

37th

Annual Report 2022 - 2023



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 Sahaniyas,
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: Ground Floor, Alfa Centre,
Bye-pass Road, Kankanady, D.K. District – 575 002

Udupi: Shop No. 2, First Floor,
Sheikh Hina Complex, Anjuman Road,
Near City Bus Stand, Udupi – 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, No. 68/1, 5th Main Road,
Opp. Ram Mandir Busstop, 134/1, 4th Main Road,
9th Cross, Chamarajpet, Bangalore South – 560 018

K R Market (Sunkadakatte): First Floor
Gangadarappa Building, 119 Magadi Main Road
Near Shanthi Dhama School, Sunkadakatte
Bangalore – 560 091

Vittal: Shop No. 9, 1st Floor, Appaji Rao Complex
Puttur Road, Opp. Private Bus Stand
Vittal – 574 243, D.K. District

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: Moodabidri Branch, Shop No. 12,
First Floor, Panchami Apartment, Nagarkatte Road,
Behind Market, Moodabidri – 574 227, D.K. District

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

Sharadadevi Nagar: Shop No. 4, First Floor, No. 206
New Kantharaja Urs Road, Near Aralikatte Temple
Sharadadevi Nagar – 570 022, Mysore

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: Shop No. 61, First Floor, P. K. Towers
Vittal – Mangalore Road, Near 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 – 571 105

Thirthahalli: Shop No. 5, 1st Floor, Thavarumane Com-
plex, Near Dy S P Office, Car Street Road,
Thirthahalli - 577 432

Shikaripura: First Floor, AKS Complex,
Old Market Road, Opp. Marikamba Temple,
Shikaripura, Shimoga Dist. – 577 427

Nyamathi: Shop No. 10, First Floor, Gokul Complex
Mahanteshwara Road, Near Kalyana Mantapa, Nyamathi
Davanagere Dist. – 577 223

Bettadapura: Shop No. 1, First Floor, B.K. Complex
K.R. Nagar Road, Near Circle Bettadapura
Mysore Dist. – 571 102

Gonikoppal: Shop No. 4, First Floor, Babu J Complex
Old Police Station Road, Opp. Grama Panchayat
Gonikoppal – 571 213, Kodagu District.

Puttur: Shop No. 5, First Floor, Chandra's Complex
Main Road, Near Venkatramana Temple
Puttur – 574 201. D.K. Dist.



BOARD OF DIRECTORS

Chairman

Sri N A Shanbhag

Executive Director

Sri T Sunil Pai

Directors

Mrs. Vijayalaxmi N Pai

Sri B Ganapathi Pai (upto 28.05.2023)

Sri K Gokuldas Pai

Sri Rama Naik – Nominee, Canara Bank

General Manager

Dr. K K Ammannaya

Deputy General Manager

Sri N Ashok

Auditors

M/s M Rajesh Kini & Co.

Chartered Accountants

No. 5-10-1040/38, R. G. Complex Shop

Opposite to Gokarnanatha Temple

Kudroli, Mangalore – 575 003

Bankers

1) Canara Bank, 2) HDFC Bank, 3) State Bank of India, 4) ICICI Bank Ltd., 5) Karnataka Bank Ltd., 6) Indian Overseas Bank, 7) Union Bank of India, 8) Federal Bank, 9) Punjab National Bank, 10) South Indian Bank, 11) 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

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 37th Annual General Meeting of the Members of Manipal Housing Finance Syndicate Limited will be held on Wednesday, the 20th September, 2023 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 2023, 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.
3. To declare dividend on the Equity Shares for the Financial Year ended March 31, 2023.
4. To appoint a Director in place of Smt Vijayalaxmi N Pai, (DIN: 00101662) who retires by rotation, and being eligible offers herself for reappointment.

By Order of the Board

Registered Office:
"Manipal House"
Manipal – 576 104
03.06.2023

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

Notes:

1. The Ministry of Corporate Affairs ('MCA'), inter-alia, vide its General Circular Nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020, followed by General Circular Nos. 20/2020 dated May 05, 2020, and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 (collectively referred to as 'MCA Circulars') has permitted the holding of the AGM through Video Conferencing ('VC') or through Other Audio-Visual Means ('OAVM'), without the physical presence of the Members at a common venue.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.

THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on 17.09.2023 10.00 a.m. and ends on 19.09.2023 up to 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 13.09.2023 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.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-Voting to **all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-Voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iii) Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for e-Voting and joining virtual meetings **for individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful



	<p>authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nSDL.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nSDL.com either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>
<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)</p>	<p>You can also login using the login credentials of your demat account through your Depository. Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Help desk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33</p>
<p>Individual Shareholders holding securities in Demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(iv) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-Voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) 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.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) 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.



6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
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. <ul style="list-style-type: none"> 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.

- (v) After entering these details appropriately, click on "SUBMIT" tab.
- (vi) 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.
- (vii) For shareholders holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- (viii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (ix) 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.
- (x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xi) 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.
- (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xiv) 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.
- (xv) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvi) **Additional Facility for Non-Individual Shareholders and Custodians – For Remote Voting only.**
 - 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 will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, 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.
 - Alternatively Non-Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investorrelations@manipalhouse.com, if they have voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-Voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-Voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. 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 48 hours 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 by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. 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.
10. 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 may be considered invalid as the facility of e-Voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES:

1. 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**.
2. For Demat shareholders – Please update your email id & mobile no. with your respective **Depository Participant (DP)**.
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400 013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

Since the 37th 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.

The register of members and Share Transfer Book will remain closed from 14.09.2023 to 20.09.2023 (both days inclusive) in connection with 37th Annual General Meeting.

By Order of the Board

Registered Office:
"Manipal House"
Manipal – 576 104
03.06.2023

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

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their 37th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2023.

The year 2022-23 was a year of satisfactory performance for MHFSL. MHFSL performed reasonably well on all diverse fronts.

1. Results of our operations:

The following table succinctly brings out the financial performance of the Company during the F.Y. 2022-23:

Particulars	2022-2023 (₹)		2021-2022 (₹)	
Gross Income		57,35,78,047		56,31,95,102
Profit before Interest and Depreciation		44,10,91,978		44,06,44,635
Finance Charges		29,29,51,253		29,96,81,597
Provision for Depreciation		34,54,066		38,49,754
Profit before Tax		14,46,86,659		13,71,13,284
Tax Expenses:				
Current Income Tax	3,45,00,000		4,14,00,000	
Income Tax earlier year's provision	(7,77,527)		(2,90,301)	
Deferred Tax Adjustments	28,50,357	3,65,72,830	(58,72,887)	3,52,36,812
Net profit after Tax		10,81,13,829		10,18,76,472
Balance of Profit brought forward		51,43,79,434		44,12,35,010
Balance available for appropriation		62,24,93,263		54,31,11,482
Transfer to Special Reserve		1,99,05,000		2,23,14,000
Reserves in terms of Sec. 29 of NHB Act, 1987		17,18,000		-
Interim Dividend on Preference Shares		8,89,700		8,89,700
Equity Dividend for the year end 31.03.2022		55,28,348		55,28,348
Surplus carried to Balance Sheet		59,44,52,215		51,43,79,434

2. Economic Scene:

The year 2022-23 was a turning point for the global economy. The war in Ukrain and resultant sanctions on Russia and significant slow-down in China have disrupted global growth during the past 12 months. Economic growth was further limited by tightening monetary policies by Central Banks which hiked the interest rates to drive down inflation. In spite of this global situation and global economy facing heightened uncertainty, Indian economy and domestic financial system remained resilient, supported by strong macro-economic fundamentals. Also robust agriculture and services sectors contributed significantly to the resilience of Indian economy.

The Economic survey presented by Finance Minister, Smt. Nirmala Seetharaman has projected base line GDP growth at 6.5% in real terms in Financial year 2024. However, IMF has lowered India's GDP growth projection for financial year 2024 to 5.9% from 6%. RBI has marginally raised GDP growth projection for financial year 2024 to 6.5% from earlier estimate of 6.4%. Indian economy grew at a rate of 6.1% in the final quarter of the previous fiscal, pushing the overall growth rate to 7.2% for the financial year 2022-23. RBI has in the recent credit policy announcement on 8.6.2023 projected GDP growth rate at 6.5% for the financial year 2023-24. Quicker growth is expected in financial year 2024 as vigorous credit disbursal and capital investment cycle is expected to unfold in India with strengthening of balance sheets of corporate and banking sectors. Also support to economic growth is expected from the expansion by public digital platforms and path breaking measures such as PM Gatishakti, National logistics policy and production linked incentive schemes to boost manufacturing output.

The quicker growth which is anticipated in financial year 2024 will unfold abundant opportunities for Housing Finance Companies like yours for credit disbursement and business expansion.

However, constantly increasing funding cost, following increase in bank term loan rates on account of repeated Repo rate hike by RBI in 2022-23 is a challenge which has to be faced by possible cost-cutting and prudent cost management. According to the economic survey release of pent up demand was visible in the housing market and demand for housing loans has picked up. We have to go full stream ahead in matter of availing the emerging business opportunities for lending and business expansion in financial year 2024. This alone will enable us to achieve our business plans and disbursement targets in 2023-24.

**3. Financial Performance:**

Your Directors are pleased to report that in spite of repeated hike in Repo rate by RBI and consequent increase in our borrowing costs, MHFSL was able to show satisfactory performance and business growth during 2022-23.

The total income during the year was ₹57.36 Crores. The company could achieve Profit After Tax of ₹10.81 Crores as against the profit of ₹10.18 Crores in the previous year. The net profit thus increased by ₹63.00 Lakhs with percentage increase of 6.12%.

Total loan sanctions during the year ended 31st March, 2023 amounted to ₹273.15 Crores. Disbursements of loans during the year amounted to ₹265.71 Crores and outstanding loans stood at ₹457.64 Crores.

Performance during past five years:

We are providing herebelow a bird's eye view of the performance of the company during the period from March 2018 to March 2023 on vital fronts such as total business, gross income, net profit, net worth, CRAR, NIM and net NPAs:

(₹ in Crores)

Particulars	31.03.2018	31.03.2023	Increase/Decrease
Total Business	439.18	487.39	48.21
Gross Income earned	47.48	57.36	9.88
Net Profit	7.57	10.81	3.24
Net Owned Funds	56.71	102.16	45.45
CAR (%)	19.63	34.54	14.91
NIM (%)	3.94	5.33	1.39
Net NPA (%)	0.54%	0.57%	0.03

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

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 and RBI regarding deposit acceptance, accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, credit rating, corporate governance, information technology framework, fraud monitoring guidelines, concentration of investments, capital market exposure norms, know your customer and anti-money laundering guidelines.

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 an Asst. General Manager, 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.

B. Liquidity Coverage Ratio

MHFSL implemented Liquidity Coverage Ratio (LCR) in December, 2021 in terms of the directions of RBI and started submission of LCR returns. LCR returns are submitted on a weekly basis for every week by Wednesday of the succeeding week. LCR position was satisfactory for all reporting weeks so far with actual LCR being above 200% for most of the reporting weeks. The LCR as on 31st March, 2023 was 197.01%.

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 ₹7.10 Crores.

The Net Owned Funds of the company as on 31.03.2023 stood at ₹102.16 Crores as against ₹91.99 Crores as on 31.03.2022. There was thus, an increase of ₹10.17 Crores in the Net Owned Funds, the percentage increase being 11.06%. Capital Adequacy Ratio (CRAR) as on 31.03.2023 was 34.54% as against 31.04% a year ago.

C. New Policies : The following new policies were approved by the Board of Directors for adoption in the Company during 2022-23:

- Risk Based Internal Audit Policy (RBIA policy)
- Fraud Prevention Policy
- Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP)
- Back-up Policy

All the existing Board approved policies were reviewed by the Board in the meeting held on 21.05.2022.

D. Core Financial Services Solution (CFSS)

As per the directions of RBI and NHB, we have to implement Core Financial Services Solution (CFSS) on or



before 30th September, 2025. The Board has resolved to implement CFSS by adhering to the stipulated time frame. Accordingly, steps are afoot in that direction.

E. Resource mobilisation: During the year, the Company continued its efforts at reducing the funding cost and average cost of funds despite repeated hike in REPO rate by RBI and consequent increase in bank term loan rates. 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 ₹70.37 Crores. The total outstanding Term Loans as on 31.03.2023 stood at ₹306.36 Crores. The Term Loans availed from different Banks have been mostly 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. The accent during the year 2022-2023 continued on getting rates of interest reduced by requesting banks and also by means of follow up with them.

The term loans of the company have been rated by Rating Agencies viz. M/s. Acuite Ratings and Research Agency Ltd. and rating assigned by them is "Acuite A - (Acuite A minus)" for the Bank liabilities.

2) **Deposits:** The aggregate amount of deposits of the company as on 31.03.2023 were ₹49.70 Crores as against the figure of ₹39.62 Crores as on 31.03.2022. The company has plans to mobilise additional deposits of about a couple of Crores of rupees in FY 2023-24.

The public deposits of the company have been rated by the Rating Agencies viz. M/s. Acuite Ratings and Research Agency Ltd. and the rating assigned by them is "Acuite A".

3) **NHB Refinance:** NHB has sanctioned fresh refinance limit of ₹ 15 Crores for utilization in 2023-24. Steps are afoot to complete the required documentation for availing the sanctioned refinance limit.

4) **Matured Deposits:** The total amount of matured deposits as on 31.03.2023 were ₹1.84 Lakhs involving 2 accounts as against ₹34.99 Lakhs as on 31.03.2022 comprising 5 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 be the constant endeavour of the company at all times to reduce the amount of un-claimed deposits by means of follow-up with depositors.

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.

Based on the Company's performance, your Directors are pleased to recommend a dividend of 6.5% (₹0.65 paise) per equity share of face value of ₹10/- each for the year ended March 31, 2023. In view of the changes made under the Income Tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, wherever applicable, make the payment of the Dividend after deduction of tax at source. The interim dividend of 7% (0.175 paise) per Cumulative Redeemable Preference Shares of ₹10/- each was paid on 02.07.2022, 01.10.2022, 02.01.2023 and 31.03.2023.

The dividend on equity shares subject to approval of Members at the Annual General Meeting scheduled to be held on 20.09.2023 will be paid on or after that date, to the members whose names appear in the Register of Members, as on the date of book closure i.e. from 14.09.2023 to 20.09.2023.

5. Share Capital:

The paid-up Share Capital as on 31st March, 2023 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, 38,76,997 Equity Shares forming 45.58% 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 31.03.2023 with comparative data as on 31.03.2022 are furnished here below:

Classification	31st March 2023		31st March 2022	
	No. of A/cs	Amount (₹)	No. of A/cs	Amount (₹)
Sub-standard Assets	28	10,67,58,359	13	3,07,55,683
Doubtful Assets:				
Category 1	5	44,11,507	10	3,54,95,833
Category 2	2	38,50,916	13	3,59,45,881
Category 3	5	4,89,153	13	11,67,716
Loss Assets	-	-	-	-
Total	40	11,55,09,935	49	10,33,65,113

As could be seen, the net NPA percentage as on 31.03.2023 was 0.57% as against 0.74% a year ago. Similarly, gross NPA percentage was 2.52% as on 31.03.2023 as against 2.37% as on 31.03.2022. 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 2023-24. It is also expected that the staff incentive scheme which is in place will help motivate the staff and spur them on to greater efforts at recovery.

8. Business Plan for 2023-24:

The Board has approved the following business plan for 2023-24:

Particulars	₹ in Crores
Gross Income	59.50
Profit before Tax	15.25
Profit after Tax	11.50
Housing Loans Outstanding	340.00
Jewel Loans/Mortgage Loans Outstanding	157.00
Disbursements:	
Housing loans	120.00
Jewel loans	180.00

9. Corporate Governance: MHFSL recognises its role as a responsible corporate citizen

The Company has been giving utmost importance to Corporate Governance. Maintaining high standards of Corporate Governance has been fundamental to the business of your Company. MHFSL has long term relationship with its valued depositors, lenders and 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 in guidelines, 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 value to the Company and fetches benefit to all stakeholders. As Corporate Governance provides a frame work 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 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 31.03.2023. Also Deed of Covenants signed by Directors has been obtained in prescribed format as on 31.03.2023.

10. 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.

It is hereby informed with profound grief that Sri Basti Ganapathi Pai, Independent Director of the Company, breathed his last on 28th May, 2023. He was Director on the Board of the Company since 2015. The Board of Directors wish to pay rich tributes to Sri Basti Ganapathi Pai for his valuable contribution through continuous and qualitative participation in the Board meetings and unstinted support to the Company throughout his association. The Board wishes to place on record its sincere appreciation for the valuable services rendered by Late Sri Pai.

11. 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 2022-23 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.

12. Meetings:

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from other Board businesses. The Board/Committee Meetings are prescheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed in the subsequent Board Meeting. The Board Meetings are normally held at the Company's Head Office at Manipal House, Manipal. During the year four Board Meetings were convened and held on 21.05.2022, 12.09.2022, 12.12.2022 and 29.03.2023. 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 21.05.2022, 12.09.2022, 12.12.2022 and 29.03.2023, respectively during the year. The Audit Committee wherever required calls members of Senior Management 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, liquidity management, recovery & reduction of NPAs, business planning and steps required to improve net interest margin, financial reporting process and aspects concerning disclosures of financial information to ensure correctness, adequacy and creditability of financial statement, internal financial control system, vigil mechanism, sources and use of funds etc.

13. 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 their skills, knowledge and experience on the Board.

The Board evaluation process involves, 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.



14. Declaration by an Independent Director(s) and re-appointment, 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.

15. 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 directors 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 B Ganapathi Pai – Director | 4. Sri K Gokuldas Pai – 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.

16. Auditors:

M/s. M Rajesh Kini & Co., Chartered Accountants, Mangaluru (FRN: 008638S) has been appointed as Statutory Auditors of the Company for a period of 3 years at the 35th Annual General Meeting held on 29.09.2021 till the conclusion of the 38th AGM of the Company to be held in the year 2024.

17. Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. CS Ramachandra Bhat S, Practicing Company Secretary from Bangalore to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor in Form MR-3 forms part of this report as "Annexure – IV". The Secretarial Audit Report does not contain any qualifications, reservation or adverse remark.

18. Auditor's Report:

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

19. Internal Financial Control:

MHFSL's internal controls are commensurate with its size and the nature of its operations. 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. The Board has adopted risk based internal audit policy (RBIAP Policy) recently. A comprehensive Risk based Internal Audit Policy has been put in place. Risk based Internal Audit Division has been set up with a team of three officers, headed by an Asst. General Manager. Credit Audit with particular emphasis on loan documentation is conducted by an experienced retired Bank Officer who conducts credit audit and vetting of loan documents on an ongoing basis.

20. Risk Management and Asset Liability Management System:

The Board of Directors of the Company have formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. MHFSL has adopted a Risk governance frame work on the basis of NHB guidelines. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Board has approved Risk Management Policy 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.

The NHB guidelines relating to Asset Liability Management System and risk management are strictly complied with. An ALM support group has also been formed. The Asset Liability Management Committee (ALCO) meets every half year to monitor as well as to deliberate on liquidity risk, interest rate risk, earnings risk, pricing both in respect of deposits and loans, maturity profiles of incremental assets and liabilities, cash flow, issues relating to profit planning and other aspects of balance sheet management. ALCO reviews position with reference to tolerance limits at half year ends before submitting the prescribed Asset Liability Management Return to the NHB. The position is also reviewed by Audit Committee of the Board from time to time.

During the year ALCO met on 30.09.2022 and 31.03.2023 to deliberate on issues of the nature mentioned above and also to discuss interest rates on deposits and housing loans, moratorium on EMI payments by borrowers, moratorium on our term loans repayment and interest by lender banks, liquidity position etc. The ALCO examines interest rate scenario from time to time and makes its recommendations regarding changes in interest rates to be made if any to the Management for achieving optimum risk-return trade off. It is constant endeavour of the Company to strengthen risk management system and asset liability system.

A sound and robust MIS is in place covering all aspects of ALM, besides cost of funds, NIM, return on Assets, individual borrowal accounts, data relating to Non-performing accounts etc. which is crucial for effective management of risks of diverse types.

21. Extract of Annual Return:

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, a copy of annual return in MGT-7 is available on the Company's website www.manipalhousing.com. As per provisions of Section 134(3)(a) of the Companies Act, 2013, the Annual return for financial year 2022-23 is placed on website of the company i.e. www.manipalhousing.com.

22. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report and changes in nature of business, if any:

There are no such material changes to be reported in this regard and there are no change in nature of business.

23. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:

Your Directors wish to state that there have been no significant or material orders that were passed by the Regulators or Courts or Tribunals which may impact the going concern status and operations of the Company in future.

24. Corporate Social Responsibility:

MHFSL's CSR programme seeks to make a positive impact on the communities at and around the operational areas of branches. Through this participation, the Company seeks to focus on activities that can contribute meaningfully to the wellbeing of the communities around. The focus areas decided upon by the Board as recommended by the CSR Committee are education, health care and skill development.

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted Corporate Social Responsibility Committee, that had the following Directors as its members during the year 2022-23:

Sri N A Shanbhag	–	Chairman
Sri T Sunil Pai	–	Executive Director
Sri Rama Naik	–	Nominee Director
Sri B GanapathiPai	–	Director
Smt. Vijayalaxmi N Pai	–	Director
Sri K Gokuldas Pai	–	Director

The Committee meets every quarter for discussing the CSR initiatives and CSR efforts of the company. The CSR Committee met on 21.05.2022, 12.09.2022, 12.12.2022 and 29.03.2023 and deliberated on plans and projects relating to CSR. An amount of ₹30,04,343/- has been earmarked for CSR spending as against ₹25,25,000/- allocated for CSR spending in the previous year.

To ensure quality education for the poor children, the Company has been supporting the purchase of uniforms, books and also construction of school building/toilets etc. In this regard, the Company has spent an amount of



₹30,09,484/- towards different Schools/Educational Institutions as a part of CSR spending. Annual Report on CSR activities is annexed as Annexure I to this report.

25. Deposits:

The details relating to deposits, covered under Chapter V of the Act,

(a) Accepted during the year (including renewals)	:	₹14,20,96,853/-
(b) Remained unpaid or unclaimed as at the end of the year	:	₹1,83,668/-
(c) The details of deposits which are not in compliance with the requirements of Chapter V of the Act	:	Nil

The Company has paid interest on all the outstanding deposits on due dates. There has been no default on repayment of deposits or payment of interest thereon during the year. The Company has maintained required statutory liquidity ratio (SLR) as per the NHB regulations.

26. Particulars of loans, guarantees or investments under Section 186:

Details of Loans: Not applicable to Housing Finance Companies since same are given in the ordinary course of business.

Details of Guarantee/Security Provided: Not applicable to Housing Finance Companies. However no such guarantee or security was provided.

Investments made are of the nature quoted Equity Shares and Government Bonds. Particulars of such investments are provided in the financial statements vide Note Nos. 10.01 to 10.03.

27. Obligation of Company under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

In terms of the Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013 that was notified on 9th December, 2013, MHFSL has constituted an Internal Complaints Committee to look into complaints of sexual harassment at work place preferred by women employees. The company has adopted a policy for prevention of sexual harassment of women at work place and the above Committee reviews the progress in the implementation of the said policy. During the year, the Committee met on 30.06.2022, 30.09.2022, 31.12.2022 and 31.03.2023 and deliberated on general issues relating to sexual harassment of women and improvement in facilities required. There were no specific complaints of sexual harassment of any women employee during the year.

28. Conservation of energy, technology absorption and foreign exchange earnings and outgo:

There is no information to disclose under the head 'Conservation of Energy and Technology Absorption' given in the above rules since the Company is engaged in providing housing loans. However, the Company understands the importance of energy conservation for the environment and is covered under Environment, Social and Governance (ESG) section. There were no foreign exchange earnings and the Company or outgoings during the year under report.

29. Directors' Responsibility Statement:

Your Directors hereby report in terms of Clause (c) of Sub-section (3) of Section 134 of the Companies Act, 2013, that –

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors have prepared the annual accounts on a going concern basis; and
- The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. Transfer of Amounts to Investor Education and Protection Fund:

Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has already filed the necessary form and uploaded the details of unpaid and unclaimed amounts lying with the Company, as on the date of last AGM (i.e. 12.09.2022), with the Ministry of Corporate Affairs.



Information in respect of unclaimed dividend when due for transfer to the Investor Education Protection Fund is given below:

Financial Year ended	Date of Declaration of Dividend	Last Date for claiming unpaid dividend	Due date for transfer to IEP Fund
31.03.2016	30.08.2016	30.08.2023	30.09.2023
31.03.2017	31.08.2017	31.08.2024	01.09.2024
31.03.2018	16.08.2018	16.08.2025	16.09.2025
31.03.2019	21.08.2019	21.08.2026	21.09.2026
31.03.2020	04.03.2020	04.03.2027	04.04.2027
31.03.2021	29.09.2021	28.09.2028	28.10.2028
31.03.2022	12.09.2022	12.09.2029	12.10.2029

31. Related party Transaction:

The policy of the Company on dealing with related party transactions stands displayed on the website of the Company www.manipalhousing.com. All related party transactions that were entered into were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of 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 II.

32. Details of Fraud Report by Auditor:

As per auditors' report, no fraud u/s 143(12) is reported.

33. Secretarial Standards:

Secretarial Standards Pursuant to Section 118 of Companies Act, 2013, The Company has complied with all the provisions of applicable Secretarial Standards issued by Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

That is as follows: 1) Secretarial Standards – I for Board Meeting. 2) Secretarial Standards – II for General Meeting.

34. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016.

35. THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

There was no instance of onetime settlement with any Bank or Financial Institution.

36. Whistle Blower Policy:

The Company has Board approved Vigil Mechanism/Whistle Blower Policy, 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.

37. 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 : 03.06.2023

Annexure – I ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company.

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.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR committee held during the year	Number of meetings of CSR committee attended during the year
1	N A Shanbhag	Chairman/Independent Director	4	4
2	T Sunil Pai	Executive Director	4	4
3	B Ganapathi Pai *	Independent Director	4	4
4	Rama Naik	Nominee Director	4	4
5	K Gokuldas Pai	Additional Director	4	4
6	Vijayalaxmi N Pai	Director	4	1

* Sri B Ganapathi Pai, Director of the Company passed on 28.05.2023.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company : www.manipalhousing.com/Policies & Codes/CSR committee and spending
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) : N A
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : Nil
6. Average net profit of the company as per Section 135(5) : ₹15,02,17,170/-
7. (a) Two percent of average net profit of the company as per Section 135(5) : ₹30,04,343/-
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
- (c) Amount required to be set off for the financial year : Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹30,04,343/-
8. (a) CSR amount spent or unspent for the financial year : ₹30,09,484/-

Total amount spent for the financial year (in ₹)	Amount unspent (in ₹)				
	Total amount transferred to unspent CSR account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
30,09,484/-	NA		NA		

- (b) Details of CSR amount spent against **ongoing projects** for the financial year : Nil
- (c) Details of CSR amount spent against **other than ongoing projects** for the financial year : Nil
- (d) Amount spent in Administrative Overheads : Nil
- (e) Amount spent on Impact Assessment, if applicable : Nil

- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Nil
 (g) Excess amount for set off, if any

Sl. No.	Particular	Amount in ₹
1	Two percentage of average net profit of the company as per Section 135(5)	-
2	Total amount spent for the financial year	-
3	Excess amount spent for the financial year (ii) - (i)	-
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
5	Amount available for set off in succeeding financial years (iii) - (iv)	-

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

Sl. No.	Preceding financial year	Amount transferred to CSR account under Section 135 (6) in ₹	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6) if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the fund	Amount in (₹)	Date of transfer	
1	2019-20	Nil	4,80,310	Nil			-
2	2020-21	Nil	22,68,300	Nil			-
3	2021-22	Nil	25,25,000	Nil			-
	Total		52,73,610				

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year : Nil
- (a) Date of creation or acquisition of the capital asset(s) : Nil
- (b) Amount of CSR spent for creation or acquisition of capital asset : Nil
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Nil
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : Nil
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5) : NA

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

Sd/-
N A Shanbhag
 (Chairman, CSR Committee)
 DIN: 07157128

Annexure – II
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 arm's 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 01.04.2015. Therefore making any further disclosures in Form AOC-2 does not arise.

Annexure – III

Report of the Board on Corporate Governance

MHFSL is committed to maintaining the highest levels of integrity, corporate governance and regulatory compliance. These parameters form the bedrock of our corporate governance policy. We have proactively adopted good governance practices and are constantly striving to enhance our standards. Our Board of Directors are responsible for setting the course for and evaluating the Company's performance about the corporate governance. The parameters of evaluation include compliance, internal control, risk management, information and cyber security, customer service and social and environmental responsibility.

MHFSL 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, borrowers, business partners and its various other stakeholders and financiers. The Company has followed principles of transparency and adequacy in all the disclosures through its public documents; Annual Reports, declaration of financial results etc. The Company practices ethical standards in all its dealings. The company has been constantly strengthening its corporate practice and public 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 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 and RBI. 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. One Director is Nominee Director of Canara Bank, being a promoter. There are two independent directors.

Names of Directors:

1	Sri T Sunil Pai	Executive Director/Whole-time Director
2	Sri N A Shanbhag	Chairman/Independent Director
3	Smt. Vijayalaxmi N Pai	Non-Executive Director
4	Sri B Ganapathi Pai*	Independent Director
5	Sri K Gokuldas Pai	Non-Executive Director
6	Sri Rama Naik	Nominee Director

* Sri B Ganapathi Pai, Director of the Company passed on 28.05.2023.

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 Committees has been delegated with specific responsibilities/matters as per the provisions of the Companies Act, 2013. The minutes of every Committee meeting are finalised and recorded in the minute book.

**Board Level Committees:**

Sl. No.	Name of the Committee	Directors/Members	No. of meetings held in 2022-23
1.	Audit Committee	Sri N A Shanbhag Sri B Ganapathi Pai* Smt. Vijayalaxmi N Pai Sri Rama Naik Sri K Gokuldas Pai	4
2.	Nomination and Remuneration Committee	Sri N A Shanbhag Sri T Sunil Pai Sri B Ganapathi Pai* Sri K Gokuldas Pai	2
3.	Corporate Social Responsibility Committee	Sri N A Shanbhag Sri T Sunil Pai Sri B Ganapathi Pai* Sri Rama Naik Sri K Gokuldas Pai	4
4.	Working/Loan Sanction Committee	Sri T Sunil Pai Smt. Vijayalaxmi N Pai Sri N A Shanbhag Sri B Ganapathi Pai	18
5.	Review Committee Willful Defaulters	Sri T Sunil Pai Sri N A Shanbhag Sri B Ganapathi Pai*	4
6.	Committee on write off of Bad Loans	Sri T Sunil Pai Sri B Ganapathi Pai* Sri K Gokuldas Pai	2

* Sri B Ganapathi Pai, a member of the Committee passed on 28.05.2023.

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	IT Strategy Committee	Internal Committee	2
6	Identification Committee for Willful Defaulters	Internal Committee*	4

* As permitted by Regulator vide letter No. 8255/2016-17 dt. 05.09.2016

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.

The Company has adopted a Whistle-Blower Policy, as part of vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the Code of the Company. It also enables them to give their feedback and suggestions on various aspects of functioning of the Company. The Company has 4925 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 Manipal House, Manipal. 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 wherever required. The minutes of each Board meeting are finalised and recorded in the minute book of the Company.

Four meetings were held in 2022-23. The details of attendance and participation by Directors in the Board meetings held in 2022-23 are furnished here below:

Sl. No.	Director's Name	No of meetings attended
1	Sri T Sunil Pai	4
2	Sri N A Shanbhag	4
3	Sri B Ganapathi Pai	4
4	Smt. Vijayalaxmi N Pai	2
5	Sri Rama Naik	4
6	Sri K Gokuldas Pai	4

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 31.03.2023.



Annexure – IV
FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Manipal Housing Finance Syndicate Limited
Manipal House,
MANIPAL – 576 104

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MANIPAL HOUSING FINANCE SYNDICATE LIMITED (Hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the MANIPAL HOUSING FINANCE SYNDICATE LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by MANIPAL HOUSING FINANCE SYNDICATE LIMITED for the financial year ended on 31.03.2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) As the company does not have Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, the audit under Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder is not required.
- (v) The laws, Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the company as the company is an unlisted public company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) As the company is an unlisted public company, the provisions of Listing Agreement and the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015, are not applicable to the company.

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.

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

We further state that, during the period under review and based on our verification of the records maintained by the Company and also on review of compliance reports/statements by the respective department heads taken on record by the Board of Directors of the company, in our opinion, adequate systems and processes and control mechanism commensurate to the size and nature of the company's business, exist in the company to monitor and ensure compliances with applicable laws, industry specific laws, labour laws, intellectual property laws and environmental laws. We have not reviewed the applicable financial laws, direct and indirect tax laws since the same have been subject to review and audit by the Statutory Auditors of the Company.

Further, it is to state that we have verified the records on the basis of soft copies provided electronically by the company and randomly verified/scrutinized the records physically.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. The composition of the Board is furnished in the Annexure attached herewith.

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

Majority decisions are carried through while the dissenting members' views if any are captured and recorded as part of the minutes.

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

I further report that during the audit period the company:

- 1) Has maintained books of accounts as required under Section 128 of the Companies Act, 2013.
- 2) Has Complied with all the provisions of the Companies Act, 2013 relating to Statutory Audit/Internal Audit.
- 3) Request for transfer or transmission of shares have been received and dealt with in accordance with Section 56 of the Companies Act, 2013.
- 4) Statutory Registers were kept open for public inspection during working hours on all working days.
- 5) Notice of Board meetings were duly sent to all the directors.
- 6) Circular Resolutions (5 Nos) were passed by the company during the year under review.
- 7) Notice of annual general meeting has been duly sent to all the members to their registered email address and physical copies provided to those members, who have made specific request in this behalf.
- 8) Minutes of the Board and general meetings were entered in the minute books within thirty days from the day of the meeting.
- 9) The share certificates were properly stamped.
- 10) The entries in the statutory registers were made within the prescribed time.
- 11) The Company has done alteration in the Objects Clause of Memorandum of Association in order to comply with the Guidelines issued by NHB from time to time and the proof of the filing with ROC are available in the company records.
- 12) Has provided to all relevant information and has given access to all data and records.
- 13) There is no pending litigation and claims other than reported in the balance sheet by way of contingent liability.
- 14) No event other than reported specifically has occurred during the year which has a major bearing on the company's affairs in pursuance of the laws, rules, regulations, guidelines, standards etc. referred to above.



- 15) The views of all the dissenting Directors (if any) on important matters have been captured and recorded in the minute.
- 16) The venue and time of Board meeting was finalised with the consultation of all board members.
- 17) Has maintained its website and all statutory information have been uploaded from time to time.
- 18) The company has spent complete CSR amount pertaining to the financial year 2022-2023 amounting to ₹30,09,484/- vis-à-vis CSR liability of ₹30,04,343/- on social welfare activities covered under Schedule VII of the Act and thereby complied with the provisions of Section 135 of the Companies Act 2013 and Companies (CSR Policy) Rules, 2014.

Securities Laws:

1. As the company is an unlisted public company, the provisions of Listing Agreement and the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 are not applicable to the company.
2. There were no Investors complaints received by the company during the year.
3. None of the investor complaints are pending.

Labour laws:

1. All the premises and establishments have been registered with the appropriate authorities.
2. The company has not employed any child labour/Bonded labour in any of its establishments.
3. The Company is ensuring the compliance of PF/ESI and other social security measures to the contract employees. One of the responsible officers of the Company carries out the survey regarding the compliance of this.

Environmental Laws:

1. The Company is not discharging the contaminated water at the public drains/rivers.

Date	: 03.06.2023	Signature	: Sd/-
Place	: Bangalore	Secretary in Practice	: Ramachandra Bhat S
		ACS/FCS No.	: 4441
		C P No.	: 5421
		UDIN	: F004441E000450854
		The Peer Review Certificate No.	: 1345/2021

'ANNEXURE A'

To,
The Members,
Manipal Housing Finance Syndicate Limited
REGD. OFFICE: "MANIPAL HOUSE"
MANIPAL – 576 104 (Udupi Dist.)

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
Ramachandra Bhat S
Company Secretary
FCS No. No.:4441
C P No.:5421
UDIN : F004441E000450854
The Peer Review Certificate No.: 1345/2021

Date : 03.06.2023
Place : Bangalore

ANNEXURE

MANIPAL HOUSING FINANCE SYNDICATE LIMITED						
LIST OF DIRECTORS AS ON THE DATE OF THIS REPORT (03.06.2023)						
Sl. No.	DIN	Name	Address	Designation	Date of Appointment	Nature of Appointment
1	00101564	Thonse Pai Sunil	16-125, Anantha Nagar Manipal, Karnataka – 576 104, India	Executive Director	15.12.2009	Whole-time Director
2	00101662	Vijayalaxmi Pai Narayan	16-125 Anantha Nagar Manipal, Karnataka – 576 104, India	Director	18.03.2005	Women Director/ Non-Executive
3	07157128	Nagesh Anant Shanbhag	# 304 Sovereign Park 56/58 K R Road Opp: Police Station Basavanagudi, Bangalore South, Bangalore, Karnataka – 560 004, India	Director	30.03.2015	Independent Director
4	09131513	Kalsanka Gokuldas Pai	Flat No. 309 B Wing, Blueberry Woods, Manipal, Udupi District Karnataka – 576 104, India	Director	05.03.2021	Non-Executive Director
5	08555036	Rama Naik	No. 16-361 Quarters No. 130, Behind Canara Bank, HO Annex, Tile Factory Road, Manipal – 576 104	Director	21.12.2020	Nominee Director/ Canara Bank

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MANIPAL HOUSING FINANCE SYNDICATE LIMITED, MANIPAL

Report on the audit of Financial Statements

Opinion

We have audited the accompanying financial statements of MANIPAL HOUSING FINANCE SYNDICATE LIMITED ("the Company"), which comprises the Balance Sheet as at 31st March 2023, 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 our opinion and to the best of our information and according to the explanations given to us, 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, 2023, the profit and its cash flows for the year ended on that date.

Basis for Opinion

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

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 and "Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021" issued by Reserve Bank of India (but does not include the financial statements and our auditor's report thereon). The above stated information is expected to be made available to us after the date of this auditor's report.

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

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

When we 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 and "Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021" issued by Reserve Bank of India if we conclude that there is a material misstatement therein, we are 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

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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, we are 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit



evidence obtained up to the date of our auditor's report. However, future events or conditions may cause 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 may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by the Para 69 of Chapter XII of "Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021" ("the Directions"), issued by the Reserve Bank of India, we give in the 'Annexure B' a report on the matters specified in Paragraph 70 and Paragraph 71 of the Directions, to the extent applicable.
3. As required by Section 143(3) of the Act, we report
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our 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 our 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 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 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 our separate report in 'Annexure C'. Our 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 our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
4. 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 our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company does not have any pending litigations which would impact its financial position.
 - b. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - c. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund, by the Company.
 - d.
 - i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
 - ii) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
 - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and
 - iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d)(i) and (d)(ii) contain any material misstatement.
5. The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

For **M RAJESH KINI & CO**
Chartered Accountants
Firm Registration Number: 008638S
Sd/-
CA M SUNIL BHAT
Partner
Membership Number: 025511
UDIN: 23025511BGXNGP7165

Place : MANIPAL
Date : 08.06.2023



ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT
(Issued to Manipal Housing Finance Syndicate Limited, Manipal for the year ending 31st March 2023)
(Referred to in paragraph 1 of my report of even date under the Heading
“Report on other Legal and Regulatory Requirements”)

In our opinion and in terms of the information and explanations sought by us and given by and the books of accounts and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report as below:

- i. (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 Company does not have intangible assets. Accordingly, paragraph 3(i)(a)(B) of the Order is not applicable.
- (b) The fixed assets i.e. Property, Plant & Equipments of the Company have been physically verified by the management. In our 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 us, no material discrepancies were noticed on such verification.
- (c) According to the information given to us and on the basis of our examination, title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company, except as below:

All amounts in ₹ Lakh

Description of property	Gross carrying Value	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company
Land (Freehold)	91.15	Mr. Ganapathy Bhat	No	Mar. 2008	As disclosed by Management vide Note 9.01

- (d) According to the information and explanations given to us, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year. The Company does not have intangible assets.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii. (a) According to the information and explanations given to us, the Company does not have inventory as at the end of the year. Hence, paragraph 3(ii)(a) of the order is not applicable.
- (b) According to the information and explanations given to us, the company has been sanctioned working capital limits in excess of five crore rupees from banks on the basis of security of loans. Based on examination of the records of the Company, the quarterly returns or statements filed by the company with the said bank are in agreement with the books of accounts maintained by the Company.
- iii. (a) The Company’s principal business is to give loans. Accordingly, paragraph 3(iii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of the audit procedures conducted by us, we are of the opinion that the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company’s interest.
- (c) The Company, in pursuance of its compliance with provisions of the RBI Act/Rules/Directions, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its customers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 11 to the Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.
- (d) The Company, in pursuance of its compliance with provisions of the RBI Act/Rules/Directions, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and report total amount overdue including principal and/or payment of interest by its customers for more than ninety days in respect of loans given. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 11 to the Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.
- (e) The Company’s principal business is to give loans. Accordingly, paragraph 3(iii)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- iv. According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act in respect of loans granted and investments made. We are informed by the management that the Company has not issued any guarantee or provided any security to any other person.
- v. In our opinion and according to the information and explanations given to us, the Company has complied with the “Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021” issued by Reserve Bank of India and the provisions of Section 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014. The public deposit (including amounts which are deemed to be deposits) accepted by the Company are governed by the directives issued by the Reserve Bank of India vide Notifications issued from time to time. The management has informed us 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.
- vi. 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.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the record of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including goods and services tax, provident fund, employees’ state insurance, income 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.
 According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income tax, Goods and Services Tax, duty of customs, cess and any other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.



- (b) According to the records of the company made available to us and as per the information and explanations given, there are no statutory 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.
- viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 (43 of 1961) as income during the year.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared as wilful defaulter by any bank or financial institution or Government or Government Authority.
- (c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans from banks during the year for the purposes for which they were obtained.
- (d) According to the information and explanations given to us and the procedures performed by us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short term basis. Accordingly, paragraph 3(ix)(d) of the order is not applicable.
- (e) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, paragraph 3(ix)(e) of the order is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, paragraph 3(x)(a) of the order is not applicable.
- (b) According to the information and explanations given to us and based on our 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(x)(b) of the Order is not applicable.
- xi. (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanation given to us, no report under Sub-section (12) of Section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanation given to us, there were no whistle blower complaints received by the company during the year by the Company.
- xii. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our 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.
- xiv. (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provision of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) 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.
- (b) The company is not required to be registered under 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the order is not applicable.
- (c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3(xvi)(c) is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, paragraph 3(xvi)(d) is not applicable.
- xvii. The company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, paragraph 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. In our opinion and according to the information and explanations given to us, there is no unspent amount under Sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, paragraph 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **M RAJESH KINI & CO**
Chartered Accountants
Firm Registration Number: 008638S

Sd/-
CA M SUNIL BHAT
Partner

Membership Number: 025511
UDIN: 23025511BGXNGP165

Place : MANIPAL
Date : 08.06.2023



ANNEXURE “B” TO INDEPENDENT AUDITOR’S REPORT
(Issued to Manipal Housing Finance Syndicate Limited, Manipal for the year ending 31st March 2023)
(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 Para 69 of Chapter XII the “Master Direction Non-Banking Financial Company –
Housing Finance Company (Reserve Bank) Directions, 2021” (“the Directions”),
issued by the Reserve Bank of India)

- A. 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 conditions for Principal Business Criteria under Paragraph 4.1.17 of the directions.
- II. The company has complied with the prescribed limits of Net Owned Funds as per Section 29A of the National Housing Bank Act, 1987.
- III. The company has complied with Section 29C of the National Housing Bank Act, 1987.
- IV. Total borrowings of the housing finance company are within the limits prescribed under Paragraph 27.2 of the directions.
- V. According to the information given to us 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 directions.
- VI. The capital adequacy ratio as disclosed in the Half Yearly Statutory return submitted to the National Housing Bank as per the directions issued by National Housing Bank in this regard has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed therein.
- VII. According to the information given to us by the company, the Company has submitted the Half-yearly statutory return within the stipulated period as specified in the directions issued by National Housing Bank..
- VIII. According to the information given to us by the company, as specified in the Clause VII above the company has furnished to the National Housing Bank within the period granted the quarterly statutory return on Statutory Liquid Assets as specified in the directions issued by National Housing Bank.
- IX. According to the information and explanations given to us, during the year the company has opened One Branch i.e. 1) Puttur, Dakshina Kannada District with effect from 17th June 2022. The Company has vide Letter Ref: MHFSL:HO:KKA:238:2022-23 dated 7th June 2022 has informed National Housing Bank and further the Company has not closed any branches during the year.
- X. According to the information and explanations given to us, the housing finance company has complied with the provisions contained in Paragraph 3.1.3, Paragraph 3.1.4 and Paragraph 18 of the directions.
- XI. The Company has accepted Public Deposits during the relevant year.
- B. I. As per the information obtained by us, the deposits accepted by the company together with other borrowings indicated below are within the limits admissible to the company as per the provisions the directions.
- (a) from public by issue of unsecured non-convertible debentures/bonds : ₹ NIL;
- (b) from its shareholders : ₹181.28 Lakhs;
- (c) which are not excluded from the definition of 'public deposit' in the Housing Finance Companies (NHB) Directions, 2010 : ₹4,787.27 Lakhs.
- II. The deposits held by the company are within limits specified under the provisions of the Directions. Accordingly the question of reporting on the 70.2.2 of the directions does not arise.
- III. The Company has obtained rating for its deposits from the credit rating agency i.e. M/s Acuité Ratings & Research Limited. The aforesaid rating agency has assigned the rating “ACUITE A” for the deposits of the Company, vide their letter dated 17th January, 2023 which is one of the approved rating agency as per the Direction.
- IV. As per information and explanations given to us in respect of Clause (III) above,
- (a) The credit rating mentioned above is given by one of the agencies approved as per the Directions namely M/S Acuité Ratings & Research 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 ₹5,500 Lakhs. The aggregate amount of deposits outstanding at any time during the year has not exceeded the aforesaid specified limit of ₹5,500 Lakhs.
- V. According to the information and explanations given to us 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 31.03.2023.
- VI. According to the information and explanations given to us and on the basis of our 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 40 and 42 of the Directions.
- VII. 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 the directions.

For **M RAJESH KINI & CO**
Chartered Accountants
Firm Registration Number: 008638S

Sd/-
CA M SUNIL BHAT
Partner

Membership Number: 025511
UDIN: 23025511BGXNGP7165

Place : MANIPAL
Date : 08.06.2023

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")

We have audited the internal financial controls over financial reporting of Manipal Housing Finance Syndicate Limited ("the Company") as of 31 March, 2023 in conjunction with our 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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2023, 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 **M RAJESH KINI & CO**
Chartered Accountants
Firm Registration Number: 008638S

Sd/-
CA M SUNIL BHAT
Partner

Place : MANIPAL
Date : 08.06.2023

Membership Number: 025511
UDIN: 23025511BGXNGP7165

BALANCE SHEET AS ON 31.03.2023

Particulars	Note No.	31.03.2023		31.03.2022	
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
A. EQUITY AND LIABILITIES :					
1. Shareholders' Funds					
a) Share Capital	1	977.62		977.62	
b) Reserves & Surplus	2	9,365.56	10,343.18	8,348.60	9,326.22
2. Non-current liabilities					
a) Long Term Borrowings	3	26,024.96		27,669.44	
b) Long Term Provisions	4	1,146.97		1,008.15	
c) Deferred tax liability (net)	5	430.02	27,601.95	401.52	29,079.11
3. Current liabilities					
a) Short Term Borrowings	6	10,195.19		7,530.27	
b) Trade Payables	7.1				
i) Total outstanding dues of micro enterprises and small enterprises and;	7.1A	-		-	
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	7.1B	107.62		98.49	
c) Other Current Liabilities	7.2	290.48		160.20	
d) Short Term Provisions	8	200.55	10,793.84	294.99	8,083.95
TOTAL			48,738.97		46,489.28
B. ASSETS :					
1. Non-current assets					
a) Property, Plant & Equipment and Intangible Assets:					
i) Property, Plant & Equipment	9	1,054.96		1,083.11	
b) Non-current investments	10	614.64		530.26	
c) Long Term Loans & Advances	11	34,103.21		32,647.41	
d) Other Non-current Assets	12	633.39	36,406.20	152.05	34,412.83
2. Current assets					
a) Cash and Cash Equivalents	13	326.42		905.37	
b) Short term loans and advances	14	11,996.92		11,161.69	
c) Other Current Assets	15	9.43	12,332.77	9.39	12,076.45
TOTAL			48,738.97		46,489.28
OTHER DISCLOSURES TO ACCOUNTS:	23				

The notes are an integral part of these financial statements.

As per our report of even date

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

Sd/- **K Gokuldas Pai**
Director
(DIN: 09131513)

For M/s **M Rajesh Kini & Co**
Chartered Accountants
Firm Registration No.: 008638S

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

Sd/- **CA M Sunil Bhat**
Partner

Place : Manipal
Date : 03.06.2023

Date : 08.06.2023

Membership No.: 025511
UDIN: 23025511BGXNGP7165

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2023

Particulars	Note No.	2022-2023		2021-2022	
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
I. INCOME					
Revenue from Operations	16		5,557.77		5,531.30
Other Income	17		178.01		100.65
TOTAL INCOME			5,735.78		5,631.95
II. EXPENSES					
Employee Benefit Expenses	18		292.24		273.65
Finance Costs	19		2,929.51		2,996.81
Depreciation and Amortization Expense	20		34.54		38.50
Other Expenses	21		1,032.62		951.85
TOTAL EXPENSES			4,288.91		4,260.81
Profit before Tax			1,446.87		1,371.14
Tax Expense					
a) Current Income Tax		345.00		414.00	
b) Income Tax – Earlier year's provision		(7.77)		(2.90)	
c) Deferred Tax Adjustments (Refer Note 5.02)		28.50	365.73	(58.73)	352.37
Profit for the year			1,081.14		1,018.77
Earning per Equity Share (Equity Share of ₹10/- each)	22				
Basic Earning per Share in ₹ Ps			12.61		11.87
Diluted Earning per Share in ₹ Ps			12.61		11.87
OTHER DISCLOSURES TO ACCOUNTS:	23				

The notes are an integral part of these financial statements.

As per our report of even date

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

Sd/- **K Gokuldas Pai**
 Director
 (DIN: 09131513)

For M/s **M Rajesh Kini & Co**
 Chartered Accountants
 Firm Registration No.: 008638S

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

Sd/- **CA M Sunil Bhat**
 Partner

Place : Manipal
 Date : 03.06.2023

Date : 08.06.2023

Membership No.: 025511
 UDIN: 23025511BGXNGP7165

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2023

	31.03.2023		31.03.2022	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
NOTE 1:				
SHARE CAPITAL				
(Refer Note: 1.01 to 1.05 below)				
Authorised Capital :				
86,00,000 (P.Y. 86,00,000) Equity Shares of ₹10 each		860.00		860.00
34,00,000 (P.Y. 34,00,000) 7% Cumulative Redeemable Preference Shares of ₹10 each		340.00		340.00
		<u>1,200.00</u>		<u>1,200.00</u>
Issued, Subscribed & Paid-up :				
85,05,300 Equity Shares of ₹10/- each fully paid-up (P.Y. 85,05,300 Equity Shares of ₹10/- each fully paid)	850.53		850.53	
Less: Calls in arrears (From persons other than directors)	0.01	850.52	0.01	850.52
12,71,000 7% Cumulative Redeemable Preference Shares of ₹10/- each fully paid-up (P.Y. 12,71,000 7% Cumulative Redeemable Preference Shares of ₹10/- each fully paid-up)		127.10		127.10
TOTAL		<u>977.62</u>		<u>977.62</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, 2023		As at March 31, 2022	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
a. Equity Shares				
Balance as at the beginning of the year	85,05,150	850.52	85,05,150	850.52
Adjustments during the year	-	-	-	-
Balance as at the end of the year	<u>85,05,150</u>	<u>850.52</u>	<u>85,05,150</u>	<u>850.52</u>
b. 7% Cumulative Redeemable Preference Shares				
Balance as at the beginning of the year	12,71,000	127.10	12,71,000	127.10
Redeemed during the year (at par i.e. at ₹10 each)	-	-	-	-
Balance as at the end of the year	<u>12,71,000</u>	<u>127.10</u>	<u>12,71,000</u>	<u>127.10</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 ₹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 prorata, 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 year/s, 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, 2023		As at March 31, 2022	
	Number of shares	Percentage	Number of shares	Percentage
a. Equity Shares				
M/s Canara Bank, Manipal (erstwhile Syndicate Bank)	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				
Mrs. 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

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2023
Note 1.05: Details of shares held by Promoters at the end of the year

	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Percentage	Number of shares	Percentage
a. Equity Shares				
M/s Syndicate Bank, Manipal (Now Canara Bank)	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
Mr. T Narayan M Pai	2,65,350	3.12	2,65,350	3.12
Mr. T Sanjay Pai	2,43,300	2.86	2,43,300	2.86
Mrs. Sangeetha Pai	2,84,603	3.35	2,84,603	3.35
Mrs. Pranitha Pai	2,76,103	3.25	2,76,103	3.25
Mrs. Vijayalaxmi N Pai	2,50,550	2.95	2,42,400	2.85
Mr. T Sunil Pai	2,62,850	3.09	2,62,350	3.08
b. 7% Cumulative Redeemable Preference Shares				
Mrs. 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

	31.03.2023		31.03.2022	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
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	2,650.43		2,427.29	
Additions during the year	199.05		223.14	
Appropriation during the year (in terms of Sec. 29C of NHB Act, 1987)	-	2,849.48	-	2,650.43
Opening Balance	35.18		35.18	
Additions during the year	17.18			
Appropriation during the year	-	52.36	-	35.18
General Reserve				
Opening Balance	394.74		394.74	
Add: Transferred during the year	-	394.74	-	394.74
Capital Redemption Reserve				
Opening Balance	124.46		124.46	
Add: Transferred during the year	-	124.46	-	124.46
Surplus in Statement of Profit & Loss				
Balance at the beginning of the year	5,143.79		4,412.34	
Profit for the Year	1,081.14		1,018.77	
	6,224.93		5,431.11	
Less: Appropriations (refer Note 2.01 below)	280.41	5,944.52	287.32	5,143.79
		9,365.56		8,348.60

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		199.05		223.14
In terms of Sec. 29C of NHB Act, 1987		17.18		-
Interim Dividend on Preference Shares (refer Note 2.02 below)				
1st Interim		2.22		2.22
2nd Interim		2.22		2.22
3rd Interim		2.23		2.23
4th Interim		2.23		2.23
Final Dividend for the year 31.03.2022 (subject to TDS)		55.28		55.28
TOTAL APPROPRIATIONS		280.41		287.32

Note 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).
Dividend of 6.5% (₹0.65) per equity share of the face value of ₹10/- each for the year ending 31.03.2023 has been proposed at the Board Meeting.

Note 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 Lakhs	Previous Year ₹ in Lakhs
A. Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	35.18	35.18
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	2,650.43	2,427.29
Total - (A)	2,685.61	2,462.47

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2023

Particulars	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
B. Addition/ Appropriations/Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	17.18	-
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	199.05	223.14
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)	<u>216.23</u>	<u>223.14</u>
C. Balance at the end of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	52.36	35.18
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	2,849.48	2,650.43
Total - (A+B)	<u>2,901.84</u>	<u>2,685.61</u>

	31.03.2023		31.03.2022	
	Non-Current ₹ in lakhs	Current ₹ in lakhs	Non-Current ₹ in lakhs	Current ₹ in lakhs

NOTE 3:
LONG TERM BORROWINGS

(Refer Note: 3.01 to 3.08 below)

SECURED:
From Banks (including refinance from National Housing Bank)

Secured by hypothecation of Receivables

Secured by hypothecation of Vehicle

A

23,366.49	7,269.74	24,118.26	6,622.46
-	-	-	6.51
<u>23,366.49</u>	<u>7,269.74</u>	24,118.26	6,628.97

UNSECURED:

Public Deposits

B

2,658.47	2,310.09	3,551.18	375.51
<u>2,658.47</u>	<u>2,310.09</u>	3,551.18	375.51

TOTAL (A+B)

<u>26,024.96</u>	<u>9,579.83</u>	27,669.44	7,004.48
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Note 3.01: The Current Portion of the above, represents the amount repayable on or before next 12 months i.e. 31st March 2024 and the same is being disclosed under Note No. 6 as current maturity of Long Term borrowings Secured or Unsecured as the case may be.

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. The Company has also created negative lien on its unencumbered assets, in respect of loans outstanding as on the date of balance sheet ₹6,553.15 Lakhs (P Y ₹3,438.30 Lakhs).

3.03: The break up of Public Deposits is as below: From related parties: Non-Current ₹27 Lakhs (P Y ₹106.80 Lakhs) and Current ₹162.03 Lakhs (P Y ₹78.97 Lakhs). From others: Non-Current ₹2,631.47 Lakhs (P Y ₹3,444.38 Lakhs), Current ₹2,148.06 Lakhs (P Y ₹296.55 Lakhs). Interest accrued but not due on the aforesaid deposits ₹23.94 Lakhs (P Y ₹20.94 Lakhs) disclosure under Note No. 7.2.

3.04: Public Deposits matured for repayment ₹1.84 Lakhs (P Y ₹34.99 Lakhs) not included in the above Note. The same is being disclosed under Note No. 7.2. Interest on such deposits ₹0.02 Lakhs (P Y ₹0.08 Lakhs) 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 ₹7,477.84 Lakhs as on 31st March 2023 in respect of 6 loans (₹9,723.93 Lakhs as on 31st March 2022 in respect of 6 loans). The effective rate of contractual interest as on 31st March 2023 for these loans ranges between 8.15% to 8.25% (31.03.2022 - 7.85%). The loans are repayable in 84 to 120 monthly instalments ranging from ₹13.16 Lakhs to 59.52 Lakhs. 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 ₹1,637.17 Lakhs as on 31st March 2023 in respect of 3 loans (₹1,036.25 Lakhs as on 31st March 2022 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2023 is 9.25% each (31.03.2022 - 10.70%). The Term Loan is repayable in 120 monthly instalments ranging from ₹5 Lakhs to 8.35 Lakhs. The Term Loan is secured by hypothecation of jewel loan receivables.
- The Company has availed term loans from a Bank which has an outstanding balance of ₹71.83 Lakhs as on 31st March 2023 in respect of 5 loans (₹215.48 Lakhs as on 31st March 2022 in respect of 5 loans). The effective rate of contractual interest as on 31st March 2022 for these loans is 9.60% each (31.03.2022 - 7.90%). The loans are repayable in 28 quarterly instalments ranging from ₹4.46 Lakhs to ₹11.61 Lakhs. The loans are secured by exclusive charge on housing loan receivables of the Company.
- The Company has availed term loans from a Bank which has an outstanding balance of ₹1,831.96 Lakhs as on 31st March 2023 in respect of 2 loans (₹2,269.76 Lakhs as on 31st March 2022 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2023 is 9.05% each

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2023

- (31.03.2022 - 7.95% each). The Term Loan I is repayable in 38 quarterly instalments of ₹26.32 Lakhs each and Term Loan II is repayable in 114 monthly instalments of ₹ 27 Lakhs each. The Term Loans are secured by exclusive charge on loan receivables of the Company.
5. The Company has availed term loans from a Bank which has an outstanding balance of ₹6,553.15 Lakhs as on 31st March 2023 in respect of 7 loans (₹3,438.30 Lakhs as on 31st March 2022 in respect of 5 loans). The effective rate of contractual interest as on 31st March 2023 for these loans ranges between 7.90% - 8.65% (31.03.2022 - 7.85%). The Term Loan I-V are repayable in 40 quarterly instalments ranging from ₹37.50 Lakhs to 75 Lakhs and the Term Loan VI-VII are repayable in 114 monthly instalments ranging from ₹26.32 Lakhs to 26.33 Lakhs. The loans are secured by hypothecation of loan receivables of the Company.
 6. The Company has availed term loans from a Bank which has an outstanding balance of ₹2,938.91 Lakhs as on 31st March 2023 in respect of 3 loans (₹ 3,395.72 Lakhs as on 31st March 2022 in respect of 3 loans). The effective rate of contractual interest as on 31st March 2023 for these loans is 7.90% each (31.03.2022 - 8%). The Term Loan I is repayable in 40 quarterly instalments of ₹2.50 Lakhs each, the Term Loan II is repayable in 40 quarterly instalments of ₹ 60 Lakhs each and the Term Loan III is repayable in 40 quarterly instalments of ₹50 Lakhs each. The loans are secured by exclusive charge on housing loan receivables of the Company.
 7. The Company has availed term loan from a Bank which has an outstanding balance of ₹7,800.67 Lakhs as on 31st March 2023 in respect of 7 loans (₹ 9,246.12 Lakhs as on 31st March 2022 in respect of 7 loans). The effective rate of contractual interest as on 31st March 2023 for these loans ranges between 7.70% to 9.30% (31.03.2022 - ranges between 7.65% to 8.15%). Each of the loans are repayable in 40 quarterly instalments with each instalment amount ranging between ₹ 25 Lakhs to 75 Lakhs. The loan secured by hypothecation of loan receivables.
 8. The Company has availed term loan from a Bank which has an outstanding balance of ₹1,910.43 Lakhs as on 31st March 2023 in respect of 4 loans (₹1,065.16 Lakhs as on 31st March 2022 in respect of 3 loans). The effective rate of contractual interest as on 31st March 2023 for these loans ranges between 9% to 9.90% (31.03.2022 - ranges between 8.15% to 8.85%). Two of the loans are repayable in 28 to 40 quarterly instalments, with each instalment amount ranging between ₹25 Lakhs to ₹32.5 Lakhs and two of the loans are repayable in 36-60 monthly instalments, with each instalments amount ranging between ₹8.33 Lakhs to ₹27.78 Lakhs. Term Loan I and II are secured by exclusive hypothecation of jewel loan receivables. Term Loan III is secured by exclusive hypothecation of housing loan receivables of the Company. Term Loan IV is secured by exclusive hypothecation of mortgage loan receivables of the Company.
 9. The Company has availed term loan from a Bank which has an outstanding balance of ₹414.27 Lakhs as on 31st March 2023 (₹ Nil as on 31st March 2022). The effective rate of contractual interest as on 31st March 2023 9.05% (31.03.2022 - Nil). The loan is repayable 84 Monthly instalments of ₹11.91 Lakhs. The loan is secured by exclusive hypothecation of housing loan receivables of the Company.
 10. The Company has availed term loan from a Bank which has an outstanding balance of ₹ Nil as on 31st March 2023 (₹350 Lakhs as on 31st March 2022). The effective rate of contractual interest as on 31st March 2023 NA (31.03.2022 - 5.25%). The loan is repaid in 4 instalments from May 2021 to May 2022. The loan is secured by hypothecation of Loan Receivables of the company.
 11. The Company has availed a vehicle loan from a Bank which has an outstanding balance of ₹ Nil as n 31st March 2023 (₹6.51 Lakhs as on 31st March 2022 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2023 is NA (31.03.2022 - 7.80%). The loan is repaid in 60 monthly instalments of ₹0.75 Lakhs each. Vehicle loan was secured by hypothecation of BMW 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 (₹ in Lakhs)	Unsecured (₹ in Lakhs)
repayable within next 12 months i.e. Current Portion	7,269.74	2,310.09
repayable during the year ending 31 st March 2025	6,766.89	1,498.39
repayable during the year ending 31 st March 2026	5,690.07	1,095.08
repayable during the year ending 31 st March 2027	4,668.64	65.00
repayable during the year ending 31 st March 2028	2,749.79	-
repayable during the year ending 31 st March 2029	1,611.83	-
repayable during the year ending 31 st March 2030	1,096.97	-
repayable during the year ending 31 st March 2031	362.60	-
repayable during the year ending 31 st March 2032	315.96	-
repayable during the year ending 31 st March 2033	103.73	-

3.08: The Company has not defaulted in repayment of principal and interest to its lenders.

The Company has utilised the funds raised from banks and financial institutions for the specific purpose for which they borrowed.

The Company has borrowed funds from banks and financial institutions on the basis of security of current assets. It has filed quarterly returns or statements of current assets with banks and financial institutions and the said returns/statements are in agreement with books of accounts.

31.03.2023	31.03.2022
₹ in Lakhs	₹ in Lakhs

NOTE 4:

LONG TERM PROVISIONS

Provisions on Non-Performing and Standard Assets as per RBI Directives

(refer note 4.01 below & also Note 11.04 & 11.05)

1,146.97	1,008.15
<u>1,146.97</u>	<u>1,008.15</u>

Note 4.01: Provisions made for Non-Performing and Standard Assets, represents provisions made as per "Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021" issued by the Reserve Bank of India which pertains to the Non-Current Portion of such assets. Provisions in respect of current Portion disclosed under Note. No. 8.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2023

	31.03.2023	31.03.2022		
	₹ in Lakhs	₹ in Lakhs		
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	3.88	4.06		
Provision for Non-Performing Assets	260.59	245.14		
Gratuity Trust fund maintained with LIC of India	3.75	-		
On Account of Depreciation	<u>18.91</u>	<u>16.34</u>	265.54	
Less: Deferred Tax Liability				
On Account of				
Special reserve created u/s 36(1)(viii) of Income Tax Act, 1961	<u>717.15</u>	<u>667.06</u>		
DEFERRED TAX ASSET/(LIABILITY)	<u>(430.02)</u>	<u>(401.52)</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 ₹28.50 lakhs recognized as Deferred Tax Adjustment expense in the Statement of Profit and Loss. (P Y: (Income) ₹58.73 Lakhs).

NOTE 6:
SHORT TERM BORROWINGS

(refer Note 6.01 to 6.06 below)

SECURED:
From Banks

Working Capital Borrowings	615.37	525.79		
Current maturities of long term debt - Secured (Refer Note No. 3 & 7.2.01)	7,269.74	6,628.97		
Current maturities of long term debt - Unsecured (Refer Note No. 3 & 7.2.01)	<u>2,310.08</u>	<u>375.51</u>		
	<u>10,195.19</u>	<u>7,530.27</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 ₹600 Lakhs (P Y ₹600 Lakhs).

6.03: The rate of interest on overdraft is MCLR + 0.6% p.a. The rate of interest as on 31st March 2023 is 9.10% (P Y MCLR + 0.6% i.e. 7.85% as on 31st March 2022).

6.04: The Company has also pledged term deposits held with the Bank ₹502.14 Lakhs (P Y ₹2.04 Lakhs) as security for an overdraft on deposits of 3 accounts, with a limit of ₹460.80 Lakhs (P Y ₹0.80 Lakhs for 2 accounts). The interest rate on overdraft I is 7.60% and for Overdraft II & III is 8.25% each (P Y 7.10% & 7.60%). Interest rate on Overdraft I & II is 2% above the pledged deposit rate and Overdraft III is 0.5% above the pledged deposit rate. However two of these accounts have not been overdrawn on the date of the Balance Sheet.

6.05: 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.

NOTE 7.1 :
TRADE PAYABLES

(refer Note below)

7.1A				
Total outstanding dues to 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.	107.62	98.49		
	<u>107.62</u>	<u>98.49</u>		
TOTAL (A+B)	<u>107.62</u>	<u>98.49</u>		

NOTE: Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues - MSME	-	-	-	-	-
Undisputed dues - Others	44.78	40.24	0.37	22.23	107.62
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2023

	31.03.2023 (₹ in Lakhs)	31.03.2022 (₹ in Lakhs)
NOTE 7.2 :		
OTHER CURRENT LIABILITIES		
(refer Note: 7.2.01 to 7.2.02 below)		
Unclaimed Equity Dividends*	26.34	24.07
Unclaimed Matured Deposits*	1.84	34.99
Interest on Unclaimed Matured Deposits as above*	0.02	0.08
Interest accrued but not due on public deposits	23.94	20.94
Other Payables (See Note 7.2.02 below)	235.50	80.12
Net Liability in Gratuity Fund Trust	2.84	-
* Does not include amount due to Investor Education and Protection Fund.		
	<u>290.48</u>	<u>160.20</u>

Note 7.2.01: Other Payables includes, amounts payable to others in the ordinary course of business and other petty advances, which are not material in nature.

7.2.02: 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 RBI Directives (refer note below 8.01 and also note 11.04 & 11.05)	200.55	206.51
Provision for Current Income Tax (Net of Advance Tax and Tax Deducted at Source)	-	88.48
	<u>200.55</u>	<u>294.99</u>

Note 8.01: Provisions made for Non-performing and other Assets, represents provisions made as per "Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021" issued by the Reserve Bank of India and which pertains to the Current Portion of such assets.

NOTE 9:
PROPERTY, PLANT AND EQUIPMENTS

Assets	Gross Block (₹ in Lakhs)			Depreciation (₹ in Lakhs)			Net Block (₹ in Lakhs)			
	At Cost as on 31.03.2022	Additions	Sales	Total Cost as on 31.03.2022	Up to 31.03.2022	Depreciation	Sales	Up to 31.03.2022	As on 31.03.2022	As on 31.03.2022
Freehold Land (refer note below)	926.51	-	-	926.51	-	-	-	-	926.51	926.51
Buildings Freehold	74.10	-	-	74.10	39.33	1.69	-	41.02	33.08	34.78
Buildings Leasehold	113.01	-	-	113.01	63.69	8.09	-	71.78	41.23	49.32
Office Furniture & Fittings	99.33	0.65	0.17	99.81	57.36	10.82	0.17	68.01	31.79	41.97
Office Equipments	29.30	2.20	1.02	30.48	23.67	2.85	0.89	25.63	4.85	5.63
Electrical Fittings	8.61	0.19	-	8.80	5.98	0.71	-	6.69	2.11	2.63
Air-Conditioners	4.92	-	-	4.92	3.34	0.47	-	3.81	1.11	1.58
Vehicles	108.41	-	-	108.41	91.02	5.44	-	96.46	11.95	17.39
Computer	47.06	3.47	0.53	50.00	43.75	4.46	0.53	47.68	2.33	3.32
Total	1,411.25	6.52	1.72	1,416.04	328.13	34.54	1.59	361.08	1,054.96	1,083.11

Figures for the immediate previous financial years

Assets	Gross Block (₹ in Lakhs)			Depreciation (₹ in Lakhs)			Net Block (₹ in Lakhs)			
	At Cost as on 31.03.2021	Additions	Sales	Total Cost as on 31.03.2022	Up to 31.03.2021	Depreciation	Sales	Up to 31.03.2022	As on 31.03.2022	As on 31.03.2021
Freehold Land	926.51	-	-	926.51	-	-	-	-	926.51	926.51
Buildings Freehold	74.10	-	-	74.10	37.55	1.78	-	39.33	34.78	36.56
Buildings Leasehold	113.01	-	-	113.01	55.60	8.09	-	63.69	49.32	57.41
Office Furniture & Fittings	92.25	7.54	0.47	99.33	44.64	13.19	0.47	57.36	41.97	47.61
Office Equipments	26.54	3.35	0.59	29.30	21.74	2.50	0.57	23.67	5.63	4.81
Electrical Fittings	8.48	0.13	-	8.61	5.08	0.90	-	5.98	2.63	3.40
Air-Conditioners	4.56	0.82	0.45	4.92	3.18	0.58	0.42	3.34	1.58	1.37
Vehicles	108.41	-	-	108.41	83.10	7.92	-	91.02	17.39	25.31
Computer	46.12	2.34	1.40	47.06	41.61	3.54	1.40	43.75	3.32	4.51
Total	1,399.98	14.18	2.91	1,411.25	292.49	38.50	2.85	328.13	1,083.11	1,107.49

Note 9.01:	Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
	PPE	Freehold Land	91.15	Ganapathi Bhat	No	30-Mar-08	Pending registration before legal heirs

9.02: Refer Note 23.03 for note on impairment of assets.

9.03: Disclosure with regard to charge on Property Plant and Equipments given vide Note No. 3.02 & 3.06 of Financial Statements, which may be referred to.

9.04: Refer Note 23.02.(c) for policy on measurement, depreciation method, useful life etc. of Property, Plant and Equipment.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2023

	31.03.2023	31.03.2022	
	₹ in lakhs	₹ in lakhs	
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)			
8,050 (P Y 8,050) Shares of ₹1 each of State Bank of India	25.71	25.71	
4,200 (P Y 4,200) Shares of ₹1 each of ITC Ltd.	12.42	12.42	
34,900 (P Y 34,900) Shares of Yes Bank Ltd.	19.24	19.24	
	<u>57.37</u>	<u>57.37</u>	
Less: Provision for diminution in the value of investments	<u>13.99</u>	<u>28.38</u>	28.99
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.	0.01		0.01
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 Reserve Bank of India Directives)	103.68	103.68	
7.50% Government of India Bonds (Face Value ₹1,00,00,000) (Held as SLR Securities under Reserve Bank of India Directives)	97.40	97.40	
7.52% Telangana state development bond (Face Value ₹50,00,000) (Held as SLR Securities under Reserve Bank of India Directives)	50.17	50.18	
6.94% UP State Development Bond (Face Value ₹2,50,00,000) (Held as SLR Securities under Reserve Bank of India Directives)	250.00	250.00	
7.65 % TN State development bond (Face value ₹70 lakhs) (Held as SLR Securities under Reserve Bank of India Directives)	<u>70.00</u>	<u>-</u>	
	<u>571.25</u>	<u>501.26</u>	
	<u>614.64</u>	<u>530.26</u>	

(*) Refer Note 23.02.d for accounting policy and valuation of investments.

Note 10.01: Aggregate Amount of Quoted Investments (non-current)	57.37	57.37
Aggregate Market Value of Quoted Investments (non-current)	63.52	54.55
10.02: Aggregate amount of Unquoted Investments (non-current)	571.26	501.27
10.03: The disclosure as required as per "Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021" issued by Reserve Bank of India, in respect of Investments is given below:		
Aggregate Market Value of Quoted Investments (non-current)	63.52	54.55
Provision for diminution in the value of Investments	13.99	28.38
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. Investments in Equity Instrument is made for strategic purpose. Investment in Government/Trust Securities is made for Statutory Liquid Ratio purpose. 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.		

	31.03.2023		31.03.2022	
	Non-Current ₹ in lakhs	Current ₹ in lakhs	Non-Current ₹ in lakhs	Current ₹ in lakhs
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. Loans granted (refer Note 11.01 to 11.09)				
(Provisions for Non-Performing & Other Assets duly made as per RBI directives and shown separately under Note No. 4 and 8) (Given in the ordinary course of business)				
I. Secured Loans				
a. Housing Loans	27,219.73	3,865.46	25,870.79	4,078.68
b. Other Secured Loans	6,793.96	7,884.99	6,752.28	6,900.55
I Secured Loans	<u>34,013.69</u>	<u>11,750.45</u>	<u>32,623.07</u>	<u>10,979.23</u>
II. Unsecured Loans				
II Unsecured Loans	-	-	-	-
A	<u>34,013.69</u>	<u>11,750.45</u>	<u>32,623.07</u>	<u>10,979.23</u>
B. Other (Unsecured)				
a. Income Tax paid (Advance Tax, TDS etc.) (net of provisions)	65.32	-	-	-
b. Other Advances (refer note 11.07)	24.20	3.81	24.34	3.59
B	<u>89.52</u>	<u>3.81</u>	<u>24.34</u>	<u>3.59</u>
TOTAL (A+B)	<u>34,103.21</u>	<u>11,754.26</u>	<u>32,647.41</u>	<u>10,982.82</u>

Note: 11.01: The Current Portion of the above, represents the amount recoverable on or before next 12 months i.e. 31st March 2024 and the same is being disclosed under Note No. 14.
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

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2023

as per Note No. 11 (B)(l)(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 "Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021" issued by Reserve Bank of India from time to time. The provision so made also includes provisions made for Standard Assets.
- 11.04:** As per the directives issued by the Reserve Bank of India, 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.
- 11.05:** The details of Asset Classification as per directives issued by Reserve Bank of India [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 Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021)

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

ASSET CLASSIFICATION	Outstanding as on 31 st March 2023 (₹ in lakhs)	%	Provision as on 31 st March 2023 (₹ in lakhs)
Standard (Considered Good) (* (%) refer Note below)	29,972.27	96.42	305.65
	(29,133.35)	(97.27)	(353.70)
Substandard Assets	1,034.57	3.33	808.99
	(299.69)	(1.00)	(44.95)
Doubtful Assets	78.35	0.25	78.35
	(516.44)	(1.73)	(578.33)
Loss Assets	-	-	-
	(-)	(-)	(-)
Total	31,085.19	100.00	1,192.99
	(29,949.47)	(100.00)	(976.97)

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

ASSET CLASSIFICATION	Outstanding as on 31 st March 2023 (₹ in lakhs)	%	Provision as on 31 st March 2023 (₹ in lakhs)
Standard (Considered Good) (* (%) refer Note below)	14,636.77	99.71	140.42
	(13,435.30)	(98.40)	(145.63)
Substandard Assets	33.01	0.22	4.95
	(7.87)	(0.06)	(1.18)
Doubtful Assets	9.16	0.06	9.16
	(209.66)	(1.54)	(90.87)
Total	14,678.94	100.00	154.53
	(13,652.83)	(100.00)	(237.68)

² This provision on Standard assets as on 31st March 2023 includes provision in respect of accounts in default but standard as per the provisions of RBI Notification vide RBI/2021-22/31 - 'Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses', asset classification benefit is extended and general provision of 10% i.e. ₹233.88 Lakhs (PY ₹287.77 Lakhs) has been made on outstanding balance of one account amounting to ₹2,338.76 lakhs (PY ₹2,877.72 Lakhs). 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 directives issued by RBI is not applicable in respect of such other assets.

- 11.06:** No Loans or advances are due from directors or other officers of the company either severally or jointly with any other person. Further, no loan or advances are due from firms or private companies in which any director is a partner, a director or a member.
- 11.07:** 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.
- 11.08:** 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	31.03.2023		31.03.2022	
	Amounts outstanding (₹ in lakhs)	% to Total Assets	Amounts outstanding (₹ in lakhs)	% to Total Assets
Loans Outstanding against the pledge of jewellery	7,794.86	15.99	6,689.43	14.39
Total Assets held	48,738.97		46,489.28	

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

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

	31.03.2023	31.03.2022
	₹ in lakhs	₹ in lakhs
NOTE 12:		
OTHER NON-CURRENT ASSETS		
(Unsecured and considered good) (refer Note No 12.01-12.02)		
Lease Security Deposits (unsecured)	123.43	137.40
Net Asset in Gratuity Fund (maintained by LIC of India)	-	12.06
Security Deposits	2.46	2.60
Other Bank balances (Bank deposits with more than 12 months maturity)	507.50	-
	633.39	152.05

Note 12.01: The Break up of Lease Security Deposit is as below: to Related Parties ₹Nil (P Y ₹Nil) & to Others ₹123.43 Lakhs (P Y ₹137.40 Lakhs).

Note 12.02: No amounts due from directors or other officers of the company either severally or jointly with any other person. Further, no amounts are due from firms or private companies respectively in which any director is a person, a director or a member.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2023

	31.03.2023		31.03.2022	
	₹ in lakhs		₹ in lakhs	
NOTE 13:				
CASH AND CASH EQUIVALENTS				
(Refer Note 13.01)				
A) Cash and Cash Equivalents (For the purpose of Cash Flow Statement)				
i) Cash in hand	57.07		54.58	
ii) Balance with banks in Current Accounts	<u>150.27</u>	<u>207.34</u>	<u>267.80</u>	322.38
B) Other Bank Balances				
i) Fixed deposits (with original maturity beyond 3 months)				
Fixed Deposits with Scheduled Banks (Held as SLR assets)	85.00		45.00	
Pledged to Banks for security for Overdraft	2.09		1.99	
Pledged to Sales Tax	0.10		0.10	
Kept for Bank Lockers	3.55		9.73	
Other Deposits	<u>1.87</u>	<u>92.61</u>	<u>501.97</u>	558.79
ii) In Current Account earmarked for unclaimed dividends		<u>26.47</u>	<u>24.20</u>	24.20
CASH & CASH EQUIVALENTS		<u><u>326.42</u></u>	<u><u>905.37</u></u>	

NOTE 14:
SHORT TERM LOANS AND ADVANCES

(Considered Good) (refer Note 14.01-14.03)

Loans Granted:

(Provisions for Non-Performing & Other Assets duly made as per RBI

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)

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

Prepaid expenses

11,750.45	10,979.23
3.81	3.59
<u>242.66</u>	<u>178.87</u>
<u><u>11,996.92</u></u>	<u><u>11,161.69</u></u>

Note 14.01: 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.

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

14.03: No Loans or advances are due from directors or other officers of the company either severally or jointly with any other person. Further, no loan or advances are due from firms or private companies in which any director is a partner, a director or a member.

NOTE 15:
OTHER CURRENT ASSETS

(Unsecured and considered good)(refer Note 15.01)

Interest accrued on Investments

7.82 7.77

Income Receivable from Banks & Others

1.61 1.62

9.43 9.39

Note 15.01: No amounts due from directors or other officers of the company either severally or jointly with any other person. Further, no amounts are due from firms or private companies respectively in which any director is a person, a director or a member.

NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023

	31.03.2023		31.03.2022	
	₹ in lakhs		₹ in lakhs	
NOTE 16:				
REVENUE FROM OPERATIONS				
(Refer Note 16.01 & 16.02 below)				
Income from Housing Finance				
Interest on Loans	3,348.50		3,103.72	
Other Financial Services	<u>82.87</u>	<u>3,431.37</u>	<u>68.15</u>	3,171.87
Interest on Other Loans		2,120.45		2,355.47
Miscellaneous Income		<u>5.95</u>		<u>3.96</u>
NET REVENUE FROM OPERATIONS		<u><u>5,557.77</u></u>	<u><u>5,531.30</u></u>	

Note 16.01: Income from Other Financial Services of Housing represents Income from Processing, Administrative and other related charges.

16.02: Also refer Note 21.02 for details of provision on Non-Performing and other Assets.

NOTE 17:
OTHER INCOME

Interest on Investments (Long Term - non-trade)

38.87 33.39

Other Interest (On Bank Deposits & Income Tax Refund)

32.30 71.17 7.85 41.24

Dividend on Investment - Non-Trade (Long Term - Non-Current)

1.09 0.78

Dividend on Investment - Non-Trade (Current)

0.46 6.71

Lease Rent Received

23.23 16.71

Profit on Sale of Current Investments (Non-Trade)

9.74 13.12

Net actuarial gain on Gratuity Fund (maintained by LIC of India)

- 2.02

NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023

	31.03.2023	31.03.2022
	₹ in lakhs	₹ in lakhs
Other non-operating income (Profit on sale of Property, Plants and Equipments)	0.21	0.11
Bad Debts Recovered	57.71	19.96
Provision for diminution in value of investments written back	14.40	-
	<u>178.01</u>	<u>100.65</u>

NOTE 18:
EMPLOYEES' BENEFIT EXPENSES

(Refer Note 18.01 below)

Salary	250.83	243.89
Bonus	8.00	8.54
Staff Welfare Expenses	0.61	0.56
Contribution to Provident and other Funds	11.40	10.43
Contribution to Gratuity Premium	2.36	5.88
Contribution to ESI	4.14	4.35
Loss from Gratuity fund maintained with LIC of India	14.90	-
	<u>292.24</u>	<u>273.65</u>

Note 18.01: Disclosure as required under Accounting Standard 15 i.e. Employee benefits, given under Note No. 23.09.

NOTE 19:
FINANCE COSTS

Interest on Term Loan	2,459.40	2,596.48
Interest on Public Deposits	384.32	323.77
Interest on Others - Working Capital Borrowings etc.	12.45	6.87
Bank Charges, Commission & Processing Fees	73.34	69.69
	<u>2,929.51</u>	<u>2,996.81</u>

NOTE 20:
DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation on Tangible Assets (Refer Note No. 9)	34.54	38.50
	<u>34.54</u>	<u>38.50</u>

NOTE 21:
OTHER EXPENSES

Building Rent (refer Note 21.01 below)	43.71	36.50
Locker Rent	7.71	10.44
Corporate Social Responsibility expenditure (refer Note 23.13)	30.09	26.37
Advertisement and Sales Promotion Expenses	2.31	1.77
Bad debts	471.82	93.96
Commission & Brokerage	97.40	81.33
Directors Sitting Fee	0.18	0.15
Donations	0.06	0.06
Electricity & Water Charges	5.33	4.47
Insurance Premium	8.69	9.69
Legal & Professional Charges	60.91	56.16
Miscellaneous Expenses	103.90	67.70
Printing & Stationery	4.05	2.67
Provisions for Non-Performing & other Assets (Refer Note 21.02)	132.86	515.81
Postage & Couriers	3.67	2.83
Registration & Licence Fee	3.62	3.82
Telephone Charges	4.92	4.46
Travelling and Conveyance Expenses	32.09	16.21
Vehicle Maintenance	13.52	11.65
Audit Fees		
Statutory Audit	4.25	4.25
Tax Audit	0.35	0.35
Certification	0.30	0.30
Other expenses	0.88	0.88
Loss on sale of Fixed Assets	-	0.02
	<u>1,032.62</u>	<u>951.85</u>

Note 21.01: Building Rent as above represents rent paid in respect of premises taken on cancellable operating lease.

21.02: The details of provisions made during the year for Non-Performing and other assets are as under:

	Current Year	Previous Year
	₹ in lakhs	₹ in lakhs
a. On Housing Finance Business:		
i. Provisions as required under RBI Directives on Housing Finance business		
Standard Assets	(48.05)	184.06
Substandard Assets	764.04	(14.51)
Doubtful Assets	(1,206.78)	(157.48)
ii. Additional provision	706.80	425.00
	<u>216.01</u>	<u>437.07</u>

**NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023**

b. On Business other than Housing Finance:

- i. Provisions as required under RBI Directives on Other Business
 Standard Assets
 Substandard Assets
 Doubtful Assets
 ii. Additional provision

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
	-	44.91
	2.68	1.18
	(83.82)	32.65
	3.20	
	(77.93)	78.74
	138.08	515.81
Total Provisions made/(reversed) during the year (net) (a + b)		
	31.03.2023	31.03.2022
	₹ in lakhs	₹ in lakhs

NOTE 22:**EARNING PER EQUITY SHARE**

(Refer Note 22.01 below)

a) Net profit after tax, as per Statement of Profit & Loss	1,081.14	1,018.77
b) Preference Dividend	8.90	8.90
c) Net profit available for equity shareholder used as numerator (a-b)	1,072.24	1,009.87
d) Weighted Average No. of equity shares used as Denominator	85.05	85.05
e) Basic/Diluted earning per equity share of ₹10 each fully paid	12.61	11.87

Note 22.01: There are no extraordinary 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 31.03.2023****NOTE 23:****OTHER DISCLOSURES TO ACCOUNTS:****23.01 Corporate Information:**

The Registered office of the Company is at Manipal (State: Karnataka). The Company is registered as a Housing Finance Company with National Housing Bank since regulated by Reserve Bank of India. 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. The Company has decided to round off the figures to the nearest lakhs with two decimals except where otherwise stated.

The Company has made disclosure in this financial statement, which are as required to be disclosed under Schedule III to Companies Act 2013 and also under the applicable Accounting Standards and such disclosures are being made to the extent applicable. The financial statements are being prepared in the format as specified under Division I of Schedule III to Companies Act 2013, after including therein the heads, to the extent applicable to the Company.

23.02 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 Companies (Accounting Standard) Rules 2021, as amended 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 "Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021" issued by Reserve Bank of India on income recognition for accounting Income as per circulars issued by RBI 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.



NOTES TO THE BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2023

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 leasehold 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 stated 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 valued 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. 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.

f. 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.

g. 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.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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 and the same is being disclosed in the notes to accounts vide Note 2.02 & 23.15.

23.03 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.

23.04 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

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

Sri T Narayana M Pai (HUF) – Entity in which Executive Director's relative is a member

NOTES TO THE BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2023
B. Related Corporate Bodies

M/s MPL Insurance Agency Services Private Ltd. Manipal – The Company is Associate Company of the aforementioned company.

Particulars	2022-23	2021-22
	₹ in Lakhs	₹ in Lakhs
A. Advances, Deposits and loans from related parties		
Key Management Personnel and Relatives		
Deposits received during the year	137.47	185.77
Deposit refunded during the year	79.51	140.14
Outstanding as on the last day of the year		
Amount Payable as deposit (including interest)	189.07	185.77
B. Interest & other expenses to related parties		
Key Management Personnel and Relatives		
Interest on deposit & Rent:	17.43	16.01
C. Remuneration & other charges:		
Key Management Personnel and Relatives		
Remuneration (including PF & Perquisites):		
Sri T Sunil Pai-₹14.40 lakhs (P Y ₹ 7.8 lakhs)	14.40	7.80
Professional Charges:		
Sri T Sanjay Pai ₹ 11.88 lakhs (P Y ₹ 5.28 lakhs)	11.88	5.28
D. Dividend Paid		
Key Management Personnel and Relatives		
Preference Dividend		
Sri T Narayan M Pai – ₹4.26 lakhs (PY ₹4.26 lakhs)	8.83	8.83
Smt. Vijayalaxmi N Pai – ₹4.56 lakhs (PY ₹4.56 lakhs)		
Final Equity Dividend for year ending 31.03.2022		
Sri T Narayana M Pai - ₹1.72 lakhs (P Y ₹1.72 lakhs)	10.24	10.22
Smt. Vijayalaxmi N Pai - ₹1.59 lakhs (P Y ₹1.57 lakhs)		
Sri T Sunil Pai - ₹1.71 lakhs (P Y ₹1.70 lakhs)		
Smt. Pranitha Pai - ₹ 1.79 lakhs (P Y ₹ 1.79 lakhs)		
Sri T Sanjay Pai – ₹1.58 lakhs (P Y ₹1.58 lakhs)		
Smt. Sangeetha Pai - ₹1.85 lakhs (P Y ₹1.85 lakhs)		
Related Corporate Bodies		
M/s MPL Insurance Agency Services Private Ltd Manipal	18.85	18.85
Final Equity Dividend for year ending 31.03.2022 ₹18.85 lakhs (PY ₹18.85 lakhs)		
No amount pertaining to the related parties has been provided for as doubtful debts/advances or written off/written back during the year.		

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.

- 23.05** Information as required as per "Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021" issued by the Reserve Bank of India
- 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 various clauses of "Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021" issued by Reserve Bank of India 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 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.
- As per Part D of RBI Notification "Resolution Framework for COVID-19-related Stress" dated 6th August 2020 vide no "DOR.No.BP/BC/3/21.04.048/2020-21" every lending institution 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.
- As per Clause 4 of Para I of RBI Notification "Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package" dated 7th April 2021 vide no "DOR.STR.REG.4/21.04.048/2021-22" every lending institution 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.
- The annexures referred above are annexed with financial statement and forms part of financial statement
- 23.06** 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 15), have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- 23.07** 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.
- 23.08** 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 ₹270 Lakhs (P Y ₹270 Lakhs). The charge as aforesaid has been created in compliance of Directives.

**NOTES TO THE BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2023****23.09 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 ₹11.40 Lakhs (P.Y: ₹10.43 Lakhs)

The Company's Contribution to Employee State Insurance Plan charged to Profit and Loss Account during the year is ₹4.14 Lakhs (P.Y ₹ 4.35 Lakhs)

The Company's contribution to LIC under Group Gratuity Policy, charged to Profit & Loss Account is ₹2.36 Lakhs (P.Y ₹ 5.88 Lakhs)

c) Disclosures for defined gratuity benefit plans based on actuarial reports obtained from Life Insurance Corporation of India as on 31st March 2023:

Valuation Method: Projected Unit Credit Method

₹ in lakhs

	Current Year	Previous Year
Changes in present value		
Opening value of obligations	38.96	39.10
Current service cost	2.16	2.27
Interest cost	2.73	2.74
Actuarial loss/(gain)	18.27	(4.04)
Benefits paid	(7.80)	(1.10)
Closing value of obligations	54.31	38.97
Change in Fair Value of Assets		
Opening fair value of plan assets	51.02	49.14
Expected return on plan assets	3.25	2.99
Contributions by employer	5.00	-
Benefits paid	(7.80)	(1.10)
Closing fair value of plan assets	51.47	51.03
Funded Status	(2.84)	12.06
Amount recognized in the Balance Sheet		
Present value of obligations as at year end	54.31	38.97
Fair value of plan assets as at year end	51.47	51.03
Amount not recognized as an asset	-	-
Funded Status	(2.84)	12.06
Net (asset)/liability recognized as on 31 st March 2023	2.84	(12.06)
Expenses recognized in the Profit and Loss Account		
Current service cost	2.16	2.27
Interest on defined benefit obligation	2.73	2.74
Expected return on plan assets	(3.25)	(2.99)
Net actuarial loss/(gain) recognised in the current year	18.27	(4.04)
Effect of the limit in Para 59(b) of AS 15	*	*
Total expense	19.90	(2.02)
Asset information (as per para 120 (h) of AS 15)		
Principal actuarial assumptions used		
Discount rate (p.a.)	7.25%	7.00%
Expected rate of return on plan assets (p.a.)	*	*
Salary Escalation	7.25%	3.50%
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 these information		

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

₹ in lakhs

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
Closing value of obligation	54.31	38.96	39.10	43.99	44.69
Closing fair value of plan assets	51.47	51.02	49.14	45.46	48.42
Net (asset)/liability recognized	2.84	(12.06)	(10.04)	(1.46)	(3.73)

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

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

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

23.13 The management hereby state that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

23.14 The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries



- 23.15** The final dividend proposed in the previous year, declared and paid by the Company during the year ₹55.28 Lakhs. Interim dividend declared and paid ₹8.90 Lakhs by the Company during the year. The dividends paid is in compliance with Section 123 of the Act.
- 23.16** There is no Intangible Assets under development and therefore, the question of making any disclosure in respect of aforesaid aspects does not arise.
- 23.17** The Company has not granted any Loans or Advances in the nature of loans to promoters, directors, Key Managerial personnel and related parties (as defined under Companies Act 2013) at any time during year or at any time during the comparative year.
- 23.18** During the financial year, the Company has not availed any borrowings from banks or financial institutions against security of current assets in the current year as well as previous year. Accordingly, filing of quarterly return/statements of current assets by the Company with Banks or Financial Institutions does not arise. Also, the question of registration of charges or satisfaction does not arise.
- 23.19** The Company has not been declared as a willful defaulter by any bank or financial institution or any other lender.
- 23.20** Disclosure with regard to events occurring after the Balance Sheet date is given below:
The Nature of Event:
Proposed Dividend on Equity Shares (subject to TDS). The Board has proposed a dividend of 6.5% i.e. ₹0.65 per share on Equity Shares.
Estimated Financial Effect:
The aforesaid dividend if approved by the Company at its Annual General Meeting, will result in cash outflow of the following amounts:
On account of Dividend ₹55.28 Lakhs (subject to TDS)
- 23.21** 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, 2023.
- 23.22** Accounting Ratios:

Sl. No.	Name of the Ratio	Numerator	Denominator	FY 22-23	FY 21-22	% variance	Reason for variance
1	Current Ratio (in times)	Current Assets (Note 13 to 15)	Current Liabilities (Note 6 to 8)	1.14	1.49	(24%)	
2	Debt-Equity Ratio (in times)	Total Debt (Note3+Note6)	Equity (Note1+2)	3.50	3.77	(7%)	
3	Debt Service Coverage Ratio (in times)	Earnings available for debt service	Total debt service	0.44	0.65	(33%)	Deposits maturing in 1 year are expected to be renewed on the due dates
4	Return on Equity (in %)	Net Profit-Preferred dividends	Average shareholder equity	10.9%	11.4%	(4%)	
5	Inventory Turnover (in times)	Sales	Average Inventory	NA	NA	NA	
6	Trade Receivable Turnover (in times)	Net Sales	Average Accounts Receivables	NA	NA	NA	
7	Trade Payable Turnover Ratio (in times)	Net Purchases	Average Trade Payables	NA	NA	NA	
8	Net Capital Turnover Ratio (in times)	Revenue from Operations (Note 17+Note 18)	Working Capital	3.73	1.41	164%	
9	Net Profit Ratio (in %)	Net Profit	Revenue from Operations	19%	18%	4%	
10	Return on Capital Employed (in %)	Earnings before Interest & Tax	Capital Employed	9%	10%	(4%)	
11	Return on Investment (in %)	Income generated from invested funds	Average investments	7%	10%	(30%)	Due to increase in SLR investment in GOI bonds

Reason for variance of ratios with significant change (i.e. change of 25% or more as compared to the financial year 2021-22) have been explained.

- 23.23** Details with regard to Corporate Social Responsibility Expenditure:

₹ in Lakhs

Sl. No.	Particulars	FY 22-23	FY 21-22
1.	Amount required to be spent by the Company during the year	30.04	26.37
2.	Amount of expenditure incurred on		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	30.09	26.37
3.	Shortfall at the end of the year	-	-
4.	Total of previous years shortfall	-	-
5.	Reason for shortfall	NA	NA
6.	Nature of CSR activities		Health, Education
7.	Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard		NIL

- 23.24** The Company has not entered into any transactions with the Companies struck off under section 248 of Companies Act 2013 either during the year or during comparative year.
- 23.25** There are no contingent liabilities as on 31st March 2023.
- 23.26** The Previous year's amounts are regrouped/reclassified/rearranged wherever necessary.

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

Sd/- **K Gokuldas Pai**
Director
(DIN: 09131513)

For M/s **M Rajesh Kini & Co**
Chartered Accountants
Firm Registration No.: 008638S

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

Sd/- **CA M Sunil Bhat**
Partner

Place : Manipal
Date : 03.06.2023

Date : 08.06.2023

Membership No.: 025511
UDIN: 23025511BGXNGP7165

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

₹ in Lakhs

Description	FY 2022-23	FY 2021-22	
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Profit for the year :	1,081.14	1,018.77	
Tax expense	365.73	352.37	
Net Profit before tax	1,446.87	1,371.14	
Adjustments for :			
Depreciation	34.54	38.50	
Gratuity Fund Expense/(Income)	14.90	(2.02)	
Interest income from investments	(38.87)	(33.39)	
Interest expenses	2,856.17	2,927.12	
Dividend received	(1.55)	(7.49)	
(Profit)/Loss on sale of assets (net)	(0.21)	(0.09)	
Provision for diminution in the value of Investments written Back	(14.40)	-	
Provision for doubtful debts/(Reversal of provision)	132.86	515.81	
(Surplus)/Deficit from sale of Investments	(9.74)	(13.12)	
Operating profit before working capital changes	4,420.57	4,796.46	
Adjustments for changes in working capital :			
(Increase)/Decrease in Housing & Other Loans Granted	(2,161.84)	2,660.47	
(Increase)/Decrease in trade and other receivables	(93.35)	(537.99)	
(Increase)/Decrease in inventories	-	0.92	
Increase/(Decrease) in trade and other payables	164.51	(11.09)	
Cash Generated from operations (before payment of interest & tax)	2,329.89	6,908.77	
Interest paid	(2,853.23)	(2,942.85)	
Direct taxes (paid)/refund	(491.03)	(285.17)	
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(1,014.37)		3,680.75
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase/acquisition of Fixed Assets	(6.52)	(14.18)	
Sale of Fixed Assets	0.34	0.14	
Purchase of Long Term Investments	(69.99)	(250.00)	
Sale/Redemption of Long Term Investments	-	-	
Purchase of Current Investments	-	-	
Sale, Redemption/(Purchase) of Current Investments	9.74	13.12	
Interest Received	38.82	29.07	
Dividend Received	1.55	7.49	
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(26.06)		(214.36)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Public Deposits	1,008.72	264.62	
Increase/(Decrease) in Bank/NHB Borrowings	(21.42)	(3,838.46)	
Dividend Paid on Equity Shares	(53.01)	(52.35)	
Dividend Distribution Tax Paid on above	-	-	
Interim Dividend Paid on Preference Shares	(8.90)	(8.90)	
Dividend Distribution Tax Paid on above	-	-	
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	925.39		(3,635.09)
Net Increase in Cash and Cash Equivalents	(115.04)		(168.70)
Opening Balance of Cash & Cash Equivalents	322.38		491.08
Closing Balance of Cash & Cash Equivalents	207.34		322.38

- 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 ₹30.09 Lakhs (P Y ₹26.37 Lakhs) during the year as given in Note 21. The details of expenses required to be spent for CSR Activities are disclosed in Note 23.23 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 our report of even date

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

Sd/- K Gokuldas Pai
 Director
 (DIN: 09131513)

For M/s M Rajesh Kini & Co
 Chartered Accountants
 Firm Registration No.: 008638S

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

Sd/- CA M Sunil Bhat
 Partner

Place : Manipal
 Date : 03.06.2023

Date : 08.06.2023

Membership No.: 025511
 UDIN: 23025511BGXNGP7165

DISCLOSURES IN TERMS OF MASTER DIRECTION- NON-BANKING FINANCIAL COMPANY- HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTION, 2021 AND OTHER RBI NOTIFICATIONS

Disclosure pursuant to RBI notification RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 in relation to the Resolution frame work for COVID-19 related Stress: (₹ in crores)

Type of Borrower	(A)	(B)	(C)	(D)	(E)
	Exposure to accounts classified as Standard consequent to implementation of resolution plan-Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped in to NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan-Position as at the end of this half-year
Personal Loans	22.51	-	-	2.32	21.71
Corporate Persons	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	2.17	-	-	0.61	1.68
Total	24.68	-	-	2.93	23.39

Quarter on quarter Liquidity Coverage Ratio (₹ in Lakhs)

Sr. No.	Particulars	As at 30 th June 2022		As at 30 th September 2022		As at December 31, 2022		As at March 31, 2023	
		Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (Average)	Total Weighted Value (average)	Total Un-weighted Value (Average)	Total Weighted Value (average)	Total Un-weighted Value (Average)	Total Weighted Value (average)
1	HIGH QUALITY LIQUID ASSETS								
	Total High Quality Liquid Assets (HQLA)	1,235.54	1,120.08	764.38	643.92	1,135.50	1,015.04	788.93	668.47
2	CASH OUTFLOWS								
	Deposits (for deposit taking companies)	47.5	54.63	11.37	13.08	24.72	28.43	439.88	505.86
3	Unsecured wholesale funding			-	-			-	-
4	Secured wholesale funding	743.92	855.51	283.75	326.31	241.10	277.27	330.34	379.89
5	Additional requirements, of which								
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	(ii) Outflows related to loss of funding on debt products								
	(iii) Credit and liquidity facilities	184	211.60	180	207	176	202.40	143	164.45
6	Other contractual funding obligations	316.44	363.91	59.24	68.13	70.98	81.63	266.95	306.99
7	Other contingent funding obligations								
8	TOTAL CASH OUTFLOWS	1,291.86	1,485.65	534.36	614.52	512.80	589.73	1,180.17	1,357.19
9	CASH INFLOWS								
	Secured lending								
10	Inflow from fully performing exposures	2,540.64	1,905.48	5,713.36	4,285.02	3,727.31	2,795.48	5,713.36	4,285.02
11	Other cash inflows	1.93	1.45	1.93	1.45	811.99	608.99	1.93	1.45
12	TOTAL CASH INFLOWS	2,542.57	1,906.93	5,715.29	4,286.47	4,539.30	3,404.47	5,715.29	4,286.47
13	TOTAL HQLA								
	Total Adjusted Value								
		1,120.08		643.92		1,015.04		668.47	
14	TOTAL NET CASH OUTFLOWS	371.42	153.63	153.63	147.44	147.44	147.44	339.30	339.30
15	Liquidity coverage ratio (%)	302%		419%		688%		197%	

Principal Business Criteria for HFCs

"Housing Finance Company" shall mean a Company incorporated under the Companies Act, 2013 that fulfills the following conditions:

a) It is an NBFC whose financial assets, in the business of providing finance to housing constitute at least 60% of its total assets (netted off by intangible assets)

b) Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing finance for individuals.

RBI vide its circular number RBI/2020-21/60DOR.NBFC(HFC).CC.No.118/03.10.136/2020-21 dated October 22, 2020 defined the principal business criteria for HFCs. The Company meets the aforesaid principal business criteria for HFCs as could be seen from the following: (₹ in Lakhs)

Particulars	As at March 31, 2023
Financial Assets	47,905.06
Total Assets	48,738.97
Intangible Assets	0
Total Assets (net of intangible assets)	48,738.97
Housing Finance	31,085.19
Individual Housing Finance	29,019.32
Percentage of housing finance total assets (net off intangible assets)	63.78%
Percentage individual housing finance to total assets(net of intangible assets)	59.54%

Summary of Significant Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 23.02 to the accounts.

Disclosures:

Capital: Details are furnished here below: (₹ in Crores)

Particulars	Current Year	Previous Year
(i) CRAR (%)	34.54	31.04
(ii) CRAR-Tier I Capital (%)	33.05	29.44
(iii) CRAR-Tier II Capital (%)	1.49	1.60
(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 Crores)

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	0.35	0.35
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	26.50	24.27
c) Total	26.85	24.62
Addition/Appropriation/Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	0.17	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	1.99	2.23
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	0.52	0.35
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	28.49	26.50
c) Total	29.01	26.85

Investments

Value of Investments		
(i) Gross Value of Investments		
(a) In India	6.29	5.58
(b) Outside India		
(ii) Provision for Depreciation		
(a) In India	0.14	0.28
(b) Outside India		
(iii) Net Value of Investments		
(a) In India	6.15	5.30
(b) Outside India		
Movement of provisions held towards depreciation on investments		
(i) Opening balance	0.28	0.28
(ii) Add Provisions made during the year	0.00	0.00
(iii) Less: Write-off/Written-back of excess provisions during the year	0.14	0.00
(iv) Closing Balance	0.14	0.28

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 Crores)

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Liabilities											
Deposits	1.37	1.00	2.03	0.22	0.41	4.30	13.79	25.93	0.65	-	49.70
Borrowings from Bank	0.19	0.08	3.03	6.17	8.18	17.92	37.13	124.57	74.18	34.91	306.36
Market Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets:											
Advances	11.00	0.52	1.41	7.37	6.59	21.82	68.79	66.47	63.24	210.43	457.64
Investments	-	-	-	-	-	-	-	-	-	6.15	6.15
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

Exposure
Exposure to Real Estate Sector

(₹ in Crores)

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)	310.85	299.49



Category		Current Year	Previous Year
(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 Crores)

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;	0.43	0.29
(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	0.43	0.29

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**Exposures to group companies engaged in real estate business - Nil****Miscellaneous****Registration obtained from other financial sector regulators**

Regulator	Registration No.
Financial Intelligence Unit- India	FIHFC00035

Disclosure of Penalties imposed by NHB/RBI and other regulators

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

Related party Transactions

a) Details of all material transactions with related parties are disclosed in Note 23.04

b) Policy on dealing with Related Party Transactions

The policy with regard to Related Party Transactions was 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:

- To regulate and control related party transactions as intended under Companies' Act/NHB Directions.
- To ensure that there is a proper system of approval for related party transactions.
- To ensure disclosure of the related party transactions entered between MHFSL and its related parties.
- To ensure transparency regarding such transactions; and
- 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:

- a Director or his relative;
- a key managerial personnel or his relative;
- a firm in which a Director, Manager or his relative is a partner;
- 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;
- 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;
- 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;
- any company which is holding subsidiary or associate company or a subsidiary of a holding company to which it is also a subsidiary;
- 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 turnover 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 per cent 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 on Related Party Transactions:

This policy has been in force with effect from 01.07.2017. 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 03.06.2023 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 03.06.2023. The 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.

Group Structure –These details are not applicable since the company is not a group company.
Rating assigned by Credit Rating Agencies and migration of rating during the year

Instrument	Rating Agency	Rating assigned
Deposits	Acuite Ratings& Research Ltd.	ACUITE A
Long term Bank Facilities	Acuite Ratings& Research Ltd.	ACUITE A-

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 which happens to be one important part of overall financial sector with its forward and backward linkages to over 250 ancillary industries forms an important component of domestic economy.

a. Industry Structure:

In terms of development and maturity, the Indian financial sector has recently exhibited an encouraging trend. Rising disposable income, strong demand, and an increase in new competitors joining the market have been the main drivers of this trend.

The sector of home finance is anticipated to grow further during the following five years. The sector will expand as a result of increased accessibility, greater openness, rising urbanisation, and government incentives. Housing demand has increased across the country as a result of changing lifestyles, societal perspectives, and expanding labour mobility. Future forecasts show that these patterns will persist. Moving into larger residences is more likely as income grows. Younger borrowers of housing loans, increased need for independent homes, government programmes to provide cheap housing, and interest concessions under the Pradhan Mantri Awas Yojana should all contribute to rising demand for housing finance.

For emerging market economies (EMEs), the risks are magnified, as they have to contend with both domestic growth-inflation trade-offs and spillovers from the most synchronised tightening of monetary policy worldwide. EMEs are facing a rapid tightening of external financial conditions, capital outflows, currency depreciations and reserve losses simultaneously. Some of them are also facing mounting burdens of debt and default. Elevated food and energy prices and shortages are rendering their populations vulnerable to insecurity of livelihood.

By 2040, it is predicted that the real estate market will reach ₹65,000 crores. This represents a considerable increase over the present real estate market value, which was pegged at ₹12,000 crores, in 2019 and 13% of India's GDP is projected to be generated by the housing industry by 2025.

Given the growing significance of real estate in the recovery and future growth of the Indian economy, both the industry and the government have been concentrating on new developments in the housing sector since pandemic inception by focusing on following:

1. Streamlining of LTV ratio from time to time
2. Loan moratorium
3. Digital Banking
4. Other government Initiatives

b. Financial Performance

The year 2022-23 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 :

	Previous Year	Current Year	Increase in %
(₹ in Crores)			
Product wise performance:			
Housing /Mortgage Loans	369.13	379.69	2.86
Other loans	66.89	77.95	16.53
Financial performance:			
YEAR ENDED AS ON	31.03.2022	31.03.2023	
Interest Income	55.31	55.58	
Other Income	1.01	1.78	
Total Income	56.32	57.36	
Interest Expended	29.97	29.30	
Net interest Income	25.34	26.28	
Operating Expenses	11.32	8.53	
Provisions	5.16	1.33	
PBT	13.71	14.47	
PAT	10.19	10.81	
Total Loans outstanding (Net)	436.02	457.64	
Tangible Net worth	91.99	102.16	
Capital Employed	445.26	465.63	
Housing/Mortgage Loans	369.13	379.69	
Jewel Loans	66.89	77.95	
Total assets	464.89	487.39	
Key Ratios %			
Net interest Margin	5.33	5.52	
Yield on Advances (%)	12.31	12.44	
Interest/Borrowed funds (%)	8.10	8.20	
Interest Spread (%)	4.21	4.24	
Operating expenses/Avg. capitalemployed (%)	1.35	1.58	
PAT Margin (%)	18.08	18.85	
RONW (%)	11.67	11.14	
ROTA (%)	2.14	2.27	
Overall Debt/Equity ratio (Times)	4.20	3.68	
Interest Coverage Ratio (Times)	1.34	1.37	
Capital Adequacy Ratio (CAR) (%)	31.04	34.54	
Tier 1 CAR	29.44	33.05	
Gross NPA (%)	2.37	2.52	
Net NPA (%)	0.74	0.57	
Net NPA/Net Worth (%)	3.46	2.49	



c. Future Outlook

As regards the Outlook for 2023-24 as we have observed, India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. Aided by healthy finances, incipient signs of a new private sector capital formation cycle are visible and more importantly, compensating for the private sector's caution in capital expenditure, the government raised capital expenditure substantially. Budgeted capital expenditure rose 2.7 times in the last seven years, from FY16 to FY23, re-invigorating the Capex cycle. Structural reforms such as the introduction of the Goods and Services Tax and the Insolvency and Bankruptcy Code enhanced the efficiency and transparency of the economy and ensured financial discipline and better compliance, the Survey added. Global growth is forecasted to slow from 3.2 per cent in 2022 to 2.7 per cent in 2023 as per IMF's World Economic Outlook, October 2022. A slower growth in economic output coupled with increased uncertainty will dampen trade growth. This is seen in the lower forecast for growth in global trade by the World Trade Organisation, from 3.5 per cent in 2022 to 1.0 per cent in 2023. On the external front, risks to the current account balance stem from multiple sources. While commodity prices have retreated from record highs, they are still above pre-conflict levels. Strong domestic demand amidst high commodity prices will raise India's total import bill and contribute to unfavourable developments in the current account balance. These may be exacerbated by plateauing export growth on account of slackening global demand. Should the current account deficit widen further, the currency may come under depreciation pressure. Entrenched inflation may prolong the tightening cycle, and therefore, borrowing costs may stay 'higher for longer'. In such a scenario, global economy may be characterised by low growth in FY24. However, the scenario of subdued global growth presents two silver linings – oil prices will stay low, and India's CAD will be better than currently projected. The overall external situation will remain manageable. Strong economic growth in the first quarter of FY 2022-23 helped India overcome the UK to become the fifth-largest economy after it recovered from repeated waves of COVID-19 pandemic shock. Real GDP in the first quarter of 2022-23 is currently about 4% higher than its corresponding 2019-20, indicating a strong start for India's recovery from the pandemic. Given the release of pent-up demand and the widespread vaccination coverage, the contact-intensive services sector will probably be the main driver of development in 2022-2023. Rising employment and substantially increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months. Future capital spending of the government in the economy is expected to be supported by factors such as tax buoyancy, the streamlined tax system with low rates, a thorough assessment and rationalisation of the tariff structure, and the digitalization of tax filing. In the medium run, increased capital spending on infrastructure and asset-building projects is set to increase growth multipliers, and with the revival in monsoon and the Kharif sowing, agriculture is also picking up momentum. The contact-based services sector has largely demonstrated promise to boost growth by unleashing the pent-up demand over the period of April-September 2022. The sector's success is being captured by a number of HFI's (High-Frequency Indicators) that are performing well, indicating the beginnings of a comeback. India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

d. Risks & Concerns

Risk Management is integral to your Company's strategy and to the achievement of MHFSL's long-term goals. Our success as an organisation depends on our ability to identify and exploit the opportunities generated by our business and the markets we operate in. Effective Risk management is critical to any Housing Finance Company for achieving financial soundness. 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. Assets under management (AUM) of housing finance companies (HFCs) is expected to increase 10-12% this fiscal versus 8% last fiscal (see Chart 1 in annexure), driven by home loans, which could grow 15% on-year. Growth in developer financing and loans against property (LAP) will continue to be muted. However, affordable housing financiers are likely to grow relatively faster at 18-20%. Last fiscal, HFC growth was a story of two halves: stunted to just about 2% (annualised) in the first half because of the second wave of the pandemic, and a V-shaped 14% (annualised) growth in the second half. The home loan segment (~72% of AUM) grew ~11% last fiscal. It benefited from better affordability, improved income visibility after resumption of economic activity, higher demand in urban areas (bolstered by migration of service sector workforce back to base locations), and increased preference for home ownership. In other segments, growth was flat with only large and well-capitalised HFCs active in wholesale financing. LAP was yet to rebound in a big way given fine pricing amid potential risks. The ability of HFCs to compete with banks in the traditional salaried-home-loan segment remains a challenge given their relatively higher funding costs. And in the non-home loan segments (developer financing and LAP), which have been yield kickers, HFCs' exposure has reduced in the past few years, which has put pressure on overall spreads. This spread, tightening regulatory conditions, and lack of depth in the corporate bond market have meant HFCs will need to realign their business models. HFCs are expected to increasingly partner with banks and leverage each other's strengths to grow their books. Some HFCs are already moving in this direction. Therefore, asset-on-book growth is likely to be lower compared with AUM growth. One segment where HFCs have been growing relatively faster is affordable housing loans, where competition from banks is limited. Affordable housing financiers (AHFCs), therefore, have seen relatively better growth of 12-15% in the recent past despite moderation from earlier levels. Given their relatively smaller footprint and large underlying demand, AHFCs are expected to keep growing faster than traditional HFCs.

The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets:

1. Low credit risk
2. Moderate credit risk
3. High credit risk

MHFSL has a well-defined risk governance structure which provides for identification, assessment and management of risks. Risk management involves making decisions and establishing governance systems that embed and support effective risk process, as well as building an organizational culture that supports agility. 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 ₹710.00 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, may go a some way in helping the Company to perform and achieve some measure of progress in the days ahead.

e. Internal Control System

The Company has in place adequate financial controls commensurate with its size, scale and complexity of operations with reference to its financial statements. These have been designed to provide reasonable assurance regarding recording and providing reliable financials information, ensuring integrity in conducting business, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

MHFSL has put in place inspection and audit and proper internal control system in order to ensure orderly functioning with conformity to prescribed guidelines, norms and procedures. 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 Company followed the prudential norms on Income Recognition, Assets Classification, Provision Norms, Disclosures, Writing Off or waiver of Interest, Due Diligence, Recovery Procedures, Record Retention, and Technical Write Off as per the RBI/NHB Directions.

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 H Srinani Bhat, an experienced retired Bank Officer on an ongoing basis.

f. 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 stakeholders. It also covers training programmes and development programmes organised for the benefit of employees.

Employees' contribution is vital to the Company's performance both qualitative and quantitative. Accordingly, the Company's performance management system is used effectively to improve staff capabilities in areas such as leadership, team building, knowledge accessibility and productivity enhancement.

The function of management of human capital is carried on by the HO personnel department. The company has 140 employees as on 31.03.2023. There is cordial employee and industrial relation in the company. MHFSL 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.

Consolidated Financial Statements (CFS)
It is not applicable since there is no subsidiary to MHFSL.

Additional Disclosures
Provisions and Contingencies

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	0.14	0.28
2. Provision made towards Income tax	3.45	4.14
3. Provision towards NPA	1.86	2.87
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	(0.53)	2.29
5. Other Provision and Contingencies (with details)		0

(₹ in Crores)



(₹ in Crores)

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	299.72	291.33	146.37	134.35
b) Provisions made	3.06	3.54	1.40	1.46
Sub-Standard Assets				
a) Total Outstanding Amount	10.35	3.00	0.33	0.08
b) Provisions made	8.09	0.45	0.05	0.01
Doubtful Assets-Category-I				
a) Total Outstanding Amount	0.40	3.55	0.04	
b) Provisions made	0.40	3.55	0.04	
Doubtful Assets-Category-II				
a) Total Outstanding Amount	0.38	1.61		1.98
b) Provisions made	0.38	2.23		0.79
Doubtful Assets-Category-III				
a) Total Outstanding Amount			0.05	0.12
b) Provisions made			0.05	0.12
Loss Assets				
a) Total Outstanding Amount				
b) Provisions made				
TOTAL				
a) Total Outstanding Amount	310.85	299.49	146.79	136.53
b) Provisions made	11.93	9.77	1.54	2.38

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 Crores)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	49.02	39.13
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	98.63%	98.76%

Concentration of Loans & Advances

(₹ in Crores)

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	75.71	72.53
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	16.54%	16.50%

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

(₹ in Crores)

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/customers	75.71	72.53
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	16.54%	16.50%

Concentration of NPAs

(₹ in Crores)

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	11.19	8.11

Sector-wise NPAs

(₹ in Crores)

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector
A. Housing Loans:		
1.	Individuals	2.20
2.	Builders/Project Loans	33.87
3.	Corporates	0
4.	Others (specify)	0
B. Non-Housing Loans:		
1.	Individuals	0.35
2.	Builders/Project Loans	0
3.	Corporates	0
4.	Others (specify)	0

Movements of NPAs

(₹ in Crores)

Particulars	Current Year	Previous Year
(i) Net NPAs to Net Advances (%)	0.57	0.74
(ii) Movement of NPAs (Gross)		
a) Opening balance	10.34	9.31
b) Additions during the year	10.68	3.08
c) Reductions during the year	9.47	2.05
d) Closing balance	11.55	10.34
(iii) Movement of NPAs (Net)		
a) Opening balance	3.18	5.03
b) Additions during the year	0	0
c) Reductions during the year	0.64	1.85
d) Closing balance	2.54	3.18
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	7.15	4.28
b) Provisions made during the year	1.86	2.87
c) Write-off/write-back of excess provisions	0	0
d) Closing balance	9.01	7.15

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.

Disclosure of Complaints**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

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