR) Committee is charged with the responsibility of identifying specific CSR projects/activities for funding under the CSR programme. The CSR Committee and the Board have adopted education, healthcare and skill development as areas of focus in the matter of CSR spending.

CSR Activities:

1. Corporate Social Responsibility (CSR) represents the perennial commitment of MHFSL to strive its best to contribute to socio-economic well being of the community around.

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in the meeting held on 9th December, 2014.

2. The Committee consists of following members:-

Sri N. A. Shanbhag – Chairman & Independent Director

Sri T. Sunil Pai – Executive Director

Sri B. Ganapathi Pai – Director

Sri K. Srinivas Rao, Nominee Director

Sri Daljeet Singh Bedi, Nominee Director

3. Meetings: CSR Committee met on 12.06.2019, 21.08.2019, 12.11.2019 and 04.03.2020 during the year. On the basis of discussion in the meeting held on 12.06.2019 and 04.03.2020, the Committee recommended to sanction of ₹4,80,310/- to different schools/educational institutions for their specific projects.

4. Average net profit of the company for last three financial year : ₹10,31,10,637/-

5. Prescribed CSR Expenditure (two per cent of the amount as in item 4 above): ₹20,62,213/-.

6. Details of CSR spent during the financial year: ₹4,80,310/-

(a) Total amount to be spent for the financial year: ₹20,62,213/-

(b) Amount unspent, if any; ₹15,81,903/-.

The CSR expenditure incurred for the period 1st April, 2019 to 31st March, 2020 under Section 135 of Companies Act, 2013 amounts to ₹4,80,310/- which was utilised on activities specified in Schedule VII of the Companies Act, 2013 i.e. donations to different schools for their specific projects like purchase of books, uniforms for students etc. The reasons for leaving some un-spent amount are given below:

On account of sudden lockdown in March 2020, there was no movement of people and hence no proposals for extending the benefit were received. Also the Company could not undertake any project on its own as the Head Office and branches were closed for a long period from 23rd March to first week of May, 2020.

sd/-
N. A. Shanbhag
Chairman
DIN: 07157128

sd/-
T. Sunil Pai
Executive Director
DIN: 00101564

Annexure III

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.

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil
2. Details of contracts or arrangements or transactions at Arm's length basis : All related party transactions as covered u/s 188 of the Act were entered into during the period prior to 1.4.2015. Therefore making any further disclosures in Form AOC-2 does not arise.

Annexure IV

Report of the Board on Corporate Governance

The Company gives primacy to the maintenance of high standards in corporate ethics, transparent disclosure, accountability and integrity. The Company's policies are key to high standards of corporate governance. The Company will continue to follow all the applicable laws, regulatory guidelines and changes, which will come into effect from time to time. The Company has maintained long term relationship with its various stakeholders/ valued customers, viz. depositors, loan customers, business partners and its various other stakeholders financiers. The Company has followed principles of transparency and adequacy in all the disclosures through its public documents; Annual Reports, financial results etc. The Company practices ethical standards in all its dealings. Over the years, it has strengthened its corporate practices and disclosures.

Corporate Governance refers to the way a Company is governed. It is the technique by which companies are directed and managed. It means carrying on the business in such a manner as to fulfill goals and objectives of stakeholders and create value for them. It is actually conducted by the board of Directors and the concerned committees for the company's stakeholder's benefit.

In effect Corporate Governance is the interaction between various stakeholders in the process of shaping the performance of the Company on various fronts. One purpose of corporate governance is to put in place checks and balances that help eliminate conflict of interest.

MHFSL believes in adopting and adhering to the best recognized corporate governance practices and is continually benchmarking itself against each such best practice. MHFSL understands and respects its role and responsibility towards its shareholders and strives hard to meet their expectations. MHFSL believes that best board practices, transparent disclosures, adherence to professional ethics at work place and shareholder empowerment are necessary for creating shareholder value. MHFSL has infused the philosophy of corporate governance into all its activities. The philosophy on corporate governance is an important tool for shareholder protection and maximisation of long term values for them. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability, etc. serve as the means for implementing the philosophy of corporate governance in letter and in spirit. The major pillars of Corporate governance at MHFSL Ltd are the following:

1. To fully conform to the spirit of Law in our activities, functions and operations.
2. To be transparent and to maintain high degree of disclosure levels.
3. To have simple and effective corporate structure strictly driven by customer's requirements and expectations.
4. Strict compliance with the statutory and regulatory requirements prescribed by NHB and RBI.
5. Concerted and constant effort at promotion of professional ethics at work place.

The Board and Board appointed Committees aim at implementing best practices of Corporate Governance in full conformity with the letter and spirit of the laws of the land, rules, directions and guidelines of NHB. It is the constant endeavour of the Board to build up long term relationship with all stakeholders, such as promoters, shareholders, borrowers, depositors and lenders.

A. Board of Directors:

Composition: The Board comprises six Directors. Out of them one is Whole time/Executive Director and others are non-executive Directors. Two Directors are nominee directors of Syndicate Bank, being a promoter. There are two independent directors.

Names of Directors:

1	Sri T. Sunil Pai	Executive Director
2	Sri N. A. Shanbhag	Chairman/Independent Director
3	Smt. Vijayalaxmi N. Pai	Director
4	Sri B. Ganapathi Pai	Independent Director
5	Sri K. Srinivas Rao	Nominee Director
6	Sri Daljeet Singh Bedi	Nominee Director

B. Committees of the Board and other Committees:

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. These Committees monitor the activities as per the scope defined in their Charter and terms of reference.

The Board has delegated powers to various Committees. Each of the Board's Committee has been delegated with specific responsibilities/matters as per the provisions of the Companies Act, 2013. The minutes of every Committee meetings are finalised and recorded in the minute book.

Board Level Committees:

Sl. No.	Name of the Committee	Directors/Members	No of meetings held in 2019-20
1.	Audit Committee	Sri N. A. Shanbhag Sri B. Ganapathi Pai Smt. Vijayalaxmi N. Pai Sri K. Srinivas Rao Sri Daljeet Singh Bedi	4
2.	Nomination and Remuneration Committee	Sri T Sunil Pai Sri NA Shanbhag Sri K Srinivas Rao Sri Daljeet Singh Bedi	0
3.	Corporate Social Responsibility Committee	Sri T. Sunil Pai Sri N. A. Shanbhag Sri B. Ganapathi Pai Sri K. Srinivas Rao Sri Daljeet Singh Bedi	4
4.	Working /Loan Sanction Committee	Sri T. Sunil Pai Smt. Vijayalaxmi N. Pai Sri N. A. Shanbhag Sri B. Ganapathi Pai	12
5.	Review Committee Willful Defaulters	Sri T. Sunil Pai Sri N. A. Shanbhag Sri B. Ganapathi Pai	--

Other Internal Committees:

1.	ALM Committee	Internal Committee	2
2.	Risk Management Committee	Internal Committee	4
3.	Customer Service and Grievances Redressal Committee	Internal Committee	4
4.	Internal Complaints Committee on Sexual harassment of women employees at work place	Internal Committee	4
5.	Identification Committee for Willful Defaulters	Internal Committee*	--

* As permitted by Regulator vide letter No.8255/2016-17 dt. 5.9.2016

The Board/Committee Meetings are convened by giving appropriate notice well in advance of the meetings. The Directors / Members are provided with appropriate information in the form of agenda items in a timely manner, to enable them to deliberate on each agenda item and make informed decisions and provide appropriate directions to the Management in this regard.

There is a Vigil Mechanism in place which provides a framework to promote a responsible and secure whistle blowing. It protects employees wishing to raise concern about serious irregularities within the Company. It also enables them to give their feedback and suggestions on various aspects of functioning of the Company.

The Company has 4937 shareholders.

The Annual Report is the main channel of communication to the shareholders. The Annual General Meeting also provides a forum for communication and interaction with members.

Board Meetings: Board Meetings are normally held at Head Office at Manipl House, Manipl. The detailed Board agenda is circulated to the directors well in advance. The members of the Board can also recommend inclusion of any matter in the agenda for discussion. The senior management attends the Board meetings to provide additional inputs to the items being discussed by the Board. The minutes of each Board meeting are finalised and recorded in the minute book of the Company.

Five meetings were held in 2019-20. The details of attendance and participation by Directors in the Board meetings held in 2019-20 are furnished here below:

Sl. No.	Director's name	No. of meetings attended
1	Sri T. Sunil Pai	5
2	Sri N. A. Shanbhg	5
3	Sri B. Ganapathi Pai	5
4	Smt. Vijayalaxmi N. Pai	2
5	Sri K. Srinivas Rao	0
6	Sri Daljeet Singh Bedi	1

All the Directors have submitted declaration and undertaking in the format prescribed by NHB and executed Deed of Covenant in the format prescribed by NHB as on 31.03.2020.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MANIPAL HOUSING FINANCE SYNDICATE LIMITED, MANIPAL

Report on the audit of Financial Statements

Opinion

I have audited the accompanying financial statements of MANIPAL HOUSING FINANCE SYNDICATE LIMITED ("the Company"), which comprises the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss, the Cash Flow Statement for the year ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, the profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Information other than the Financial Statements and the Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises of the Directors' Report and the Annexures to Directors' Report and Disclosures required under Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016' issued by National Housing Bank (but does not include the financial statements and my auditor's report thereon). The above stated information is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the information and I will not express any form of assurance conclusion thereon.

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

When I read the Director's report and the Annexures to Directors' Report and Disclosures required under 'Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016' issued by National Housing Bank, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those Charged with Governance.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, I am also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements maybe influenced. I consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of my work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, I give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by the "Housing Finance Companies Auditor's Report (National Housing Bank) Directions 2016" ("the Directions"), issued by the National Housing Bank in exercise of powers conferred by subsection (1A) of Section 33 of National Housing Bank Act 1987 (53 of 1987), I give in the 'Annexure B' a report on the matters specified in sub paragraph A and sub paragraph B of Paragraph 3 of the Directions, to the extent applicable.
3. As required by section 143(3) of the Act, I report:
 - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.
 - b) In my opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books.
 - c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In my opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to my separate report in 'Annexure C'. My report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- g) With respect to the other matters to be included in the Auditor's report in accordance with requirements of Section 197(16) of the Act, as amended:
In my opinion and to the best of my information and according to the explanations given to me, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014 in my opinion and to the best of my information and according to the explanations given to me:
- The Company does not have any pending litigations which would impact its financial position.
 - The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.
 - There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund, by the Company.

For A. KRISHNA KUMAR & CO.
Chartered Accountants
FRN: 012424S

Sd/- A. Krishna Kumar
Proprietor
Membership No.: 203836
UDIN: 20203836AAAAACA5091

Place : Manpal
Date : 05.08.2020

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

(Issued to Manpal Housing Finance Syndicate Limited, Manpal for the year ending 31st March 2020)

(Referred to in paragraph 1 of my report of even date under the Heading "Report on other Legal and Regulatory Requirements")

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets i.e. Property, Plant & Equipments.
- (b) The fixed assets i.e. Property, Plant & Equipments of the Company have been physically verified by the management. In my opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets. As explained to me, no material discrepancies were noticed on such verification.
- (c) According to the information given to me and on the basis of my examination, title deeds of immovable properties are held in the name of the company, except as below:

Particulars	Total Number of Cases	Nature	Gross Block (in ₹)	Net Block (in ₹)	Remarks if any
Land Registration	One	Freehold	95,15,615	95,15,615	Pending
Building	One	Leasehold	1,13,00,820	65,49,636	- do -

- According to the information and explanations given to me, the inventories have been physically verified by the management during the year. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- According to the information and explanations given to me and on the basis of my examination of the books of accounts, the Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- Accordingly the question of making further observations in this aspect does not arise.
According to the information and explanations given to me, the Company has complied with the provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans granted and investments made. I am informed by the management that the Company has not issued any guarantee or provided any security to any other person.
- In my opinion and according to the information and explanations given to me, the Company has complied with the directives issued by the National Housing Bank and the provisions of Section 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014. The public deposit accepted by the Company are governed by the directives issued by the National Housing Bank vide Notifications issued from time to time. The management has informed me that there are no orders by Company Law Board or National Company Law Tribunal or National Housing Bank or Reserve Bank of India or any Court or any other tribunal, in respect of Deposits.
- The Central Government has not prescribed maintenance of cost records u/s 148(1) of the Companies Act, 2013 for the Company. Therefore the question of making any comments as required under paragraph 3(vi) of the Order does not arise.
- (a) According to the information and explanations given to me and on the basis of my examination of the record of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess, and other material statutory dues (if payable by the Company) have been regularly deposited during the year by the Company with the appropriate authorities.
(b) According to the records of the company made available to me and as per the information and explanations given, there are no dues of provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess which have not been deposited on account of any dispute.
- Based on my audit procedures and on the information and explanations given by the management, I am of the opinion that the company has not defaulted in repayment of loans or borrowings to financial institution and/or banks. Making any comments on repayment of loans to the Government or repayment of dues to debenture holders does not arise, since no such amounts were outstanding at any time during the year under audit.
- In my opinion and according to the information and explanation given to me, no moneys were raised by the Company by way of initial public offer or further public offer (including debt instruments). The Company has utilized the term loan for the purpose for which it was obtained.
- Based on the audit procedures performed and the information and explanations given to me, I report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, nor have I been informed of such case by the management.
- According to the information and explanation given to me, the managerial remuneration has been paid or provided with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.
- The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- According to the information and explanations given to me and based on my examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act wherever applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- According to the information and explanations given to me and based on my examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- According to the information and explanations given to me and based on my examination of the records of the Company, the company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the question of compliance with Section 192 of the Companies Act, 2013 does not arise. Accordingly, the paragraph 3(xv) of the Order is not applicable.
- The company has obtained registration to "commence/carry on the business of a Housing Finance Institution" from National Housing Bank under Section 29A of the National Housing Bank Act 1987. Therefore the question of obtaining further registration under Section 45-IA of the Reserve Bank of India Act, 1934 does not arise.

For A. KRISHNA KUMAR & CO.
Chartered Accountants
FRN: 012424S

Sd/- A. Krishna Kumar
Proprietor
Membership No.: 203836
UDIN: 20203836AAAAACA5091

Place : Manpal
Date : 05.08.2020

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT

(Issued to Manpal Housing Finance Syndicate Limited, Manpal for the year ending 31st March 2020)

(Referred to in paragraph 2 of my report of even date under the Heading "Report on other Legal and Regulatory Requirements")

(Report on the matters as required by the "Housing Finance Companies Auditor's Report (National Housing Bank) Directions 2016" ("the Directions"), issued by the National Housing Bank in exercise of powers conferred by subsection (1A) of Section 33 of National Housing Bank Act 1987) (53 of 1987)

- I. The company has been registered with NHB vide Certificate of Registration No. 01.0026.02 dated 7th May 2002.
- The company has complied with the prescribed limits of Net Owned Funds as per Section 29A of the National Housing Bank Act, 1987.
- The company has complied with Section 29C of the National Housing Bank Act, 1987.
 - As per the information obtained by me the deposits accepted by the company together with other borrowings indicated below are within the limits admissible to the company as per the provisions of the Housing Finance Companies (NHB) Directions, 2010,
 - from public by issue of unsecured non-convertible debentures/ bonds: ₹ NIL;
 - from its shareholders
 - which are not excluded from the definition of 'public deposit' in the Housing Finance Companies (NHB) Directions, 2010: ₹ NIL.



- III. The deposits held by the company are within limits specified under the provisions of Directions, 2010. Accordingly the question of reporting on the clause 3(B)(III) of the directions does not arise.
- IV. The Company has obtained rating for its deposits from the credit rating agency i.e. M/s CARE Ratings Limited. The aforesaid rating agency has assigned the ratio "CARE BBB+ (FD); stable (Triple B Plus (Fixed Deposit); Outlook Stable) for the deposits by the Company, vide their letter dated 21st January, 2020.
- V. As per information and explanations given to me in respect of clause (IV) above,
 - (a) The credit rating mentioned above is given by one of the agencies approved namely M/s CARE Ratings Limited for acceptance of Public Deposits and the rating is in force.
 - (b) The Credit rating as mentioned above was given for acceptance of deposits upto ₹25 Crores. The aggregated amount of deposits outstanding at any time during the year has not exceeded the aforesaid specified limit of ₹25 Crores.
- VI. According to the information and explanations given to me and on the basis of my examination of the books of accounts the company has not defaulted in paying to its depositors the interest and /or principal amount of the deposits after such interest and/or principal became due during the year ended 31.03.2020.
- VII. The total borrowings of the company are within the limits prescribed under paragraph 3(2) of the Housing Finance Companies (NHB) Directions, 2010.
- VIII. According to the information given to me by the company, the company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Housing Finance Companies (NHB) Directions, 2010.
- IX. The capital adequacy ratio as disclosed in the Schedule-II return submitted to the National Housing Bank ("the bank") in terms of the Housing Finance Companies (NHB) Directions, 2010 has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed therein.
- X. According to the information given to me by the company, the company has furnished to the Bank within the stipulated period the Schedule-II return as specified in the Housing Finance Companies (NHB) Directions, 2010;
- XI. According to the information and explanations given to me and on the basis of my examination of the books of accounts the company has complied with the liquid assets requirement as prescribed by the National Housing Bank in exercise of powers under Section 29B of the National Housing Bank Act, 1987 and the requirements as specified in paragraphs 14 and 15 of the Housing Finance Companies (NHB) Directions, 2010.
- XII. According to the information given to me by the company, the company has furnished to the National Housing Bank within the stipulated period the Schedule-III return on Statutory Liquid Assets as specified in the Housing Finance Companies (NHB) Directions, 2010.
- XIII. According to the information and explanations given to me during the year the company has neither opened any new branches/offices nor closed any existing branches/offices hence question of reporting on the clause 3(B)(XIII) of the directions does not arise.
- XIV. According to the information given to me, the housing finance company has complied with the provisions contained in paragraph 38 and 38A of the Housing Finance Companies (NHB) Directions, 2010.
- XV. The housing finance company has not violated any provisions contained under restriction on acceptance of public deposits, period of public deposits, Joint public deposit, particulars to be specified in application form soliciting public deposits, ceiling on the rate of interest and brokerage and interest on overdue public deposits, renewal of public deposits before maturity as provided in Housing Finance Companies (NHB) Directions, 2010.

For A. KRISHNA KUMAR & CO.
Chartered Accountants
FRN: 012424S

Sd/- A. Krishna Kumar
Proprietor
Membership No.: 203836
UDIN: 20203836AAAAACA5091

Place : Manipal
Date : 05.08.2020

**ANNEXURE 'C' TO INDEPENDENT AUDITOR'S REPORT
(Issued to the Members of MANIPAL HOUSING FINANCE SYNDICATE LIMITED)
REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING
"REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF EVEN DATE**

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

I have audited the internal financial controls over financial reporting of Manipal Housing Finance Syndicate Limited ("the Company") as of 31 March, 2020 in conjunction with my audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitation of Internal Financial Controls over Financial Reporting

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

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal controls over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A. KRISHNA KUMAR & CO.
Chartered Accountants
FRN: 012424S

Sd/- A. Krishna Kumar
Proprietor
Membership No.: 203836
UDIN: 20203836AAAAACA5091

Place : Manipal
Date : 05.08.2020

BALANCE SHEET AS ON 31.03.2020

Particulars	Note No.	31.03.2020		31.03.2019	
		₹	₹	₹	₹
A. EQUITY AND LIABILITIES :					
1. Shareholders' Funds					
a) Share Capital	1	9,77,61,500		9,77,61,500	
b) Reserves & Surplus	2	64,36,70,443	74,14,31,943	56,28,83,544	66,06,45,044
2. Non-current liabilities					
a) Long Term Borrowings	3	312,02,51,821		325,91,68,479	
b) Long term provisions	4	4,52,07,207		3,80,12,303	
c) Deferred tax liability (net)	5	4,34,49,696	320,89,08,724	4,40,70,610	334,12,51,392
3. Current liabilities					
a) Short term borrowings	6	1,80,44,308		6,04,15,438	
b) Trade Payables	7.1				
i) Total outstanding dues micro enterprises and small enterprises and;	7.1A	-		-	
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	7.1B	72,59,177		53,23,550	
c) Other current liabilities	7.2	82,17,05,695		79,40,13,895	
d) Short Term Provisions	8	1,58,43,459	86,28,52,639	1,48,66,334	87,46,19,217
TOTAL			481,31,93,305		487,65,15,653
B. ASSETS :					
1. Non-current assets					
a) Property, Plant & Equipment:					
Tangible assets	9	11,29,18,727		4,57,24,167	
b) Non-current investments	10	2,76,08,763		2,56,27,082	
c) Long term loans & advances	11	365,22,41,231		387,79,66,808	
d) Other Non-current Assets	12	1,46,304	379,29,15,025	3,73,077	394,96,91,134
2. Current assets					
a) Inventories	13	74,428		75,679	
b) Cash and Cash Equivalents	14	2,03,27,299		2,48,67,831	
c) Short term loans and advances	15	99,93,90,591		90,14,10,785	
d) Other Current Assets	16	4,85,962	102,02,78,280	4,70,224	92,68,24,519
TOTAL			481,31,93,305		487,65,15,653
OTHER DISCLOSURES TO ACCOUNTS:	24				

The notes are an integral part of these financial statements.

As per my report of even date

 Sd/- N. A. Shanbhag (DIN: 07157128)
 Chairman

 Sd/- Vijayalaxmi N. Pai (DIN: 00101662)
 Sd/- B. Ganapathi Pai (DIN: 07209943)
 Directors

 Sd/- Gopalakrishna Bhat
 Chief Financial Officer

 For A. KRISHNA KUMAR & CO.
 Chartered Accountants
 Firm Registration No.: 012424S

 Sd/- T. Sunil Pai (DIN: 00101564)
 Executive Director

 Sd/- CA A. Krishna Kumar
 Proprietor

 Place : Manipal
 Date : 5th August, 2020

 Membership No.: 203836
 UDIN: 20203836AAAACA5091

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2020

Particulars	Note No.	2019-20		2018-19	
		₹	₹	₹	₹
I. Revenue					
Revenue from Operations	17	55,78,02,075		50,99,45,816	
Other Income	18	41,67,951		52,47,288	
TOTAL REVENUE		56,19,70,026		51,51,93,104	
II. Expenses					
Employee Benefit expenses	19	2,59,86,923		2,45,25,461	
Finance costs	20	37,36,54,768		33,85,80,803	
Depreciation and amortization expense	21	38,24,402		36,31,942	
Other Expenses	22	4,00,65,384		3,05,67,747	
TOTAL EXPENSES		44,35,31,477		39,73,05,953	
Profit Before Tax		11,84,38,549		11,78,87,151	
Tax expense					
a) Current Income Tax		2,70,00,000		2,70,00,000	
b) Income Tax – Earlier year's provision		(53,422)		(391,125)	
c) Deferred Tax Adjustments (Refer Note 5.02)		(6,20,914)	2,63,25,664	52,83,779	3,18,92,654
Profit for the year		9,21,12,885		8,59,94,497	
Earning Per Equity Share (Equity Share of ₹10/- each)	23				
Basic Earning per share in ₹ Ps			10.70		9.98
Diluted Earning per share in ₹ Ps			10.70		9.98
OTHER DISCLOSURES TO ACCOUNTS:	24				

The notes are an integral part of these financial statements.

As per my report of even date

 Sd/- N. A. Shanbhag (DIN: 07157128)
 Chairman

 Sd/- Vijayalaxmi N. Pai (DIN: 00101662)
 Sd/- B. Ganapathi Pai (DIN: 07209943)
 Directors

 Sd/- Gopalakrishna Bhat
 Chief Financial Officer

 For A. KRISHNA KUMAR & CO.
 Chartered Accountants
 Firm Registration No.: 012424S

 Sd/- T. Sunil Pai (DIN: 00101564)
 Executive Director

 Sd/- CA A. Krishna Kumar
 Proprietor

 Place : Manipal
 Date : 5th August, 2020

 Membership No.: 203836
 UDIN: 20203836AAAACA5091

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2020

	31.03.2020		31.03.2019	
	₹	₹	₹	₹
NOTE 1:				
SHARE CAPITAL				
(Refer Note: 1.01 to 1.04 below)				
Authorised Capital :				
86,00,000 (P.Y. 86,00,000) Equity Shares of ₹10 each		8,60,00,000		8,60,00,000
34,00,000 (P.Y. 34,00,000) 7% Cumulative Redeemable Preference Shares of ₹10 each		3,40,00,000		3,40,00,000
		<u>12,00,00,000</u>		<u>12,00,00,000</u>
Issued, Subscribed & Paid-up :				
85,05,300 Equity Shares of ₹10/- each fully paid up		8,50,53,000		8,50,53,000
(Previous year 85,05,300 Equity Shares of ₹10 each fully paid up)				
Less: Calls in arrears (From persons other than directors)	1,500	8,50,51,500	1,500	8,50,51,500
12,71,000 7% Cumulative Redeemable Preference Share of ₹10/- each fully paid up (Previous year 12,71,000)		1,27,10,000		1,27,10,000
TOTAL		<u>9,77,61,500</u>		<u>9,77,61,500</u>

Note 1.01: Out of the above Preference Shares, 12,41,000 (face value ₹1,24,10,000) shares were allotted on 30th Sept., 2013 and 30,000 (face value ₹3,00,000) shares were allotted on 29th March, 2014. These shares are redeemable in the manner, mentioned in Note 1.03 below.

Note 1.02: Reconciliation of number of shares

	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
a. Equity Shares				
Balance as at the beginning of the year	85,05,150	8,50,51,500	85,05,150	8,50,51,500
Adjustments during the year	-	-	-	-
Balance as at the end of the year	<u>85,05,150</u>	<u>8,50,51,500</u>	<u>85,05,150</u>	<u>8,50,51,500</u>
b. 7% Cumulative Redeemable Preference Shares				
Balance as at the beginning of the year	12,71,000	1,27,10,000	12,71,000	1,27,10,000
Redeemed during the year (at par i.e., at Rs.10 each)	-	-	-	-
Balance as at the end of the year	<u>12,71,000</u>	<u>1,27,10,000</u>	<u>12,71,000</u>	<u>1,27,10,000</u>

Note 1.03: Rights, preferences and restrictions attached to shares

a. Equity Shares: The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per each share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company (after distribution of all preferential amounts) in proportion to their shareholding.

b. Cumulative Redeemable Preference Shares: These shares shall be redeemable at par after the expiry of 12 months but not later than 20 years from the respective dates of allotment at the discretion of the Board of Directors of the Company by giving not less than 3 months notice. The shares are entitled for preferential right over dividend (before the equity shareholders) at the rate of 7% per annum pro rata, which is to be proposed by the Board of Directors, which is subject to the approval of the shareholders, in the ensuing Annual General Meeting, except in the case of payment of dividend as "interim dividend". Further shares are Cumulative and therefore the shareholders are entitled to carry forward the dividend of a year to the forthcoming years, in case the same is not declared in a year. In the event of liquidation, such shareholders are eligible to receive the face value (after distribution of all preferential amounts) before the distribution of assets to the equity shareholders. In case the assets available are not sufficient to cover up the face value, then the same will be distributed in proportion to their shareholding, if the surplus available, after distribution of all preferential amounts.

Note 1.04: Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Percentage	Number of Shares	Percentage
a. Equity Shares				
M/s Syndicate Bank, Manipal	6,00,000	7.05	6,00,000	7.05
M/s MPL Insurance Agency Services Private Ltd., Manipal	29,00,000	34.10	29,00,000	34.10
M/s ICDS Ltd., Manipal	7,29,000	8.57	7,29,000	8.57
M/s MFC Limited, Manipal	5,23,094	6.15	5,23,094	6.15
b. 7% Cumulative Redeemable Preference Shares				
Ms. Vijayalaxmi N. Pai	6,51,800	51.28	6,51,800	51.28
Mr. T. Narayan M. Pai	6,09,200	47.93	6,09,200	47.93
	31,03,2020		31,03,2019	

	31.03.2020		31.03.2019	
	₹	₹	₹	₹
NOTE 2:				
RESERVES & SURPLUS				
(also Refer Note 2.01 to 2.03 below)				
Statutory Reserve				
(in terms of Sec. 36(1)(viii) of Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987)				
Opening Balance	20,70,97,000		19,11,97,000	
Additions during the year	1,73,00,000		1,59,00,000	
Appropriation during the year	-	22,43,97,000	-	20,70,97,000
(in terms of Sec. 29C of NHB Act, 1987)				
Opening Balance	13,00,000		-	
Additions during the year	12,00,000		13,00,000	
Appropriation during the year	-	25,00,000	-	13,00,000
General Reserve				
Opening Balance	3,94,73,573		3,07,73,573	
Add: Transferred during the year	-	3,94,73,573	87,00,000	3,94,73,573
Capital redemption reserve				
Opening Balance	1,24,46,000		1,24,46,000	
Add: Transferred during the year	-	1,24,46,000	-	1,24,46,000
Surplus in Statement of Profit & Loss				
Balance at the beginning of the year	30,25,66,971		24,76,46,418	
Profit for the Year	9,21,12,885		8,59,94,497	
	39,46,79,856		33,36,40,915	
Less: Appropriations (Refer Note 2.01 below)	2,98,25,986	36,48,53,870	3,10,73,944	30,25,66,971
		<u>64,36,70,443</u>		<u>56,28,83,544</u>

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2020

	31.03.2020	31.03.2019
	₹	₹
Note: 2.01 Appropriations		
Transfer to Statutory Reserve		
In terms of Sec. 36(1)(viii) of Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987	1,73,00,000	1,59,00,000
In terms of Sec. 29C of NHB Act, 1987	12,00,000	13,00,000
Transfer to General Reserve	-	87,00,000
Interim Dividend on Preference Shares (refer note 2.02 below)		
1st Interim	2,22,425	2,22,425
2nd Interim	2,22,425	2,22,425
3rd Interim	2,22,425	2,22,425
4th Interim	2,22,425	2,22,425
Tax on distribution of Interim Preference Dividend	1,82,880	1,82,880
Final Dividend for the year ending 31.03.2019 (5% i.e. ₹0.50 per share) (P.Y. 4% i.e. ₹0.40 per share)	42,52,575	34,02,060
Tax on Distribution of Equity Dividend for the year ending 31.03.2019	8,74,129	6,99,304
Interim Dividend for the year ending 31.03.2020 (5% i.e. ₹0.50 per share)	42,52,575	-
Tax on Distribution of Equity Dividend for the year ending 31.03.2020	8,74,127	-
TOTAL APPROPRIATIONS	2,98,25,986	3,10,73,944

2.02 Dividend is paid on Cumulative redeemable preference Shares at the rate of 7% prorata. Accordingly the Company has declared 1st, 2nd, 3rd and 4th interim dividend at the rate of 0.175 per share each time as follows. Thus total dividend paid for whole year comes to ₹0.70 per share on 12,71,000 shares (P.Y. ₹0.70 per share on 12,71,000 shares).

2.03 The details of provision under Section 36(1)(viii) of Income Tax Act read with Section 29C of National Housing Bank Act, 1987

Particulars	Current Year in ₹	Previous Year in ₹
A. Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	13,00,000	-
b) Amount of Special Reserve u/s 36(1)(viii) of the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	20,70,97,000	19,11,97,000
Total - (A)	20,83,97,000	19,11,97,000
B. Addition/Appropriations/Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	12,00,000	13,00,000
b) Amount of Special Reserve u/s 36(1)(viii) of the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	1,73,00,000	1,59,00,000
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	-	-
Total - (B)	1,85,00,000	1,72,00,000
C. Balance at the end of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	25,00,000	13,00,000
b) Amount of Special Reserve u/s 36(1)(viii) of the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	22,43,97,000	20,70,97,000
Total - (A+B)	22,68,97,000	20,83,97,000

	31.03.2020		31.03.2019	
	Non-Current	Current	Non-Current	Current
	₹	₹	₹	₹

NOTE 3:

LONG TERM BORROWINGS

(Refer Note: 3.01 to 3.07 below)

SECURED:

From Banks (including refinance from National Housing Bank)

Secured by hypothecation of Receivables	300,76,11,687	70,87,50,048	314,10,68,520	68,77,02,009
Secured by hypothecation of Vehicle	19,92,671	14,05,961	33,98,632	12,94,499
A	300,96,04,358	71,01,56,009	314,44,67,152	68,89,96,508

UNSECURED:

Public Deposits	11,06,47,463	9,85,88,809	11,47,01,327	5,59,60,632
B	11,06,47,463	9,85,88,809	11,47,01,327	5,59,60,632
TOTAL (A+B)	312,02,51,821	80,87,44,818	325,91,68,479	74,49,57,140

Note 3.01.a. The Current Portion of the above, represents the amount repayable on or before next 12 months i.e. 31st March 2021 and the same is being disclosed under Note No. 7.2 as current maturity of Long Term borrowings Secured & Unsecured as the case may be.

b. "Unsecured Loans - Others" if any, represents amount refundable to National Housing Bank on account of pre-closure/prepayment of housing loans, on which the company availed refinance.

3.02: Loans Secured by Hypothecation of receivables (both Current and Non-Current Portion) represents, loans secured against the receivables, in respect of housing & other loans granted by the Company. Loans secured by Hypothecation of Vehicle Loan represents loan granted on the hypothecation of BMW Car and Innova Car. The Company has also created negative lien on its unencumbered assets, in respect of loans outstanding as on the date of balance sheet ₹56,76,20,054/- (P Y ₹70,59,25,720/-).

3.03: The break up of Public Deposits is as below: From related parties: Non-Current ₹11,19,410/- (P Y ₹10,94,624/-) and Current ₹31,43,873/- (P Y ₹31,68,498 -). From others: Non-Current ₹10,95,28,053/- (P Y ₹11,36,06,703 -), Current ₹9,54,44,936/- (P Y ₹5,27,92,134/-). Interest accrued but not due on the aforesaid deposits ₹16,24,861/- (P Y ₹22,20,349/-) disclosure under Note No. 7.2.

3.04: Public Deposits matured for repayment ₹8,31,582/- (P Y ₹3,95,50,467/-) not included in the above Note. The same is being disclosed under Note No. 7.2. Interest on such deposits ₹30,820/- (P Y ₹11,015/-) also disclosed under Note No. 7.2.

3.05: a. Public Deposits are subject to renewal at the option of the depositors. However the current/non-current portion of the same is being arrived at without considering such option.

b. The Balances held under Public Deposits (both current and non-current) are subject to confirmation. The Company is in the process of obtaining confirmation from its depositors.

3.06: The terms of the loans are as follows:

- The Company has availed term loans from a Bank which has an outstanding balance of ₹93,46,27,378 as on 31st March 2020 in respect of 8 loans (₹110,36,02,829 as on 31st March 2019 in respect of 8 loans). The effective rate of contractual interest as on 31st March 2020 is 8.50% (31.03.2019 - 9.00%). The loans are repayable in 114 to 120 monthly instalments ranging from ₹8,78,000 to ₹35,08,000. The loans are secured by exclusive charge on housing loan receivables of the Company.
- The Company has availed a term loan from a Bank which has an outstanding balance of ₹7,26,21,370 as on 31st March 2020 in respect of 1 loan (₹8,16,67,803 as on 31st March 2019 in respect of 1 loan). The effective rate of contractual interest as on 31st March 2020 is 11.25% (31.03.2019 - 10.65%). The Term Loan is repayable in 120 monthly instalments of ₹7,50,000 each. The Term Loan is secured by hypothecation of loan receivables.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2020

3. The Company has availed term loans from a Bank which has an outstanding balance of ₹10,40,44,609 as on 31st March 2020 in respect of 10 loans (₹16,29,87,983 as on 31st March 2019 in respect of 13 loans). The effective rate of contractual interest as on 31st March 2019 for these loans ranges from 8.80% to 9.35% (31.03.2019 - 8.80% to 9.40%). The loans are repayable in 20 to 28 quarterly instalments ranging from ₹4,46,428 to ₹16,66,666 each. The loans are secured by exclusive charge on book debts/housing loan receivables of the Company.
4. The Company has availed term loans from a Bank which has an outstanding balance of ₹30,07,15,284 as on 31st March 2020 in respect of 2 loans (₹34,13,64,182 as on 31st March 2019 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2020 is 8.90% each (31.03.2019 - 9.00% for Term Loan I and 9.25% for Term Loan II). The Term Loan I is repayable in 37 quarterly instalments of ₹26,32,000 each and Term Loan II is repayable in 114 monthly instalments of ₹27,00,000 each. The Term Loan I is secured by exclusive charge on loan receivables and Term Loan II is secured by hypothecation of housing loan receivables of the Company.
5. The Company has availed term loans from a Bank which has an outstanding balance of ₹56,76,20,053 as on 31st March 2020 in respect of 9 loans (₹70,59,25,720 as on 31st March 2019 in respect of 9 loans). The effective rate of contractual interest as on 31st March 2020 is 9.00% (31.03.2019 - 9.10%). The loans are repayable in 40 quarterly instalments ranging from ₹25,00,000 to ₹75,00,000 each. The loans are secured by: Hypothecation of specific receivables of the Company.
6. The Company has availed term loans from a Bank which has an outstanding balance of ₹40,63,38,656 as on 31st March 2020 in respect of 3 loans (₹23,70,00,000 as on 31st March 2019 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2020 is 8.45% for Term Loan I, 8.95% for Term Loan II and 9.15% for Term Loan III (31.03.2019 - 9.15% for Term Loan I and 9.05% for Term Loan II). The Term Loan I is repayable in 40 quarterly instalments of ₹2,50,000 each, the Term Loan II is repayable in 40 quarterly instalments of ₹60,00,000 each and the Term Loan III is repayable in 40 quarterly instalments of ₹50,00,000 each. The loans are secured by exclusive charge on housing loan receivables of the Company.
7. The Company has availed term loans from a Bank which has an outstanding balance of ₹1,06,65,74,944 as on 31st March 2020 in respect of 7 loans (₹82,75,00,000 as on 31st March 2019 in respect of 5 loans). The effective rate of contractual interest as on 31st March 2020 for these loans ranges between 8.40% to 9.15% (31.03.2019 - ranges between 9.00% to 9.55%). Each of the loans is repayable in 40 quarterly instalments with each instalment amount ranging between ₹21,25,000 to 75,00,000. The loan is secured by hypothecation of housing loan receivables.
8. The Company has availed term loan from a Bank which has an outstanding balance of ₹26,38,19,441 as on 31st March 2020 in respect of 5 loans (₹33,44,68,952 as on 31st March 2019 in respect of 5 loans). The effective rate of contractual interest as on 31st March 2020 for these loans ranges between 8.90% to 9.65% (31.03.2019 - ranges between 9.20% to 9.95%). The loans are repayable in 12 to 40 quarterly instalments, with each instalment amount ranging between ₹17,85,714 to ₹83,33,333. Three of the loans are secured by exclusive hypothecation of housing loan/mortgage loan receivables of the Company whereas the other two are secured by exclusive hypothecation of jewel loan receivables.
9. The Company has availed term loan from a Bank which has an outstanding balance of ₹NIL as on 31st March 2020 (₹3,42,53,060 as on 31st March 2019 in respect of 7 loans). The effective rate of contractual interest as on 31st March 2020 Nil (31.03.2019 - 7.10% to 10.05%).
10. The Company has availed 2 vehicle loans from a Bank which has an outstanding balance of ₹33,98,632 as on 31st March 2020 (₹46,93,131 as on 31st March 2019 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2020 is 7.80% for Vehicle Loan I and 8.85% for Vehicle Loan II (31.03.2019 - 7.80% for Vehicle Loan I and 8.85% for Vehicle Loan II). The Vehicle Loan I is repayable in 60 monthly instalments of ₹74,669 each and Vehicle Loan II is repayable in 38 monthly instalments of ₹61,239 each. Vehicle Loan I is secured by hypothecation of BMW Car and Vehicle Loan II is secured by hypothecation of Innova Car.

The unsecured loans are repayable on maturity. Interest on unsecured loans is payable periodically i.e. on monthly/quarterly basis in the case of non-cumulative scheme and payable on maturity in the case of cumulative scheme.

3.07: The repayment Schedule of Loans is as under:

	Secured ₹	Unsecured ₹
repayable within next 12 months i.e. Current Portion	71,01,56,009	9,85,88,809
repayable during the year ending 31st March 2022	62,84,97,614	8,17,59,456
repayable during the year ending 31st March 2023	55,13,82,823	1,88,88,007
repayable during the year ending 31st March 2024	49,29,95,533	1,00,00,000
repayable during the year ending 31st March 2025	42,69,27,901	
repayable during the year ending 31st March 2026	33,37,29,989	
repayable during the year ending 31st March 2027	28,25,50,000	
repayable during the year ending 31st March 2028	17,20,88,377	
repayable during the year ending 31st March 2029	9,54,32,121	
repayable during the year ending 31st March 2030	2,60,00,000	

	31.03.2020	31.03.2019
	₹	₹
NOTE 4:		
LONG TERM PROVISIONS		
Provisions on Non-Performing and Standard Assets as per NHB Directives (Refer Note 4.01 below and also Note 11.05 and 11.06)	4,52,07,207	3,80,12,303
	<u>4,52,07,207</u>	<u>3,80,12,303</u>

Note 4.01: Provisions made for Non-Performing and Standard Assets, represents provisions made as per directives issued by the National Housing Bank which pertains to the Non-Current Portion of such assets. Provisions in respect of current Portion disclosed under Note No. 8.

	31.03.2020	31.03.2019
	₹	₹
NOTE 5:		
DEFERRED TAX ASSET/LIABILITY (NET)		
(Refer Note No. 5.01 & 5.02 below)		
Deferred Tax Asset		
On Account of		
Disallowance u/s 43B	3,56,090	3,74,218
Provision for Non-Performing Assets	1,17,09,587	1,22,39,712
On Account of Depreciation	<u>9,60,864</u>	<u>1,30,26,541</u>
Less: Deferred Tax Liability		
On Account of		
Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961	5,64,76,237	5,76,14,385
DEFERRED TAX ASSET/(LIABILITY)	<u>(4,34,49,696)</u>	<u>(4,40,70,610)</u>

Note 5.01: As per accounting standard (AS-22) on Accounting for taxes on Income, the major components of deferred tax arising on timing differences are given in the above Note No. 5.

5.02: Accordingly a sum of ₹6,20,914/- recognized as Deferred Tax Adjustment Income in the Statement of Profit and Loss. (P Y: (expense) ₹52,83,779).

NOTE 6:

SHORT TERM BORROWINGS

(Refer Note 6.01 to 6.04 below)

SECURED:

From Banks

Working Capital Borrowings	1,80,44,308	6,04,15,438
	<u>1,80,44,308</u>	<u>6,04,15,438</u>

Note 6.01: The borrowing as above, represents Overdraft/Cash credit availed from Banks, which is subject to renewal every year. However the Bank has the right to demand the repayment at any time.

6.02: The borrowings as above, are secured by hypothecation of receivables in respect of Jewel Loans granted by the Company with a limit of ₹6,00,00,000 (P Y ₹6,00,00,000).

6.03: The rate of interest on such overdraft is MCLR + 1.75% p.a. The rate of interest as on 31st March 2020 is 10.35% (P Y MCLR + 1.50% i.e. 10.15% as on 31st March 2019).

6.04: The Company has also pledged term deposits held with the Bank ₹4,67,076/- (P Y ₹4,67,076/-) as security for an overdraft on deposits, with a limit of ₹3,50,000. The interest rate on such overdraft is 7.45% and 7.90% respectively (P Y 7.70% each) which is 1% above the pledged deposit rate. However these accounts have not been overdrawn on the date of the Balance Sheet.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2020

	31.03.2020		31.03.2019	
NOTE 7.1 :	₹	₹	₹	₹
TRADE PAYABLES (Refer Note below)				
7.1A				
Total outstanding dues micro enterprises and small enterprises	-	-	-	-
	-	-	-	-
	-	-	-	-
Note: There are no dues to Micro, Small & Medium Enterprises at any time during the year, in the absence of notified registered dealer with the Company as per the provisions of the Micro, Small and Medium Enterprises Development Act, 2006. Hence further disclosure requirement as required under Micro, Small & Medium Enterprises Development Act, 2006 and Schedule III to Companies Act, 2013 does not arise.				
7.1B				
Total outstanding dues of creditors other than micro enterprises and small enterprises	72,59,177	53,23,550	72,59,177	53,23,550
	72,59,177	53,23,550	72,59,177	53,23,550
TOTAL (A+B)	72,59,177	53,23,550	72,59,177	53,23,550

NOTE 7.2 :			
OTHER CURRENT LIABILITIES			
(Refer Note: 7.2.01 to 7.2.03 below)			
Current maturities of long term debt – Secured (Refer Note No. 3 & 7.2.01)	71,01,56,009	68,89,96,508	
Current maturities of long term debt – Unsecured (Refer Note No. 3 & 7.2.01)	9,85,88,809	5,59,60,632	
Unclaimed Equity Dividends*	25,94,180	19,19,336	
Unclaimed Matured Deposits*	8,31,582	3,95,50,467	
Interest on Unclaimed Matured Deposits as above*	30,820	11,015	
Tax on Dividend Payable (on Preference Share)	45,728	45,728	
Interest accrued but not due on public deposits	16,24,861	22,20,349	
Other Payables (See Note 7.2.02 below)	78,33,706	53,09,860	
*Does not include amount due to Investor Education and Protection Fund			
	<u>82,17,05,695</u>	<u>79,40,13,895</u>	

Note 7.2.01: The relevant details (i.e. security offered, terms of repayment etc.) in respect of Current Maturity of Long Term Debt - Secured and Current Maturity of Long Term Debt - Unsecured, are given under Note No. 3, 3.01 to 3.07.

7.2.02: Other Payables includes, amounts payable to others in the ordinary course of business and other petty advances, which are not material in nature.

7.2.03: The balances held under "Unclaimed Matured Deposits", "Interest payable on such deposits" and "Other payables" are subject to confirmation. The Company is in the process of obtaining confirmations from respective parties.

NOTE 8: SHORT TERM PROVISIONS			
Provisions on Non-Performing and other Assets as per NHB Directives (Refer Note below and also Note 11.05 & 11.06)			
	1,58,43,459	1,48,66,334	
Provision for Current Income Tax (Net of Advance Tax and Tax Deducted at Source)	-	-	
	<u>1,58,43,459</u>	<u>1,48,66,334</u>	

NOTE 8.01: Provisions made for Non-performing and other Assets, represents provisions made as per directives issued by the National Housing Bank and which pertains to the Current Portion of such assets.

NOTE 9:
PROPERTY, PLANT AND EQUIPMENTS (Previous year's amounts given within brackets)

Assets	Gross Block				Depreciation				Net Block	
	At Cost as on 31.03.2019	Additions	Sales	Total Cost as on 31.03.2020	Up to 31.03.2019	Depreciation	Sales	Up to 31.03.2020	As on 31.03.2020	As on 31.03.2019
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Freehold Land (refer note below)	27,424,415 (9,515,615)	65,226,640 (17,908,800)	-	92,651,055 (27,424,415)	-	-	-	-	92,651,055 (27,424,415)	27,424,415 (9,515,615)
Buildings Freehold	7,410,372 (7,410,372)	-	-	7,410,372 (7,410,372)	3,370,361 (3,163,611)	197,224 (206,750)	-	3,567,585 (3,370,361)	3,842,787 (4,040,011)	4,040,011 (4,246,761)
Buildings Leasehold	1,26,38,840 (1,26,38,840)	-	1,338,020	1,13,00,820 (1,26,38,840)	4,978,473 (4,090,903)	1,110,731 (887,570)	1,338,020	4,751,184 (4,978,473)	6,549,636 (7,660,367)	7,660,367 (8,547,937)
Office Furniture & Fittings	3,040,072 (2,888,612)	5,596,002 (168,710)	29,451 (17,250)	8,606,623 (3,040,072)	2,597,482 (2,508,893)	394,653 (105,839)	29,451 (17,250)	2,962,684 (2,597,482)	5,643,939 (442,590)	442,590 (379,719)
Office Equipments	2,529,923 (2,394,211)	87,616 (207,710)	56,600 (71,998)	2,560,939 (2,529,923)	2,159,001 (2,026,971)	175,247 (191,425)	48,455 (59,395)	2,285,793 (2,159,001)	275,146 (370,922)	370,922 (367,240)
Electrical Fittings	518,730 (517,030)	4,982 (1,700)	-	523,712 (518,730)	432,916 (402,503)	23,290 (30,413)	-	456,206 (432,916)	67,506 (85,814)	85,814 (114,527)
Air-Conditioners	358,537 (307,085)	- (51,452)	14,000	344,537 (358,537)	276,741 (266,803)	19,826 (9,938)	13,300	283,267 (276,741)	61,270 (81,796)	81,796 (40,282)
Vehicles	12,393,586 (11,271,368)	- (2,307,855)	1,552,769 (1,185,637)	10,840,817 (12,393,586)	6,943,691 (6,126,474)	1,700,373 (1,943,573)	1,488,334 (1,126,356)	7,155,730 (6,943,691)	3,685,087 (5,449,895)	5,449,895 (5,144,894)
Computer	4,597,331 (4,354,109)	177,002 (317,186)	- (73,964)	4,774,333 (4,597,331)	4,428,974 (4,246,504)	203,058 (256,434)	- (73,964)	4,632,032 (4,428,974)	142,301 (168,357)	168,357 (107,605)
Total	7,09,11,806	7,10,92,242	29,90,840	13,90,13,208	2,51,87,639	38,24,402	29,17,560	2,60,94,481	11,29,18,727	45,724,167
Previous Year	(51,297,242)	(20,963,413)	(1,348,849)	(7,09,11,806)	(22,832,662)	(3,631,942)	(1,276,965)	(25,187,639)	(4,57,24,167)	(2,84,64,580)

Note: Refer Note 24.03 for note on impairment of assets.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2020

	31.03.2020	31.03.2019	
	₹	₹	₹
NOTE 10:			
NON CURRENT INVESTMENTS (*)			
(refer Note 10.01 to 10.05 below)			
Other than Trade:			
Quoted Investments (Valued at Cost)			
I. Investment in Equity Instruments (in India)			
8050 (P.Y. Nil) Shares of ₹1 each of State Bank of India	25,71,375		-
4200 (P.Y. Nil) Shares of ₹1 each ITC Ltd.	12,42,108		-
7900 (P.Y. 2200) Shares of Yes Bank Ltd.	15,08,117		5,01,457
	<u>53,21,600</u>		
Less: Provision for diminution in the value of investments	<u>28,38,462</u>	24,83,138	5,01,457
Unquoted Investments (Valued at Cost)			
I. Investment in Equity Instruments (in India)			
25 (P.Y. 25) Shares of ₹25 each in SVC Co-operative Bank Ltd.		625	625
II. Investment in Government/Trust Securities (in India)			
8.30% Government of India Bonds (Face Value ₹1,10,00,000) (Held as SLR Securities under National Housing Bank Directives)	1,03,67,500		1,03,67,500
7.50% Government of India Bonds (Face Value ₹1,00,00,000) (Held as SLR Securities under National Housing Bank Directives)	97,40,000		97,40,000
7.52% Telangana state development bond (Face Value ₹50,00,000) (Held as SLR Securities under National Housing Bank Directives)	50,17,500		50,17,500
	<u>2,51,25,000</u>		2,51,25,000
	<u><u>2,76,08,763</u></u>		<u><u>2,56,27,082</u></u>

(*) Refer Note 24.02.d for accounting policy and valuation of investments.

Note	10.01: Aggregate Amount of Quoted Investments (non current)	53,21,600	5,01,457
	Aggregate Market Value of Quoted Investments (non current)	24,83,138	6,05,220
	10.02: Aggregate amount of Unquoted Investments (non current)	2,51,25,625	2,51,25,625
	10.03: The disclosure as required under sub-paragraph 2 of paragraph 29 of Housing Finance Company (NHB) 2010 Directions, in respect of Investments is given below:		
	Aggregate Market Value of Quoted Investments (non current)	24,83,138	6,05,220
	Provision for diminution in the value of Investments	28,38,462	-
	10.04: There are no Investments held outside India		
	10.05: The above list of investments is considered as disclosure as required under Section 186(4) of The Companies Act 2013. The Company is a Housing Finance Company and therefore the question of making any disclosure in respect of loans made, guarantee given or security provided does not arise, for the reason that the aforesaid activities are entered in the ordinary course of business.		

	31.03.2020		31.03.2019	
	Non-Current	Current	Non-Current	Current
	₹	₹	₹	₹
NOTE 11:				
LONG TERM LOANS & ADVANCES				
(considered good) (considered doubtful duly provided for in Note 4 and 8 subject to Note 11.03 & 11.04)				
A. Lease Security Deposits (unsecured) (refer note 11.08)	1,86,84,012	-	3,60,01,714	-
A	<u>1,86,84,012</u>	<u>-</u>	<u>3,60,01,714</u>	<u>-</u>
B. Loans granted (refer Note 11.01 to 11.09)				
(Provisions for Non Performing & Other Assets duly made as per NHB directives and shown separately under Note No. 4 and 8)				
(Given in the ordinary course of business)				
I. Secured Loans				
a. Housing Loans	282,73,02,129	43,52,36,126	303,03,12,341	41,78,80,810
b. Other Secured Loans	79,53,44,533	54,77,01,085	80,42,90,230	46,65,14,930
B	<u>362,26,46,662</u>	<u>98,29,37,211</u>	<u>383,46,02,571</u>	<u>88,43,95,740</u>
C. Other (Unsecured)				
a. Income Tax paid (Advance Tax, TDS etc) (net of provisions)	8,382,678	-	44,86,885	-
b. Other Advances (refer note 11.06)	2,527,879	7,43,448	28,75,638	3,65,932
C	<u>1,09,10,557</u>	<u>7,43,448</u>	<u>73,62,523</u>	<u>3,65,932</u>
TOTAL (A+B+C)	<u>365,22,41,231</u>	<u>98,36,80,659</u>	<u>387,79,66,808</u>	<u>88,47,61,672</u>

Note 11.01: The Current Portion of the above, represents the amount recoverable on or before next 12 months i.e. 31st March 2021 and the same is being disclosed under Note. No. 15.

11.02: Housing Loans Granted (Secured) as per Note No. 11 (B)(I)(a) above represents Housing Loans granted by the Company secured on equitable mortgage of immovable properties and/or undertaking to create a security and/or, assignment of Life Insurance Policies and/or Personal guarantee of Individuals etc. Other Secured Loans as per Note No. 11 (B)(I)(b) represents Loans granted by the Company secured on equitable mortgage of properties and/or against pledge of jewels and/or personal guarantee of individuals.

11.03: Loans considered good [as per Note No. 11 (B) above [i.e. both secured and unsecured] includes Non Performing Assets against which adequate provisions have been made as per the Directives issued by the National Housing Bank from time to time. The provision so made also includes provisions made for Standard Assets.

11.04: As per the directives issued by the National Housing Bank, the Company is required to disclose the provision amount for Non Performing and Standard Assets separately, without netting off the same against the corresponding assets. Therefore the Company has disclosed the same under Note No. 4 and 8, under the Head "Long Term Provisions" and "Short Term Provisions" respectively.



NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2020

11.05 The details of Asset Classification as per directives issued by National Housing Bank [i.e. of Loans Granted (both current and non-current)], with provisions there of given below: (Previous year's amounts given within brackets) (as per sub-paragraph 2 of Paragraph 29 of Housing Finance Companies (NHB) Directions 2010)

A. Housing Loans (Secured and includes both current and Non-Current Portion):

ASSET CLASSIFICATION	Outstanding as on 31st March 2020 (in ₹)	%	Provision as on 31st March 2020 (in ₹)
Standard (Considered Good) (* refer note below)	320,51,59,348	98.24	1,39,64,215
	(339,03,29,512)	(98.18)	(1,27,71,904)
Substandard Assets	2,01,45,987	0.62	30,21,898
	(161,92,790)	(0.31)	(2,428,918)
Doubtful Assets	3,72,32,920	1.14	3,05,35,325
	(4,16,70,849)	(1.50)	(2,71,10,186)
Loss Assets	-	-	-
	(-)	(-)	(-)
Total	<u>326,25,38,255</u>	<u>100.00</u>	<u>4,75,21,438</u>
	(344,81,93,151)	(100.00)	(4,23,11,008)

B. Non Housing Loans (Both Secured & Unsecured and includes both Current and Non-Current Portion)

ASSET CLASSIFICATION	Outstanding as on 31st March 2020 (in ₹)	%	Provision as on 31st March 2020 (in ₹)
Standard (Considered Good) (* refer note below)	132,21,02,365	98.44	96,88,673
	(126,96,37,444)	(99.89)	(9,766,778)
Substandard Assets	1,97,75,537	1.47	29,66,331
	(-)	(0.05)	-
Doubtful Assets	11,67,716	0.09	8,74,224
	(1,16,7,716)	(0.06)	(800,851)
Total	<u>134,30,45,618</u>	<u>100.00</u>	<u>1,35,29,228</u>
	(127,08,05,160)	(100)	(10,567,629)

* This Provision on Stand Assets as on 31st March, 2020 includes provision in respect of accounts in default but standard as per the provisions of RBI Notification vide RBI(2019-2020)-COVID-19 Regulatory Package - Asset Classification and Provisioning; asset classification benefit is extended and general provision of 5% i.e. ₹19,23,581/- has been made on outstanding balance of such accounts amounting to ₹3,84,71,621/-.

No Provision is required to be made in respect of assets, other than above (i.e. other than Assets given in A & B of Note 11.05). Accordingly the disclosure as required under sub-paragraph 2 of paragraph 29 of Housing Finance Companies (NHB) Directions 2010 is not applicable in respect of such other assets.

11.06 Other Advances includes vehicle loan advance to staff, travelling advance etc. The balances held under Loans Granted and Other Advances (as per B & C in Note 11, both Non- Current and current) are subject to confirmation. The Company is in the process of obtaining the confirmations from the respective parties.

11.07 Percentage of outstanding Loans Granted against the pledge of gold jewellery (included in other secured loans), to the outstanding total assets is as below:

Particulars	31.03.2020		31.03.2019	
	Amounts outstanding in ₹	% to Total Assets	Amounts outstanding in ₹	% to Total Assets
Loans Outstanding against the pledge of jewellery	63,19,36,310	13.13	48,80,79,504	10.01
Total Assets held	<u>481,31,93,305</u>		<u>487,65,15,653</u>	

This disclosure in being made in accordance with sub-paragraph 5 of Paragraph 29 of Housing Finance Companies (NHB) Directions 2010.

11.08 The Break up of Lease Security Deposit is as below: to Related Parties ₹ Nil (P Y ₹75,00,000) & to Others ₹1,86,84,012 (P Y ₹2,85,01,714).

11.09 For disclosure under Section 186(4) of the Companies Act 2013, refer Note 10.05.

	31.03.2020	31.03.2019
	₹	₹

NOTE 12:**OTHER NON-CURRENT ASSETS**

Net Asset in Gratuity Fund (maintained by LIC of India)

	1,46,304	3,73,077
	<u>1,46,304</u>	<u>3,73,077</u>

NOTE 13:**INVENTORIES**

Stock of Stationery (valued at cost)

	74,428	75,679
	<u>74,428</u>	<u>75,679</u>

NOTE 14:**CASH AND CASH EQUIVALENTS**

(refer note 14.01)

A) Cash and Cash Equivalents (For the purpose of Cash Flow Statement)

i) Cash in hand

	40,10,286	47,97,045
--	-----------	-----------

ii) Balance with banks

in Current Accounts

	99,19,249	1,39,29,535	1,43,91,537	1,91,88,582
--	-----------	-------------	-------------	-------------

B) Other Bank Balances

i) Fixed deposits (with original maturity beyond 3 months)

Fixed Deposits with Scheduled Banks (Held as SLR assets)

	25,00,000	10,00,000
--	-----------	-----------

Pledged to Banks for security for Overdraft

	4,67,076	4,67,076
--	----------	----------

Pledged to Sales Tax

	10,000	10,000
--	--------	--------

Kept for Bank Lockers

	8,25,617	7,81,718
--	----------	----------

Other Deposits

	-	38,02,693	15,00,000	37,58,794
--	---	-----------	-----------	-----------

ii) In Current Account earmarked for unclaimed dividends

	25,95,071	19,20,455
--	-----------	-----------

CASH & CASH EQUIVALENTS

	<u>2,03,27,299</u>	<u>2,48,67,831</u>
--	--------------------	--------------------

Note 14.01: Note 14(B) above includes ₹5,92,134/- (PY ₹5,96,584/-) being Deposits with maturity of more than 12 months from the date of Balance Sheet.

NOTE 15:**SHORT TERM LOANS AND ADVANCES**

(Considered Good) (refer Note 15.01 and 15.02 below)

Loans Granted:

(Provisions for Non Performing & Other Assets duly made as per NHB directives and shown separately under

Note No. 4 and 8)

(Given in the ordinary course of business)

Secured Housing and other Loans (as per Note No. 11)

	98,29,37,211	88,43,95,740
--	--------------	--------------

Other Advances (unsecured) (as per Note No. 11)

	7,43,448	3,65,932
--	----------	----------

Prepaid expenses

	<u>1,57,09,932</u>	<u>1,66,49,113</u>
	<u>99,93,90,591</u>	<u>90,14,10,785</u>

Note 15.01: The Secured Housing and other Loans Granted as above, represents Current Portion of Long Terms Loans (as detailed in Note 11). Also refer Note 11.01 to 11.09 for other informations on loans granted.

15.02: For disclosure under Section 186(4) of the Companies Act 2013, refer Note 10.05.

NOTE 16:**OTHER CURRENT ASSETS**

(Unsecured and considered good)

Interest accrued on Investments

	3,48,535	3,44,935
--	----------	----------

Income Receivable from Banks & Others

	1,37,427	1,25,289
	<u>4,85,962</u>	<u>4,70,224</u>

**NOTES TO ACCOUNTS FORMING PART OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2020**

	31.03.2020		31.03.2019	
	₹	₹	₹	₹
NOTE 17:				
REVENUE FROM OPERATIONS				
(Refer Note 17.01 & 17.02 below)				
Income from Housing Finance				
Interest on Loans	36,35,66,559		34,10,49,085	
Other Financial Services	65,05,631	37,00,72,190	1,43,78,640	35,54,27,725
Interest on Other Loans		18,74,70,248		15,00,06,362
Reversal of Provisions for Non Performing & other Assets		-		42,85,006
Miscellaneous Income		2,59,637		2,26,723
NET REVENUE FROM OPERATIONS		55,78,02,075		50,99,45,816
Note 17.01: Income from Other Financial Services of Housing represents Income from Processing, Administrative and other related charges				
17.02: Also refer Note 22.02 for details of provision on Non Performing and other Assets				
NOTE 18:				
OTHER INCOME				
Interest on Investments (Long Term-non trade)	20,42,600		20,39,000	
Other Interest (On Bank Deposits & Income Tax Refund)	2,85,321	23,27,921	1,70,627	22,09,627
Dividend on Investment - Non-Trade (Long Term - Non-Current)		40,025		38,862
Dividend on Investment - Non-Trade (Current)		5,38,732		6,91,543
Lease Rent Received		3,94,580		-
Profit on Sale of Long Term Investments (Non-Trade)		-		11,04,407
Net actuarial gain on Gratuity Fund (maintained by LIC of India)		-		10,58,402
Other non-operating income (Profit on sale of Property, Plants and Equipments)		8,66,693		1,44,447
		41,67,951		5,247,288
NOTE 19:				
EMPLOYEES' BENEFIT EXPENSES:				
(Refer note 19.01 below)				
Salary		2,22,40,338		2,08,42,731
Bonus		7,14,559		7,34,132
Staff Welfare Expenses		51,425		46,394
Contribution to Provident and other Funds		9,78,841		9,46,958
Contribution to Gratuity Premium		13,17,987		13,92,564
Contribution to ESI		4,57,000		5,62,682
Loss from Gratuity fund maintained with LIC of India		2,26,773		-
		2,59,86,923		2,45,25,461
Note 19.01: Disclosure as required under Accounting Standard 15 i.e. Employee benefits, given under Note No. 24.09.				
NOTE 20:				
FINANCE COSTS				
Interest on Term Loan	34,72,00,218		31,74,51,432	
Interest on Public Deposits	2,06,06,089		1,53,89,545	
Interest on Others - Working Capital Borrowings etc	24,81,839	37,02,88,146	25,54,962	33,53,95,939
Bank Charges, Commission & Processing Fees		33,66,622		31,84,864
		37,36,54,768		33,85,80,603
NOTE 21:				
DEPRECIATION AND AMORTIZATION EXPENSE				
Depreciation on Tangible Assets (Refer Note No.: 9)		38,24,402		36,31,942
		38,24,402		36,31,942
NOTE 22:				
OTHER EXPENSES				
Building Rent (refer Note 22.01 below)		32,76,804		30,84,019
Locker Rent		4,22,029		90,954
Travelling and Conveyance Expenses		18,71,907		21,07,588
Vehicle Maintenance		11,56,332		9,07,519
Advertisement and Sales Promotion Expenses		59,000		61,344
Registration & Licence Fee		7,78,290		3,29,087
Printing & Stationery		2,87,390		2,52,615
Postage & Couriers		75,424		3,41,340
Directors Sitting Fee		15,000		13,500
Telephone Charges		4,19,267		4,51,107
Audit Fees				
Statutory Audit	3,25,000		3,25,000	
Tax Audit	35,000		35,000	
Certification	30,000		30,000	
Other expenses	70,200		70,200	
Miscellaneous Expenses		60,61,667		53,89,288
Donations		6,000		6,000
Corporate Social Responsibility expenditure (refer Note 24.13)		4,80,310		3,22,452
Insurance Premium		5,82,313		5,39,860
Electricity & Water Charges		5,18,065		5,13,609
Commission & Brokerage		80,88,348		1,04,29,670
Legal & Professional Charges		44,96,547		48,88,665
Provisions for Non Performing & other Assets (Refer Note 22.02)		81,72,029		-
Provision for diminution in the value of investments		28,38,462		-
Loss on sale of Long Term Investments		-		3,78,930
		4,00,65,384		3,05,67,747



NOTES TO ACCOUNTS FORMING PART OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2020

Note 22.01: Building Rent as above represents rent paid in respect of premises taken on cancellable operating lease.
22.02: The details of provisions made during the year for Non Performing and other assets are as under:

	Current Year ₹	Previous Year ₹
a. On Housing Finance Business:		
i. Provisions as required under NHB Directions on Housing Finance business		
Standard Assets	11,92,311	(94,154)
Substandard Assets	5,92,980	9,36,848
Doubtful Assets	(36,74,861)	(88,50,519)
ii. Additional provision	71,00,000	20,00,000
b. On Business other than Housing Finance:		
i. Provisions as required under NHB Directions on Other Business		
Standard Assets	(78,105)	12,66,759
Substandard Assets	29,66,331	-
Doubtful Assets	73,373	4,56,060
Total Provisions made/(reversed) during the year (net) (a + b)	29,61,599	17,22,819
	81,72,029	(42,85,006)

NOTE 23:
EARNING PER EQUITY SHARE

	2019-20	2018-19
(refer note 23.01 below)		
a) Net profit after tax, as per Statement of Profit & Loss	9,21,12,885	8,59,94,497
b) Preference Dividend	8,89,700	8,89,700
c) Tax on Distribution of Preference Dividend	1,82,880	1,82,880
d) Net profit available for equity shareholder used as numerator (a-b-c)	9,10,40,305	8,49,21,917
e) Weighted Average No. of equity shares used as Denominator	85,05,150	85,05,150
f) Basic/Diluted earning per equity share of ₹10 each fully paid	10.70	9.98

Note 23.01: There are no extra ordinary items and therefore the question of calculating earning per share after adjusting such items does not arise.

NOTES TO THE BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2020

NOTE NO.: 24

OTHER DISCLOSURES TO ACCOUNTS:

- 24.01 **Corporate Information:**
The Registered office of the Company is at Manpal (State: Karnataka). The Company is registered as a Housing Finance Company with National Housing Bank. Accordingly, the main business of the Company is to extend Housing Loans for the construction or purchase of residential houses. In addition the Company also extends loans on the security of other properties, jewels etc. for the purposes other than housing. The Company also accepts deposits from public.
- 24.02 **Accounting Policies:**
- a. Basis of Accounting and Revenue recognition:**
The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 i.e. the Companies (Accounting Standard) Rules 2006 read with Companies (Accounting Standard) Amendment Rules 2016 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. All significant items of income & expenditure are accounted on accrual system of accounting. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
The Company follows the National Housing Bank (NHB) guidelines on Income recognition for accounting Income as per circulars issued by NHB from time to time. Income by way of 'Interest' is recognized on the time proportionate method. Income by way of 'Dividend' is recognized, when the unconditional right to receive the income is established. However income by way of Processing/ Administrative fees, Interest on Income Tax Refund and Miscellaneous income are accounted on receipt basis, since the income of such nature are considered to be accrued and due on the date of receipt. Brokerage/Commission on deposits and service charges on bank loans are written off over the tenure of deposit and bank loans respectively.
- b. Use of Estimates:**
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets & liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual results and estimates are being recognized in the period in which the results are known/materialized.
- c. Property, Plant & Equipments and Depreciation:**
Freehold land is carried at historical cost. All other items of 'Property, Plant and Equipment' are stated at historical cost less accumulated depreciation and accumulated impairment losses if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items such as purchase price, freight, duties and levies. Such cost includes the cost of replacing parts of the 'Property, Plant and Equipment' and the borrowing cost till the date of installation of qualifying asset and any attributable cost of bringing the asset to its working condition for its intended use.
Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.
An item of 'Property, Plant and Equipment' and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.
Further, when each major inspection is performed, its cost is recognized in the carrying amount of the item of 'Property, Plant and Equipment' as a replacement if the recognition criteria are satisfied. Machinery spares if any, which are specific to a particular item of 'Property, Plant and Equipment' and whose use is expected to be irregular are capitalized as 'Property, Plant and Equipment'. Spare parts if any, are capitalized when they meet the definition of 'Property, Plant and Equipment' i.e., when the Company intends to use these for more than a period of 12 months.
The Property, Plant and Equipments held by the Company does not involve decommissioning cost and the cost of removal of such assets is not material considering the size of the Company. Considering this aspect, the Company has not made any policies for capitalizing the decommissioning cost.
Depreciation on 'Property, Plant & Equipment' generally is provided on the written down value method over the useful lives of the assets in terms of Schedule II of the Companies Act, 2013. Depreciation for the assets purchased / sold during the period is proportionately charged. However Building constructed on the lease hold land if any, is depreciated under straight line method over the period of lease or the useful life in terms of Schedule II of the Companies Act 2013, whichever expires earlier. Improvements to buildings are amortized over the period of remaining useful life of the building. The residual values, useful lives and methods of depreciation of 'Property, Plant and Equipment' are reviewed at each financial year end and adjusted prospectively, if appropriate and under such circumstances the appropriate disclosure will be made in the notes to accounts.
- d. Investments:**
Long Term Investments are valued at cost. The Company has the policy of making provisions for diminution in the value of such investments to recognize decline, other than temporary. Current investments if any are stated at cost or net realizable value whichever is lower. The Company does not own any immovable property held as investments and accordingly has not made any policies for such investments.
- e. Inventory:**
Stock of stationery is valued at cost. Cost is taken at the value at which the same were purchased. The Company does not have any other items of inventory. Accordingly, the Company has not made any policies for other types of inventory.
- f. Tax on Income:**
The Company has charged off the Current Income Tax to the Statement of Profit and Loss. Deferred Tax Assets/Liabilities are recognized/provided in accordance with the Accounting Standard 22. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date, on the timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax Asset is recognized, subject to the considerations of prudence. Deferred tax asset so recognized, is being net off to deferred tax liability or vice versa. Advance Income Tax Paid (including Tax deducted at source, tax paid on self assessment or otherwise) and provision for current Income Tax are presented in the Balance Sheet after setting off the same against each other.
- g. Employee Benefits:**
The Company's 'Retirement Benefit Plan' & 'Other Benefit Plans' comprises of Contribution to Provident Fund, Employee State Insurance and Gratuity. Contributions to Provident Fund & Employee State Insurance are being made at pre-determined rates and are charged to the Statement of Profit & Loss. The company's liability towards gratuity to employees is covered by group gratuity policy with LIC of India.
There are no other retirement benefits/other benefits being provided by the Company.
- h. Borrowing Costs:**
Borrowing costs are recognized as an expense in the year in which they are incurred except which are directly attributable to acquisition/construction of qualifying property, plant & equipments, till the time such assets are ready for use, in which case the borrowing costs are capitalized as part of the cost of the asset.

**NOTES TO THE BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2020****i. Provisions & Contingent Liabilities/Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Provisions not made in the account (which otherwise should have been made) are disclosed by way of appropriate note. Contingent liabilities (if any) are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

j. Impairment of Assets:

The Company has framed the policy of impairing the asset, when carrying value of the assets exceeds its recoverable amount, under the circumstances when the Company is having the sources of information (whether internal or external) that an impairment loss may have occurred. Accordingly, impairment losses will be charged to statement of profit and loss in the year in which an asset is identified as impaired. The impairment losses recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount

k. Accounting for Leases:

Rent on premises taken on operating lease charged to statement of profit & loss as Rent Paid on time proportionate basis. All leases are taken on cancellable operating lease.

l. Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share if any is computed using the weighted average number of equity shares and dilutive potential equity share outstanding during the period except when the results would be anti-dilutive.

m. Operating Cycle:

Based on the nature of activities of the Company, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

n. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

o. Events occurring after the Balance Sheet Date:

Dividends, if any, pertaining to the financial year, but declared after the Balance Sheet, not recognized as a liability.

24.03: The management is of the opinion that the carrying cost of the assets does not exceed its recoverable amount. Further the Company does not have any information whether internal or external, that indicates that "impairment loss may have occurred". Accordingly the question of impairment of assets does not arise.

24.04: Disclosure in respect of related parties with whom transactions have taken place during the period

A. Key management personnel and their relatives

Sri T. Sunil Pai – Executive Director
Sri Gopalakrishna Bhat – Chief Financial Officer
Smt. Vijayalaxmi N. Pai – Director
Sri T. Sanjay Pai – Brother of Executive Director
Sri T. Narayan M. Pai – Father of Executive Director
Smt. Pranitha Pai – Wife of Executive Director
Ms. Tanisha Pai – Daughter of Executive Director

Particulars	2019-20	2018-19
	Amount in ₹	Amount in ₹
A. Advances, Deposits and Loans from related parties		
Relatives of Key Management Personnel		
Deposits received during the year	31,68,659	28,09,473
B. Interest & other expenses to related parties		
Relatives of Key Management Personnel	6,14,570	5,16,212
C. Remuneration & other charges:		
Key Management Personnel and relatives		
Remuneration (including PF & Perquisites):	11,96,497	11,64,215
Sri T. Sunil Pai – ₹7,80,000 (P.Y. ₹7,80,000)		
Sri Gopalakrishna Bhat – ₹4,16,497 (P.Y. ₹3,84,215)		
Professional Charges:		
Sri T. Sanjay Pai – ₹5,28,000 (P.Y. ₹5,28,000)	5,28,000	5,28,000
E. Purchase of immovable property:		
Smt. Vijayalaxmi N. Pai – ₹Nil (P.Y. ₹1,68,00,000)	Nil	1,68,00,000
No amount pertaining to the related parties has been provided for as doubtful debts/advances or written off/written back during the year.		

B. Related Corporate Bodies: NIL

Details of transactions are as follows. The names of parties with amount involved therein are disclosed separately under first Column, if the amount involved therein is material.

24.05 Information as required under subparagraph 5 of paragraph 25 of HOUSING FINANCE COMPANIES (NHB) DIRECTIONS, 2001 issued by the National Housing Bank:

A. The details of the levy of penalty, if any, imposed on the housing finance company by the National Housing Bank: ₹ Nil (P.Y.: ₹ Nil)

B. Adverse comments, if any, on the housing finance company made in writing by the National Housing Bank on regulatory compliances, with a specific communication to the housing finance company to disclose the same to the public: No such comments made (P.Y.: No such comments made)

As per Para 4 of the "Guidelines for Asset Liability Management System in Housing Finance Companies" issued by the National Housing Bank vide letter No. NHB/ND/HFC(DRS-REG)/ALM/35/2010 dated 11th October 2010, every Housing Company shall make certain disclosures in its Balance Sheet. Accordingly the Company has compiled the details as aforesaid and annexed the same to this financial statement.

As per Para 5(II) read with Annexure 4 thereon of "Housing Finance Companies – Corporate Governance (National Housing Bank) Directions 2016", every public deposit accepting/holding Housing Finance Companies are required to disclose certain aspects in their annual financial statement. Accordingly the Company has compiled the details as aforesaid and annexed the same to this financial statement.

24.06 In the opinion of the Board of Directors, the assets listed under the head Non Current Assets & Current Assets (other than Tangible Assets and Non Current Investments) in the Balance Sheet (viz: assets covered under Note No.11 to 16), have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

24.07 The Company is operating under one reportable business segment i.e. Finance Activity and one Geographical segment. Therefore the Accounting Standard relating to Segment Reporting is not applicable.

24.08 The Company has created during the earlier years, the floating charge on the statutory liquid assets maintained (including such securities to be purchased by the Company in future) in terms of subsection 1 & 2 of Section 29B of the National Housing Bank 1987. Such charge is being created by executing the trust deed. M/s Canara Bank has been appointed as the sole trustee of the trust. Value of such assets held as on the date of Balance Sheet is ₹2,70,00,000 (P.Y. ₹2,70,00,000) The charge as aforesaid has been created in compliance of NHB Directives.

24.09 Employee Benefits:

Brief description of the Plans:

a) The Company has two schemes for long-term benefits such as provident fund and gratuity. In case of funded schemes, the funds are recognized by the Income tax authorities and administered through trustees / appropriate authorities. The Company's defined contribution plan is employees' provident fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) wherein the Company has no further obligation beyond making the contributions.

The Company is also contributing towards Employee State Insurance Plan, as per statutory requirements, wherein the Company has no further obligation beyond making the contributions.

The Company's defined benefit plan is gratuity.

b) Charge to the Profit and Loss Account based on contributions:

The Company's contribution to Provident Fund and other related funds charged to Profit and Loss Account during the year is ₹9,78,841/- (P.Y.: ₹9,46,958)

The Company's Contribution to Employee State Insurance Plan charged to Profit and Loss Account during the year is ₹4,57,000/- (P.Y. ₹5,62,682)

The Company's contribution to LIC under Group Gratuity Policy, charged to Profit & Loss Account is ₹13,17,987/- (P.Y. ₹13,92,564)

**NOTES TO THE BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2020**

c) Disclosures for defined gratuity benefit plans based on actuarial reports obtained from Life Insurance Corporation of India as on 31st March 2020:

Valuation Method: Projected Unit Credit Method

	Amount in ₹ Current Year	Amount in ₹ Previous Year
Changes in Present Value		
Opening value of obligations	44,68,810	44,67,454
Current service cost	2,90,443	2,83,309
Interest cost	3,35,161	3,35,059
Actuarial loss / (gain)	(61,555)	(3,55,377)
Benefits paid	(6,33,058)	(2,61,635)
Closing value of obligations	43,99,801	44,68,810
Change in Fair Value of Assets		
Opening fair value of plan assets	48,41,887	37,82,129
Expected return on plan assets	3,37,276	2,88,064
Contributions by employer	0	10,33,329
Benefits paid -	(6,33,058)	(2,61,635)
Closing fair value of plan assets	45,46,105	48,41,887
Funded Status	1,46,304	3,73,077
Amount recognized in the Balance Sheet		
Present value of obligations as at year end	43,99,801	44,68,810
Fair value of plan assets as at year end	45,46,105	48,41,887
Amount not recognized as an asset	-	-
Funded Status	1,46,304	3,73,077
Net (asset) / liability recognized as on 31st March 2020	(1,46,304)	(3,73,077)
Expenses recognized in the Profit and Loss Account		
Current service cost	2,90,443	2,83,309
Interest on defined benefit obligation	3,35,161	3,35,059
Expected return on plan assets	(3,37,276)	(2,88,064)
Net actuarial loss / (gain) recognised in the current year	(61,555)	(3,55,377)
Effect of the limit in Para 59(b) of AS 15	*	*
Total expense	2,26,773	(25,073)
Asset information (as per para 120 (h) of AS 15)		
Principal actuarial assumptions used		
Discount rate (p.a.)	7.25%	7.5%
Expected rate of return on plan assets (p.a.)	*	*
Salary Escalation	6.75%	6.75%
Withdrawal Rate :	*	*
Rate of increase in compensation levels	*	*
Expected average remaining working lives of employees in number of years	*	*
Experience adjustments (as per Para 120 (n) of AS 15)		
Expected employer's contribution for the next year	*	*
The Company has written to Life Insurance Corporation of India to furnish information of the Defined Gratuity Benefit Plan, in the manner required under Accounting Standard 15. Accordingly the Life Insurance Corporation of India has given the information as given above, which has been relied by the Auditors.		
(*) The Life Insurance Corporation of India has not given this information		

Data for defined gratuity benefit obligation and fair value of planned assets are as under:

Amount in ₹

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Closing value of obligation	43,99,801	44,68,810	44,67,454	28,00,798	23,37,828
Closing fair value of plan assets	45,46,105	48,41,887	37,82,129	28,61,126	24,31,225
Net (asset)/liability recognised	(1,46,304)	(3,73,077)	6,85,325	(60,328)	(93,397)

24.10 The Company does not have any pending litigation which would impact its financial position.

24.11 The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

24.12 There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund, by the Company.

24.13 Details with regard to Corporate Social Responsibility Expenditure:

Gross amount required to be spent by the Company during the year: ₹20,62,213/- (P.Y. ₹18,27,140/-) Amount spent during the year on:

	Particulars	In Cash ₹	Yet to be paid in Cash ₹	Total ₹
(i)	Construction/acquisition of any asset (Previous Year)	Nil (Nil)	Nil (Nil)	Nil (Nil)
(ii)	On purposes other than (i) above (Previous Year)	4,80,310 (3,22,452)	Nil (Nil)	4,80,310 (3,22,452)

The Company has explained the reasons for leaving some amount unspent, as follows:

On account of sudden lock down in March 2020, there was no movement of people and hence no proposals for extending the benefit were received. Also the Company could not undertake any project on its own as the Head Office and branches were closed for a long period from 23rd March to first week of May, 2020.

24.14 The Company has decided to avail the option of computation of tax as provided under Section 115BAA of Income Tax Act 1961. The Company will file the necessary forms with the Income Tax Department on or before the prescribed date as provided under the Act/Rules, to avail the aforesaid option. Accordingly, the tax expenses (both current and deferred) arrived at under the provisions of Section 115BAA of the Income Tax Act 1961.

24.15 The Company has in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls system over financial reporting were operating effectively as on 31st March, 2020.

24.16 There are no contingent liabilities as on 31st March 2020.

24.17 The Previous year's amounts are regrouped/reclassified/rearranged wherever necessary.

As per my report of even date

Sd/- N. A. Shanbhag (DIN: 07157128)
ChairmanSd/- Vijayalaxmi N. Pai (DIN: 00101662)
Sd/- B. Ganapathi Pai (DIN: 07209943)Sd/- Gopalakrishna Bhat
Chief Financial OfficerFor A. KRISHNA KUMAR & CO.
Chartered Accountants
Firm Registration No.: 012424SSd/- T. Sunil Pai (DIN: 00101564)
Executive DirectorSd/- CA A. Krishna Kumar
ProprietorPlace : Manipal
Date : 5th August, 2020Membership No.: 203836
UDIN: 20203836AAAAACA5091

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

Description	FY 2019-20		FY 2018-19	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit for the year :	9,21,12,885		8,59,94,497	
Tax expense	2,63,25,664		3,18,92,654	
Net Profit before tax	11,84,38,549		11,78,87,151	
Adjustments for :				
Depreciation	38,24,402		36,31,942	
Gratuity Fund Expense/(Income)	2,26,773		(1,058,402)	
Interest income from investments	(2,042,600)		(2,039,000)	
Interest expenses	37,02,88,146		33,53,95,939	
Dividend received	(578,757)		(730,405)	
(Profit)/Loss on sale of assets (net)	(866,693)		(144,447)	
Provision for diminution in the value of Investments	28,38,462		-	
Provision for doubtful debts/ (Reversal of provision)	81,72,029		(4,285,006)	
(Surplus)/Deficit from sale of Investments	-		(725,477)	
Operating profit before working capital changes	50,03,00,311		44,79,32,295	
Adjustments for changes in working capital:				
(Increase)/Decrease in Housing & Other Loans Granted	13,07,32,137		(47,45,96,581)	
(Increase)/Decrease in trade and other receivables	1,78,771		7,53,465	
(Increase)/Decrease in inventories	1,251		11,869	
Increase/(Decrease) in trade and other payables	44,59,473		(1,561,731)	
Cash Generated from operations (before payment of interest & tax)	635,671,943		(2,74,60,683)	
Interest paid	(37,08,63,829)		(33,51,16,749)	
Direct taxes (paid)/refund	(3,08,42,371)		(3,26,27,674)	
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		233,965,743		(395,205,106)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase/aquisition of Fixed Assets	(71,092,242)		(20,963,413)	
Sale of Fixed Assets	9,39,973		2,16,331	
Purchase of Long Term Investments	(4,820,143)		(501,457)	
Sale/Redemption of Long Term Investments	-		53,11,985	
Interest Received	20,39,000		20,39,000	
Dividend Received	5,78,757		7,30,405	
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(72,354,655)		(13,167,149)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Decrease) in Public Deposits	(144,572)		1,88,26,699	
Increase/(Decrease) in Bank/NHB Borrowings	(156,074,423)		38,78,16,997	
Dividend Paid on Equity Shares	(7,830,306)		(3,621,071)	
Dividend Distribution Tax Paid on above	(1,748,254)		(699,304)	
Interim Dividend Paid on Preference Shares	(889,700)		(889,700)	
Dividend Distribution Tax Paid on above	(182,880)		(182,440)	
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(166,870,135)		40,12,51,181
Net Increase in Cash and Cash Equivalents		(5,259,047)		(71,21,073)
Opening Balance of Cash & Cash Equivalents		1,91,88,583		2,63,09,656
Closing Balance of Cash & Cash Equivalents		1,39,29,536		1,91,88,583

Note: 1) Cash Flow Statement is prepared under Indirect Method as prescribed under Accounting Standard 3.

2) The Company has incurred expenditure towards CSR Activities ₹4,80,310/- (P Y ₹3,22,452/-) during the year as given in Note 22. The details of expenses required to be spent for CSR Activities are disclosed in Note 24.13 of financial statement. This has been considered as operational activity.

3) Previous year's amounts have been arranged, regrouped and reclassified wherever necessary.

As per my report of even date

Sd/- N. A. Shanbhag (DIN: 07157128)
Chairman

Sd/- Vijayalaxmi N. Pai (DIN: 00101662)
Sd/- B. Ganapathi Pai (DIN: 07209943)

Sd/- Gopalakrishna Bhat
Chief Financial Officer

For A. KRISHNA KUMAR & CO.
Chartered Accountants
Firm Registration No.: 012424S

Sd/- T. Sunil Pai (DIN: 00101564)
Executive Director

Directors

Sd/- CA A. Krishna Kumar
Proprietor

Place : Manipal
Date : 5th August, 2020

Membership No.: 203836
UDIN: 20203836AAAACA5091



DISCLOSURES REQUIRED BY THE NATIONAL HOUSING BANK

Minimum Disclosures

The following additional disclosures have been given in terms of Notification No. NHB.HFC.CG.DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank.

Summary of Significant Accounting Policies

The accounting policies regarding key areas of operations are disclosed as Note 24.02 to the accounts.

Disclosure:

Capital:

(₹ in Crore)

Particulars	Current Year	Previous Year
(i) CRAR (%)	23.43%	20.27%
(ii) CRAR-Tier I Capital (%)	22.49%	19.41%
(iii) CRAR-Tier II Capital (%)	0.94%	0.86%
(iv) Amount of subordinated debt raised as Tier-II Capital	NIL	NIL
(v) Amount raised by issue of perpetual Debt Instruments	NIL	NIL

Reserve Fund u/s 29C of NHB Act, 1987:

(₹ in Crore)

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	0.13	0
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	20.71	19.12
c) Total	20.84	19.12
Addition/Appropriation/Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	0.12	0.13
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	1.73	1.59
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	0.25	0.13
b) Amount of Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	22.44	20.71
c) Total	22.69	20.84

Investments:

(₹ in Crore)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross Value of Investments		
(a) In India	3.04	2.56
(b) Outside India	-	-
(ii) Provision for Depreciation	-	-
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments	-	-
(a) In India	-	-
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	0.00	
(ii) Add Provisions made during the year	0.28	
(iii) Less: Write-off/Written-back of excess provisions during the year		
(iv) Closing Balance	2.76	2.56

Derivatives

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

The company has not entered into any forward rate agreement (FRA)/Interest Rate Swap (IRS) during the year.

Exchange Traded Interest Rate (IR) Derivative

The company has not undertaken any exchange traded interest rate derivative during the year.

Disclosures on Risk Exposure in Derivatives

The company does not have any exposure in derivatives and hence there is no risk in this regard

Securitisation

The company did not enter into any securitisation deal during the year

Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

There was no sale of financial assets to Securitisation / Reconstruction company during the year

Details of Assignment transactions undertaken by HFCs

There were no assignment transactions undertaken during the year

Details of non-performing financial assets purchased/sold

There were no purchase/sale of non-performing assets during the year

Assets Liabilities Management (Maturity pattern of certain items of Assets Liabilities)

(₹ in Crore)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6Months & up to 12 months	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years & upto 7 years	Over 7 years & upto 10 years	Over 10 years	Total
Liabilities											
Deposits	3.37	0.14	0.23	3.78	2.42	10.07	1.00	-	-	-	21.01
Borrowings from Bank	2.43	5.74	9.74	17.90	35.21	117.99	91.99	61.63	29.35	-	371.98
Market Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets:											
Advances	9.38	8.88	9.10	30.85	40.08	79.29	65.11	62.53	82.41	72.93	460.56
Investments	-	-	-	-	-	-	-	-	-	2.76	2.76
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

Exposure
Exposure to Real Estate Sector

(₹ in Crore)

Category	Current Year	Previous Year
a) Direct Exposure		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹15 lakh may be shown separately)	326.25	344.82
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential building, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures		
a) Residential	-	-
b) Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

Exposure to Capital Market

(₹ in Crore)

Particulars	Current Year	Previous Year
(i) Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.25	0.05
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares of convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii) Bridge loans to companies against expected equity flows/issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	0.25	0.05

Details of financing of parent company products

These details are not applicable since the company is not a subsidiary of any company.

Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

The company has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the financial year.

Unsecured Advances - Nil
Miscellaneous
Registration obtained from other financial sector regulators

Regulator	Registration No.
Financial Intelligence Unit - India	FIHFC00035

Disclosure of Penalties imposed by NHB and other regulators

There were no penalties imposed by NHB or any other regulators during the year.

Related party Transactions

a) Details of all material transactions with related parties are disclosed in Note 24.04.

b) Policy on dealing with Related Party Transactions

This policy with regard to Related Party Transactions is adopted in terms of NHB directions on corporate governance vide Circular No.NHB(ND)/DRS/Policy Circular No.79/2016-17 dated 27.4.2017 and in line with the requirement of Section 188 of the Companies' Act 2013 read with the rules made there under and in conformity with applicable accounting standard.

Objectives: This policy seeks to serve the following objectives.

1. To regulate and control related party transactions as intended under Companies' Act/NHB Directions.
2. To ensure that there is a proper system of approval for related party transactions.
3. To ensure disclosure of the related party transactions entered between MHFSL and its related parties.
4. To ensure transparency regarding such transactions; and
5. To improve corporate governance by providing required disclosures of related party transactions.

Definitions under the Policy:

Key definitions of the terms used in this policy are as under:

a) "Board": The 'Board' refers to the board of directors of the company.

b) "Audit Committee": The 'Audit Committee' means the audit committee constituted by the Board under the provision of Section 177 of the Companies Act, 2013 and as per the directions of NHB vide Notification No.NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 09.02.2017.

c) Key managerial personnel in relation to the company (MHFSL) cover Managing Director/CEO, Executive Director, Company Secretary, CFO & such other officers as may be prescribed under NHB Directions or Companies' Act, applicable accounting standard or policy adopted by the Board.

d) Related party: The term 'Related Party' has been defined under Section 2 (76) of the Companies' Act 2013 and the same is described under the head "Description of Related Party" here below:

e) "Arm's length transaction" means transaction between two related or affiliated parties that is conducted as if they were unrelated so that there is no conflict of interest.

Description of Related Party:

Related Party with reference to a company means:

- i) a Director or his relative
- ii) a key managerial personnel or his relative
- iii) a firm in which a Director, Manager or his relative is a partner
- iv) a Private Company in which a Director or Manager is a director and holds along with his relative more than 2% of the Paid-up Capital of the said company.
- v) any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager.
- vi) any person on whose advice, direction or instructions, a Director or Manager is accustomed to act. However, this will not apply to the advice given in a professional capacity.
- vii) any company which is holding subsidiary or associate company or a subsidiary of a holding company to which it is also a subsidiary.
- viii) such other person as may be prescribed.

Rule 3 of the Companies (Specification of Definitions Details) Rules, 2014 provides that a Director or key managerial personnel of the holding company or his relative with reference to a company shall also be deemed to be a related party.



Related Party Transactions:

In terms of definition 'related party transaction' means a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. Related Party Transaction shall have the same meaning as defined under Section 188 (1) of the Companies Act, 2013. Related party transactions their coverage and illustrations are provided elsewhere in this policy.

Related Party Transactions considered Material:

Related Party Transactions considered material include related party transactions where the aggregate value of transactions entered or likely to be entered into with related party during the current financial year is likely to exceed 10% of the annual consolidated turn over of the company as per the last audited financial statement of the company.

Relative:

In terms of Section 2 (77) of the Companies' Act 2013 read with the Companies (Specification of Definitions Details) Rules, 2014 a person is said to be a relative of another, if

- a) They are members of a Hindu undivided family;
- b) They are husband and wife;
- c) Father (including step father)
- d) Mother (including step mother)
- e) Son (including step son)
- f) Sons' Wife
- g) Daughter (including step daughter)
- h) Daughter's Husband
- i) Brother (including step brother)
- j) Sister (including step sister)

Identification of Potential Related Party Transaction:

Every director and key managerial personnel is responsible for providing advance notice to the board or audit committee of any potential related party transaction involving himself or his relatives including any additional information about the transaction that the Board/Audit Committee may require. The Board/Audit Committee shall note the same and record disclosure of interest in this regard.

Approval of Related Party Transactions:

OMNIBUS Approval:

All related party transactions require approval of the audit committee/board/shareholders as stipulated in this policy. However, audit committee/board may grant omnibus approval for such transactions subject to following conditions:

1. Transactions which are repetitive in nature and transactions which conform to the criteria laid down for omnibus approval by the NHB/Companies' Act/Board.
2. If such omnibus approval is in the interests of the company.
3. If need for related party transaction cannot be foreseen.
4. If value of such transaction does not exceed rupees 10 Lakh per transaction.

All related party transactions which are not under omnibus approval require specific approval by the approving authorities specified here below:

Approving Authorities:

All Related Party Transactions which are in the ordinary course of business and are on arm's length basis up to an amount equivalent to 10% of the annual consolidated turn over of the company can be approved by the Audit Committee/Board. If the amount exceeds the said limit, then the same should come before the Board for consideration and the Board will take a view on the matter and make its recommendation to the shareholders and final approval will be by the shareholders in the Annual General Meeting through an ordinary resolution.

Related Party Transactions – Coverage:

Related Party Transactions may cover transactions of following types as per applicable accounting standard:

- a) Transfer of resources, services or obligations between the company and a related party regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in the contract.
- b) Contracts or arrangements entered into with related party for the following:
 - i) Sale, purchase or supply of any goods or materials
 - ii) Selling or otherwise disposing of or buying property any kind.
 - iii) Leasing of property of any kind or hire purchase arrangement
 - iv) Availing or rendering of any services
 - v) Transfer of research and development
 - vi) Appointment of any agent for purchase or sale of goods, materials, services or property
 - vii) Appointment of related party to any office or position of profit in the company or its subsidiary or associate company
 - viii) License agreements
 - ix) Finance arrangements including loan and equity contribution in cash or kind
 - x) Guarantees and collaterals
 - xi) Agency arrangements, management contracts including deputation of staff
 - xii) Under-writing the subscription of any securities or derivatives thereof of the company
 - xiii) Any other item not specifically defined herein which shall have the same meaning as defined in the companies' Act, 2013 or applicable accounting standards or, guidelines, directions and instructions issued by National Housing Bank, from time to time.

All Related Party Transactions other than those under OMNIBUS Approval, entered into in the ordinary course of business and transacted at arm's length pricing basis also require approval of Audit Committee/Board.

All the Related Party Transactions which are material require approval by Audit Committee and Board and Board may recommend the same to shareholders for final approval by means of a resolution. All types of transactions as listed above including selling of property and leasing of property amounting to 10 per cent or more of net worth of the company or 10 per cent or more of turnover require approval by Board and shareholders. Also, availing of services amounting to 10 percent or more of turnover of the company require approval by Board and shareholders. These limits apply for transactions entered into individually and or aggregate of transactions during a financial year. In the case of appointment to an office of profit in the company monthly remuneration/ amount payable for service exceeding ₹2.5 Lakhs in a financial year require approval of Board and shareholders.

Procedure for granting of Omnibus approval by the Audit Committee/Board:

The Audit Committee/Board may grant Omnibus approval in terms of this policy based on the following criteria:

- i. Frequency of the transactions based on either the past record of similar transactions, or anticipated frequency of such transactions during the current financial year;
- ii. Volumes of transactions undertaken with such related party. The maximum value per transaction shall not exceed ₹10 Lakhs (Rupees Ten Lakhs) or in the aggregate shall not exceed 1% (one percent) of the annual consolidated turn over of the company.
- iii. Disclosure of the following matters to the Audit Committee at the time of seeking omnibus approval is necessary.
 - a. Projected growth rate in business with related party in the financial year for which omnibus approval is sought.
 - b. Contractual terms offered by other parties for similar transactions.
 - c. Adherence to any conditions on the contractual terms with such related parties, for instance, floor and cap on the pricing, credit terms, escalation in costs, quality checks, etc. The Audit Committee will carefully examine the proposal and satisfy itself the need for such omnibus approval and consider grant of such approval for the same in the interests of all development of business of MHFSL.

The Omnibus approval to be granted by the Audit Committee will specify the following:

- i. Name of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into.
- ii. Indicative base price or current contracted price and the formula for variation in the price if any.
- iii. The maximum transaction value and/ or maximum period for which the omnibus approval shall be valid.
- iv. Such other conditions as the Audit Committee may deem fit.

Also, in circumstances where the need for a related party transaction cannot be foreseen or predicted, the Audit committee may grant approval for such transaction also.

Review of Omnibus approval:

The Omnibus approval granted for a particular financial year will be reviewed in the first Audit Committee Meeting to be held in the first quarter of the succeeding financial year and the fresh omnibus approval to be granted in that meeting will be valid for the next full financial year. Similarly, the review will take place every year thereafter in the first meeting to be held in the first quarter of the year.

Related Party Transactions for which Audit Committee shall not grant omnibus approval:

- a) Transactions which are not in the ordinary course of business and which are not on arm's length pricing basis.
- b) Transactions in respect of selling or disposing of the undertaking of the company.
- c) Transactions which are not in the interest of the company.
- d) Such other transactions specified under applicable law from time to time/policy decisions of the Board taken from time to time/ directions, guidelines and instructions issued by NHB from time to time, etc.

Procedure for approval of related party transactions not covered under omnibus approval:

1. The Audit Committee shall review all potential/proposed related party transactions to ensure that no conflict of interest exists and evaluate from the angle of arm's length pricing.
2. Any member of the Audit Committee who has an interest in the transaction under consideration shall abstain from voting on the approval of the related party transactions.
3. The Audit Committee shall have all the rights to call for information/documents in order to understand the scope of the proposed related party transactions and recommend an effective control system for verification of supporting documents.

The Audit Committee shall grant approval for such related party transactions as are within its power/jurisdiction in terms of value per transaction/total amount/nature of transaction, etc. and refer all transactions which are not within its power to the Board for further consideration and decision.

Related Party Transactions which are not approved by the Audit Committee/Board

If any related party transactions which are not approved come to the notice of the company, the same has to be placed before the Audit Committee for review. The Audit Committee will examine the same and make its recommendation to the Board. The Board will take a view and evaluate all options which are available. The options may include any of the following:

1. Ratification/approval
2. Revision and
3. Termination of the related party transaction.

Review of the Policy:

This policy has been in force with effect from 01.7.2017. This policy will be reviewed by the Audit Committee/Board on an annual basis i.e. in its first meeting to be held in the first quarter of every financial year. The Audit Committee and the Board in the meeting held on 5.8.2020 have expressed the view that no changes in the policy are required for now. In future reviews / changes required if any will be incorporated. The Board will examine the recommendation and revise/modify the policy wherever required. The latest review of all policies including this policy took place on 5th August, 2020. Policy stands uploaded on the website of the Company viz. www.manipalhousing.com.

Dissemination of Information:

Approved policy on Related Party Transactions stands uploaded on the Website of the company and a weblink of the same is www.manipalhousing.com. Also, relevant details of related party transactions shall be disclosed in the Annual Report of the company.

Rating assigned by Credit Rating Agencies and migration of rating during the year:

During the year the rating assignment was given to M/s. Care Ratings in place of M/s. Brickwork Ratings India Pvt. Ltd. They have assigned the following ratings to our Deposits and Long Term Bank facility:

Instrument	Rating Agency	Rating assigned
Deposits	Care Ratings	CARE BBB +
Long term Bank Facilities	Care Ratings	CARE BBB +

There were no changes in any of the ratings during the year.

Remuneration of Directors:

Details of Remuneration of Directors are disclosed as part of the Directors report.

MANAGEMENT DISCUSSION AND ANALYSIS ON HOUSING SECTOR AND FINANCIAL PERFORMANCE:

Housing Finance Sector happens to be an important segment of domestic economy with its linkages with over 250 ancillary industries. It provides lot of support to the growth of the economy.

MHFSL has the mission of fulfilling home ownership aspirations of the customers by financing acquisition of houses.

a. Industry Structure:

Indian Housing Finance Industry comprises many players such as Public Sector Banks, Private Sector Banks, Regional Rural Banks, Small Finance Banks, Local Area Banks, Co-operative Banks and Housing Finance Companies.

HFCs which play a key role in financing the housing sector was undergoing a challenging period even during pre-COVID days on the back of muted demand and asset quality concerns. The consequence of out-break of COVID 19 Pandemic on the economy and the financial sector in particular are still un-predictable. It is possible that we may continue to see slow down on account of spread of COVID-19 Pandemic and eventually we may see downward revisions in GDP growth forecast. In spite of the stimulus programmes introduced by the Government to sustain the economy and provide relief to corporates and individuals, the slow down still continue and there will be slow down in consumption and a demand for housing assets. HFCs may continue to face liquidity issues and slower growth because of the continued spread of COVID-19 Pandemic. We may continue to face significant heads wind because of the rapidly changing situation on account of the persistent spread of COVID-19.

The credit growth of HFCs may see considerable downward trend and the growth may stand reduced to 9-12% lower than the three years' CAGR (Compounded Annual Growth Rate) of 16%.

In India, there are about 100 NHB registered Housing Finance Companies. While Banks have access to cheaper funds, Housing Finance Companies do not have access to low cost funds such as Savings Bank Deposits, Current Account Deposits etc. which Banks alone can mobilise. With low cost funds, Banks can fund housing loans at very competitive and lower rates when compared to HFCs. Therefore, HFCs have not only to operate in the present day challenging times but also, face the competitive onslaughts of Banks. In spite of the challenges, housing finance companies continue to play a significant role in financing housing sector including Government sponsored schemes such as Pradhan Mantri Awas Yojna - Credit Linked Subsidy Scheme (PMAY-CLSS) as applicable to weaker sections, low income group, middle income group, etc.

b. Opportunities & Challenges:

Presently, there are diminished lower opportunities for lending and financing different sectors of the economy and particularly the housing sector. The continued slow down in demand for housing loans on account of COVID-19, the prospects for increasing disbursements and outstanding levels of housing loans stand restricted. The nation-wide lock down enforced to contain the spread of COVID-19 has severely impacted the housing sector.

It is common knowledge that there is huge shortage of housing units in India both in urban and rural sectors in relation to the requirement. Despite the huge requirement, the demand for housing assets and eventually for housing loans stands considerably diminished. In the present scenario, the players in the sector particularly, the HFCs have to keep on waiting for opportunities and avail them as and when they emerge in order to continue to be in business and increase disbursements and outstanding housing loans.

c. Financial Performance:

The year 2019-20 that has rolled by has been a year of satisfactory performance for MHFSL.

The salient aspects of performance in key areas are brought out here below :

(₹ in Crores)

Product-wise performance	Previous Year	Current Year	Increase in %
Housing/Mortgage Loans	422.21	397.32	-5.90
Other loans	48.99	63.24	29.09
Financial performance:			
YEAR ENDED AS ON	31/03/2019	31/03/2020	
Interest Income	50.99	55.78	
Other Income	0.53	0.42	
Total Income	51.52	56.20	
Interest Expended	33.86	37.37	
Net interest Income	17.13	18.41	
Operating Expenses	5.51	6.61	
Provisions	0	0.82	
PBT	11.79	11.84	
PAT	8.60	9.21	
Total Loans outstanding (Net)	471.90	460.56	
Tangible Net worth	64.79	72.87	
Capital Employed	472.52	468.85	
Housing/Mortgage Loans	422.91	397.32	
Jewel Loans	48.92	63.19	



Product-wise performance	Previous Year	Current Year	Increase in %
Total assets	487.65	481.32	
Key Ratios %			
Net interest Margin	3.70	3.80	
Yield on Advances (%)	11.38	11.96	
Interest/Borrowed funds (%)	8.73	9.28	
Interest Spread (%)	2.65	2.68	
Operating expenses/Avg.capital employed (%)	1.22	1.40	
PAT Margin (%)	16.68	16.39	
RONW (%)	14.14	13.38	
ROTA (%)	1.85	1.90	
Overall Debt/Equity Ratio (Times)	6.80	5.81	
Interest Coverage Ratio (Times)	1.25	1.25	
Capital Adequacy Ratio (CAR) (%)	20.27	23.43	
Tier 1 CAR	19.41	22.49	
Gross NPA (%)	1.25	1.70	
Net NPA (%)	0.61	0.89	
Net NPA/ Net Worth (%)	0.96	2.37	

d. Future Outlook

We remain focused on managing through the unprecedented slump brought about by COVID-19 pandemic and the challenges emerging therefrom. As the duration and magnitude of the financial impact of Covid -19 on the Company continue to evolve, we have put in place plans and mitigation strategies that prioritize the safety of our people and stakeholders.

The Indian economy witnessed a cyclical slowdown due to muted private consumption, a contraction in manufacturing and sluggish investments. The Government of India announced a series of relief package measures to revive the economy, with the Reserve Bank of India (RBI) complementing with an accommodative package to mitigate the negative impact of the pandemic of novel coronavirus (COVID-19). The Union government, in coordination with states, imposed a nationwide lockdown to break the chain of transmission, which brought economic activities to a halt. The Indian economy recorded its slowest growth in 11 years at 4.2% and is likely to witness negative growth in 2020-21.

The WHO declared COVID-19 as a pandemic on March 11, 2020. The rapid spread of the virus has exacted a heavy toll on human life and livelihood. External risks have increased significantly, with weakened export demand, reduced investor confidence and non-availability of raw materials and intermediate inputs. The lockdown disrupted supply chains and led to a sharp fall in consumption. Although the full impact of the pandemic is yet to be ascertained, major global economies including India are likely to witness a sharp downturn in FY 2020-21. While there is expectation for a strong rebound in FY 2021-22, a concerted effort is required to realise this, covering a multi-pronged approach through public policy impetus, private sector participation and civic society support.

Despite ongoing multiple challenges faced by the HFCs at large, your Company remains confident of continuing the growth of its loan portfolio at last on a modest scale.

e. Risks & Concerns

Risk is inherent part of the Company's business. Effective Risk management is critical to any Housing Finance Company for achieving financial soundness. In view of this, aligning Risk management to Company's organisational Structure and business strategy has become an integral part in Company's business. The management has to base their business decisions on a dynamic and integrated risk management system and process, driven by corporate strategy. The Company is exposed to risks in the course of their business such as credit risk, interest rate & market risk, liquidity risk and operational risk.

The company has also complied with the provisioning norms and fulfilled the provisioning requirements as per the NHB directions. As a measure of prudence, we have made extra provision of ₹0.19 Lakhs in view of the perceived risks on account of the adverse impact of COVID-19.

The company has strengthened the risk management system to mitigate risks arising out of the current environment. The Company has also made collective efforts to support the recovery team, in containing early delinquencies, resolving NPAs and expediting sale of secured assets under auction in terms of provisions of SARFAESI Act. The company will continue to adopt a balanced approach to business and growth with a keen eye on asset quality and profitability.

Global factors may also cause disruption in the market. With several steps and new initiatives expected by the present Government in the coming days and particularly with the measures and policy initiatives announced by RBI in general and rate cuts particular, may go a somewhat in helping the Company to perform and achieve some measure of progress in the days ahead.

f. Internal Control System

In order to ensure orderly functioning with conformity to prescribed guidelines, norms and procedures, inspection and audit, including internal audit have to be strengthened. MHFSL has put in place inspection and audit and proper internal control system. There is a system of internal audit which is undertaken on an on-going basis by a firm of Chartered Accountants. The internal audit covers all aspects of functioning and all transactions and accounts relating to loans, deposits, expenditure, purchases, fees, interest on deposits, borrowings from banks, investments, etc. Loan documents are verified by an experienced retired bank officer who had long credit exposure in a bank.

Branches are inspected by a team of officers every quarter. Prompt action is taken to rectify the observations made by internal auditors and inspectors. Audit Committee of the Board verifies the observations/items of findings which are pending for rectification in its quarterly meetings.

The present system of internal control is considered adequate having regard to the size of the company and volume of business. The Company engages M/s. N P Pai & Co., Chartered Accountants, Udipi, (Firm Registration No.115271W / Membership No.039351) as its Internal Auditor. Credit Audit and vetting of documents is carried out by Sri Shridhar Shettigar, an experienced retired Bank Officer on an ongoing basis.

g. Human Capital

Human Capital refers to the employees' competencies, talents, knowledge, expertise, experience, commitment and loyalty and capability to utilise the same for fulfilling the needs and expectations of stake holders. It also covers training programmes and development programmes organised for the benefit of employees.

Consequent on the spread of Covid - 19, staff members are provided required hand sanitisers, face mask, gloves etc. Office premises are sanitised on daily basis by using disinfectants. Staff are advised to maintain social distancing and seating pattern in office has been altered to ensure social distancing. Thermal scanners at points of entry is ensured to check temperature. Entry of visitors is screened, controlled and restricted to only those deemed essential.

The function of management of human capital is carried on by the HO personnel department. The company has 124 employees as on 31.03.2020. There is cordial employee and industrial relation in the company. MHFS Ltd. provides adequate training opportunities to staff at various levels including deputation to NHB training programmes.

Net profit or loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's profit and loss.

Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

Accounting Standard 21- Consolidated Financial Statements (CFS)

It is not applicable since there is no subsidiary to MHFSL

Additional Disclosures**Provisions and Contingencies**

(₹ in Crore)

Break-up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
1. Provisions for depreciation on investment	0.28	Nil
2. Provision made towards Income tax	2.70	2.70
3. Provision towards NPA	0.71	0.0
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	0.11	0.12
5. Other Provision and Contingencies (with details)	0.0	0.0

(₹ in Crore)

Break-up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount	320.52	339.03	132.20	126.96
b) Provisions made	1.40	1.28	0.97	0.98
Sub-Standard Assets				
a) Total Outstanding Amount	2.01	1.62	1.98	0.00
b) Provisions made	0.30	0.24	0.29	0.00
Doubtful Assets-Category-I				
a) Total Outstanding Amount	0.48	0.94	0.00	0.05
b) Provisions made	0.12	0.23	0.00	0.01
Doubtful Assets-Category-II				
a) Total Outstanding Amount	1.70	1.59	0.05	0.00
b) Provisions made	1.39	0.84	0.02	0.00
Doubtful Assets-Category-III				
a) Total Outstanding Amount	1.54	1.64	0.07	0.07
b) Provisions made	1.54	1.64	0.07	0.07
Loss Assets				
a) Total Outstanding Amount	0	0	0	0
b) Provisions made	0	0	0	0
TOTAL				
a) Total Outstanding Amount	326.25	344.82	134.30	127.08
b) Provisions made	4.75	4.23	1.35	1.06

Draw Down from Reserves

During Financial Year there was no draw down from Reserves

Concentration of Public Deposits, Advances, Exposures and NPAs**Concentration of Public Deposits**

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	20.59	20.66
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	98%	98%

Concentration of Loans & Advances

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	71.34	96.16
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	15.34%	20.12%

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

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/customers	71.34	96.16
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	15.34%	20.12%

Concentration of NPAs

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	4.18	2.19

Sector-wise NPAs

(₹ in Crore)

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
A.	Housings Loans:	
1.	Individuals	1.25
2.	Builders/Project Loans	0
3.	Corporates	0
4.	Others (specify)	0
B.	Non- Housings Loans:	
1.	Individuals	0.45
2.	Builders/Project Loans	0
3.	Corporates	0
4.	Others (specify)	0

Movements of NPAs

(₹ in Crore)

Particulars	Current Year	Previous Year
(i) Net NPAs to Net Advances (%)	0.89	0.61
(ii) Movement of NPAs (Gross)		
a) Opening balance	5.90	5.86
b) Additions during the year	3.99	1.62
c) Reductions during the year	2.06	1.58
d) Closing balance	7.83	5.90
(iii) Movement of NPAs		
a) Opening balance	0.62	0.14
b) Additions during the year	1.11	0.48
c) Reductions during the year	0.00	0.00
d) Closing balance	1.73	0.62
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	3.03	3.58
b) Provisions made during the year	0.71	0.00
c) Write-off/write-back of excess provisions	0.00	0.55
d) Closing balance	3.74	3.03

Overseas Assets

The company did not have any overseas assets at any point of time during the year.

Off-balance Sheet SPVs sponsored

There were no Off- balance Sheet SPVs sponsored during the year.

Customers Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	0	0
b) No. of complaints received during the year	0	0
c) No. of complaints redressed during the year	0	0
d) No. of complaints pending at the end of the year	0	0

Printed Matter – BOOK-POST

34th
ANNUAL REPORT, 2019–20

If undelivered, please return to:

Manipal Housing Finance Syndicate Ltd.
Registered Office : Manipal House
MANIPAL – 576 104