

35th

Annual Report 2020 - 2021



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, Priyottama Sahanivas,
Prarthana Samaj Road, Vile Parle (E),
Mumbai – 400 057

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

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

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

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

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

Kundapura: Shop No. 3, First Floor, Yediyaal
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: 1st Floor, Puttur Road
Near Bus Stand, Vittal
D.K. District – 574 243

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mudipu: 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, Sarvarkeri 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 Complex,
Near Dy S P Office, Car Street Road,
Thirthahalli - 577 432



BOARD OF DIRECTORS

Chairman

Sri N. A. Shanbhag

Directors

Mrs. Vijayalaxmi N. Pai

Sri B. Ganapathi Pai

Sri K. Gokuldas Pai

Sri K. Srinivas Rao – Nominee – upto 21.12.2020

Sri Daljeet Singh Bedi – Nominee – upto 21.12.2020

Sri Rama Naik – Nominee, Canara Bank

Executive Director

Sri T. Sunil Pai

General Manager

Dr. K. K. Ammannaya

Deputy General Manager

Sri N. Ashok

C.F.O.

Sri Gopalakrishna Bhat

Auditors

M/s A. Krishna Kumar & Co.

Chartered Accountants

'Sriram'

7-15/2(3)

Kana, Surathkal

Mangaluru – 575 014

Bankers

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

Registered Office

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

Phone : (0820) 2570741 ISIN No.: INE03Y801013

Website : www.manipalhousing.com

CIN No. : U65922KA1986PLC007396

Contents	Page
NOTICE	2
DIRECTORS' REPORT	6
AUDITORS' REPORT	23
BALANCE SHEET	28
PROFIT & LOSS ACCOUNT	29
NOTES	30
DISCLOSURES REQUIRED BY NHB	46

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 35th Annual General Meeting of the Members of Manipal Housing Finance Syndicate Limited will be held on Wednesday, the 29th September, 2021 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 2021, 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, 2021.
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.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: **“RESOLVED THAT** in compliance with the Reserve Bank of India Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 and in terms of the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time, on recommendation of Audit Committee, M/s M. Rajesh Kini & Co., Chartered Accountants, Mangaluru registered with the Institute of Chartered Accountants of India vide FRN 008638S be and is hereby recommended for appointment as Statutory Auditors of the Company in place of M/s A. Krishna Kumar & Co., Chartered Accountants, Mangalore (Firm Registration No. 012424S), for a period of three years to hold the office from the conclusion of ensuing Annual General Meeting (AGM) till the conclusion of 38th AGM of the Company to be held in the calendar year 2024 at such remuneration plus GST, and out-of-pocket and travelling expenses, etc. as may be mutually agreed between the Board of Directors of the Company and Auditors.”
6. Appointment of Sri Kalsanka Gokuldas Pai (DIN: 09131513) as an independent director
To consider and if thought fit, to pass the following resolution as an ordinary resolution: **“RESOLVED THAT** Sri Kalsanka Gokuldas Pai (DIN: 09131513) who was appointed as an additional director of the company, by the Board of Directors in their meeting held on 5th March, 2021 under Section 161(1) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof) applicable provisions of Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting, and being eligible for appointment as a Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member signifying its intention to propose his candidature for the office of Director, be and is hereby appointed as director of the company, liable to retire by rotation.”

By Order of the Board

Registered Office:
“Manipal House”
Manipal – 576 104
19.08.2021

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

Notes:

1. In view of the outbreak of the COVID-19 pandemic, social distancing norms and pursuant to the General Circular No. 14/2020, 17/2020 and 20/2020 dated April 08, 2020, April 13, 2020 and May 05, 2020, respectively, issued by the Ministry of Corporate Affairs (collectively **“MCA Circulars”**) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (**“SEBI Circular”**) read with and in compliance with the applicable provisions of the Companies Act, 2013, the 35th Annual General Meeting (**“AGM”**) of the Company is being held through VC/OAVM Facility, which does not require physical presence of Members at the venue. The proceedings of the 35th AGM shall be deemed to be made at the Registered Office of the Company situated at “Manipal House”, Manipal, Udipi District, Karnataka - 576104, India (deemed venue for the AGM).
2. Corporate Members intending to attend the meeting through VC/OAVM are requested to send a scanned copy of the certified true copy of Board Resolution/Power of Attorney from the Corporate Member’s registered e-mail address authorising their representatives to attend the AGM on their behalf, at the e-mail ID, investorrelations@manipalhousing.com. Further, the Corporate Members are requested to also state the Client ID/DP ID in which the Company’s shares are held.
3. Members holding shares in physical form can avail the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and rules made thereunder, with the Company. Members holding shares in demat form may contact their respective Depository Participant(s) for availing this facility.

4. All the relevant documents referred in this Notice shall be available for inspection by the Members upto the date of 35th Annual General Meeting electronically and the Member(s) may send a request for inspection of documents to the Company (E-mail ID: investorrelations@manipalhousing.com) and mention the details of Folio No. or Client ID/DP ID wherein the shares of the Company are held by the Member(s).
5. **General Instructions for accessing and participating at the 35th AGM through Electronic Means (VC/OAVM):**
- 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.
 - 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.
 - 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.
 - 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.
 - 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 AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
6. **The Instructions for Shareholders for Remote E-Voting are as under:**
- The voting period begins on 26.09.2021 10.00 a.m. and ends on 28.09.2021 upto 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 22.09.2021, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - The shareholders should log on to the e-voting website www.evotingindia.com.
 - Click on "Shareholders" module.
 - Now enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 - Next enter the Image Verification as displayed and Click on Login.
 - 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.
 - If you are a first time user follow the steps given below:
- | For Shareholders holding shares in Demat Form and Physical Form | |
|--|--|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).
Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot/Attendance Slip indicated in the PAN field. |
| Dividend Bank Details
OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (v). |
- After entering these details appropriately, click on "SUBMIT" tab.
 - Shareholders holding shares in physical form will then directly reach the Company selection screen. However,



shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
 - (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
 - (xviii) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - (xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.
7. Process for those Shareholders whose E-mail Addresses are not registered with the Depositories for obtaining Login Credentials for E-Voting for the Resolutions proposed in this notice:
- i. 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 e-mail to **Company/RTA e-mail id**.
 - ii. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA e-mail id**.
 - iii. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.
8. **Instructions for shareholders attending the AGM through VC/OAVM are as under:**
- i. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
 - ii. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
 - iii. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 - iv. 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.
 - v. 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, e-mail id, mobile number at (company e-mail id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 (seven) days prior to meeting mentioning their name, demat account number/folio number, e-mail id, mobile number at (company e-mail id). These queries will be replied to by the company suitably.
 - vi. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.
9. **Instructions for shareholders for e-voting during the AGM are as under:**
- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
 - ii. 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.
 - iii. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
 - iv. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.



10. Note for Non-Individual Shareholders and Custodians

- i. 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.
 - ii. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
 - iii. 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.
 - iv. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - v. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - vi. Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorized to vote, to the Scrutiniser and to the Company at the e-mail address viz; investorrelations@manipalhousing.com (designated e-mail address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
11. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an e-mail to helpdesk.evoting@cdslindia.com or call 1800225533.
All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager (CDSL), Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400 013 or send an e-mail to helpdesk.evoting@cdslindia.com or call 1800225533.
12. Since the 35th AGM shall be held through VC/OAVM facility only and physical presence of the Members at the venue is not required, the route map is not annexed to this Notice.
13. The register of members and Share Transfer Book will remain closed from Saturday, 25th September, 2021 to Wednesday, 29th September, 2021 (both days inclusive) in connection with 35th Annual General Meeting.

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

The following Explanatory Statements, as required under Section 102 of the Companies Act, 2013, set out all material facts relating to the business under Item Nos. 5 and 6 of the accompanying Notice dated 19.08.2021.

Item No. 5

The Reserve Bank of India (RBI) on April 27, 2021 issued guidelines for the appointment of statutory auditors for banks and non-banking finance companies (NBFCs), including housing finance companies. According to RBI, these guidelines will help in streamlining the procedure for the appointment of statutory auditors across all the regulated Entities and ensure that appointments are made in a timely, transparent and effective manner. According to this guidelines, all entities with an asset size of below ₹15,000 crore should appoint a minimum of one audit firm for conducting statutory audit.

Based on the above guidelines, the Board of Directors at their meeting held on 29th July 2021 has, subject to approval of the members of the Company at the ensuing AGM, appointed M/s M. Rajesh Kini & Co., Chartered Accountants, Mangaluru in place of M/s A. Krishna Kumar & Co., Chartered Accountant, Mangaluru (FRN: 012424S), as Statutory Auditors of the Company for a period of 3 years till the conclusion of the 38th AGM of the Company to be held in the year 2024, subject to approval of member at this AGM.

The Board recommends the passing of the Ordinary Resolution at Item No. 5 of the accompanying Notice for approval of the members of the Company.

Item No. 6

Mr. Kalsanka Gokuldas Pai (DIN: 09131513) has been appointed as an Additional Director at the Board Meeting held on 5th March, 2021. In terms of the provisions of Section 161 of the Companies Act, 2013 Sri Kalsanka Gokuldas Pai holds office upto the date of ensuing Annual General Meeting. Notice under Section 160 of the Companies Act, 2013 has been received in writing from a member together with requisite deposit signifying its intention to propose his candidature for the office of the Director of the Company.

The Board considers that the appointment of Mr. Kalsanka Gokuldas Pai on the Board of the Company would be beneficial for the Company. Hence, it is proposed to appoint him as a Director, liable to retire by rotation.

The Company has received from Mr. Kalsanka Gokuldas Pai (1) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014, (2) intimation in Form DIR-8 in terms of the said Rules to the effect that he is not disqualified under Sub-Section (2) of Section 164 of the Companies Act, 2013.

The Board recommends the passing of the Ordinary Resolution at Item No.6 of the accompanying Notice for approval of the members of the Company.

Save and except, Mr. Kalsanka Gokuldas Pai, to whom the Resolution relates, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

By Order of the Board

Registered Office:
"Manipal House"
Manipal – 576 104
19.08.2021

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

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their 35th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2021.

1. Results of our operations:

The following table brings out the financial performance of the Company during the FY 2020-21:

Particulars	2020-2021 (₹)		2019-2020 (₹)	
Gross Income		58,67,95,858		56,19,70,026
Profit before Interest and Depreciation		47,61,04,018		49,59,17,719
Finance Charges		34,23,32,386		37,36,54,768
Provision for Depreciation		41,96,454		38,24,402
Profit before Tax		12,95,75,178		11,84,38,549
Tax expenses:				
Current Income Tax	3,04,00,000		2,70,00,000	
Income Tax earlier year's provision	(20,976)		(53,422)	
Deferred Tax Adjustments	25,75,314	3,29,54,338	(6,20,914)	2,63,25,664
Net profit after Tax		9,66,20,840		9,21,12,885
Balance of Profit brought forward		36,48,53,870		30,25,66,971
Balance available for appropriation		46,14,74,710		39,46,79,856
Transfer to Special Reserve		1,83,32,000		1,73,00,000
Reserves in terms of Sec. 29 of NHB Act, 1987		10,18,000		12,00,000
Interim Dividend on Preference Shares		8,89,700		8,89,700
Dividend Distribution Tax on Pref. Dividend		-		1,82,880
Final dividend for the year ending 31.03.2019		-		42,52,575
Tax on Equity Dividend for the year end 31.03.2019		-		8,74,129
Interim Equity Dividend for the year end 31.03.2020		-		42,52,575
Tax on Equity Dividend for the year end 31.03.2020		-		8,74,127
Surplus carried to Balance Sheet		44,12,35,010		36,48,53,870

2. Economic Scene:

The year saw outbreak and rapid spread of COVID-19, a global pandemic, which affected the global economy and financial markets. Significant reductions in income, a rise in unemployment, and disruptions in the transportation, service, and manufacturing industries were among the consequences of the disease mitigation measures that were implemented in many countries.

In addition to the substantial burden on healthcare systems, COVID-19 has had major economic consequences for the affected countries. The COVID-19 pandemic has caused direct impacts on income due to premature deaths, workplace absenteeism, and reduction in productivity and has created a negative supply, with manufacturing and productive activities slowing down due to global supply chain disruptions and closures of factories. In addition to the impact on productive economic activities, consumers typically changed their spending behavior, mainly due to decreased income and household finances, as well as the fear and panic that accompanied the epidemic. Service industries such as tourism, hospitality, and transportation also suffered significant losses due to reduction in travel.

In addition to marked health inequalities, especially in countries without universal healthcare coverage, the economic impact of the COVID-19 pandemic will be heterogeneous across the country's income distribution.

Housing sector has been heavily impacted and is not likely to revive till the economy shows improvement. Stress was noticed in housing loans, particularly in affordable housing loans.

The outbreak of COVID-19 pandemic has resulted in multiple negative repercussions for most businesses, and real estate was no exception. As individual customers – looking for investments in real estate or simply buying property to have a house of their own – became panic-stricken, the real estate industry saw a sharp dip in sales, Economic activities in India came to grinding halt on account of spread of the pandemic and lockdown enforced to contain its spread.

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

The customers in India have a great deal of emotional attachment to their homes and are likely to continue meeting their EMI obligations even at the cost of defaulting on their other payments.

The Reserve Bank of India (RBI) issued guidelines regarding moratoriums in March 2020. RBI has left it to the financial institutions to decide on its moratorium program. HFCs were compelled to offer moratorium to help the borrowers.

The Housing Finance Sector has also seen widespread disruption on account of Pandemic and the lockdown that was implemented for a prolonged period. Retail lending including lending for housing which happens to be one of the key drivers of disbursement growth in Banks and Financial Companies was severely impacted because of the

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

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

3. Financial Performance:

Your Directors are pleased to report that in spite of continued recessionary conditions in the economy and declining GDP growth during the year, the company was able to show satisfactory financial performance and business growth during the year 2020-21.

The total income during the year was ₹58.68 Crores. The company could achieve Profit after Tax of ₹9.66 Crores as against the profit of ₹9.21 Crores in the previous year. The net profit thus increased by ₹45 Lakhs with percentage increase of 4.89%.

Total loan sanctions during the year ended 31st March, 2021 amounted to ₹194.21 Crores. Disbursements of loans during the year amounted to ₹200.34 Crores and outstanding loans stood at ₹462.63 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 2016 to March 2021 on vital fronts such as total business, gross income, net profit, net worth, CRAR, NIM and net NPAs:

(₹ in Crores)

Particulars	31.03.2016	31.03.2021	Increase/Decrease
Total business	354.93	486.15	131.22
Gross Income earned	42.32	58.68	16.36
Net profit	5.44	9.66	4.22
Net Owned Funds	49.05	82.45	33.40
CAR (%)	21.93	25.57	3.64
NIM (%)	3.59	4.45	0.86
Net NPA (%)	0.58	1.09	0.51

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

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

A. Regulatory and Statutory Compliances:

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

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

MHFSL has been giving utmost importance to compliances both statutory and regulatory. It has been the avowed policy of the company to scrupulously comply with the directions, guidelines and instructions of National Housing Bank. There is a compliance Section headed by a senior officer, which attends to compliance on an on-going basis and ensures that the prescribed returns are submitted to NHB within the due dates fixed by NHB. The Company has formulated a new Business Continuity Plan (BCP) and Disaster Recovery Plan. MHFSL has framed and adopted Internal Audit Policy and Fraud Prevention Policy. The Company has also revised CSR policy as per the notification from the Ministry of Company Affairs (MCA) framing therein rules further to amending the



Companies (CSR) Rules, 2014. Further, MHFSL has also revised the existing Investment Policy, incorporating therein the criteria for classifying investments into current and long term investments.

The company has also complied with the provisioning norms and fulfilled the provisioning requirements as per the NHB directions. As a measure of prudence, we have made extra provision of ₹200 Lakhs in view of the perceived risks on account of the adverse impact of COVID-19. The Capital Adequacy Ratio was 25.57% as on 31.03.2021 as against the regulatory capital requirement of 13%.

The Net Owned Funds of the company as on 31.03.2021 stood at ₹82.45 Crores as against ₹72.87 Crores as on 31.03.2020. There was thus, an increase of ₹9.58 Crores in the Net Owned Funds, the percentage increase being 13.15%.

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

1) **Term Loans:** During the year, the company raised additional Term Loans at lower rates of interest from Banks to the extent of ₹16.85 Crores including NHB Refinance of ₹15.00 Crores. The total outstanding Term Loans as on 31.03.2021 stood at ₹345.95 Crores. The Term Loans availed from different Banks have been for long terms of 10 years. This has helped the company in minimising the mis-match as between the maturities of loan assets and liabilities. Although the accent during the year 2020-2021 continued on getting rates of interest reduced by requesting banks and also by means of follow up with them there was some marginal increase in the rate of interest on some loans on account of implementation of the terms of loan agreement concerning reset of interest. However, MHFSL will continue its efforts at rate reduction whenever possible. Further, during the year the Company has availed re-finance facility to the tune of ₹15.00 Crores from National Housing Bank.

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

2) **Deposits:** The aggregate amount of deposits of the company as on 31.03.2021 were ₹36.97 Crores as against the figure of ₹21.01 Crores as on 31.03.2020. The company has plans to mobilise additional deposits of about a couple of Crores of rupees in FY 2021-22.

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

3) **Matured Deposits:** The total amount of matured deposits as on 31.03.2021 were ₹14.11 Lakhs involving 17 accounts as against ₹8.31 Lakhs as on 31.03.2020 comprising 10 accounts. It has been the constant endeavour of the company to contact the depositors and get the deposits renewed as and when they mature or in case they are not interested in renewing the deposits, to refund the same. It will also the constant endeavour of the company at all time to reduce the amount of unclaimed deposits by means of follow-up with depositors.

4) **NHB Re-finance:** The amount of re-finance outstanding as on 31st March, 2021 was ₹15.19 Crores.

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, 2021. 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 02.07.2020, 01.10.2020, 02.01.2021 and 31.03.2021.

The dividend on equity shares subject to approval of Members at the Annual General Meeting scheduled to be held on 29.9.2021, 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 25.9.21 to 29.9.21 (inclusive of both dates).

5. Share Capital:

The paid up Share Capital as on 31st March, 2021 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 1932644 Equity Shares forming 22.72% 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 upgradation 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 31.03.2021 with comparative data as on 31.03.2020 are furnished here below:

Classification	31 st March 2021		31 st March 2020	
	No. of A/cs	Amount (₹)	No. of A/cs	Amount (₹)
Sub-standard Assets	12	3,96,44,946	14	3,99,21,524
Doubtful Assets:				
Category 1	13	3,79,32,536	4	48,27,995
Category 2	17	1,35,11,902	18	1,74,50,151
Category 3	9	20,14,432	29	1,61,22,490
Loss Assets	–	–	–	–
Total	51	9,31,03,816	65	7,83,22,160

As could be seen, the net NPA percentage as on 31.03.2021 was 1.09% as against 0.89% a year ago. Similarly, gross NPA percentage was 2.01% as on 31.03.2021 as against 1.70% as on 31.03.2020. 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 2021-22. It is also expected that the staff incentive scheme which is in place will help to motivate the staff and spur them on to greater efforts at recovery.

8. Corporate Governance:

The Company has been giving utmost importance to Corporate Governance. 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 its financiers. The Company has been following principles of transparency and adequacy in all the disclosures through Annual Reports, Financial Results and other public documents. MHFSL believes in maximising its shareholders' value following transparency and fairness towards all its stakeholders viz. customers, business partners, investors, staff members, the government and the society. The MHFSL will continue to maintain high standards in corporate ethics, transparent disclosure, accountability and integrity and the Company's policies are key to high standards of corporate governance and will continue to follow all the applicable laws, regulatory guidelines and changes 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 to the value to the Company and fetches benefit to all stakeholders. As Corporate Governance provides a framework for attaining the corporate goals and objectives it encompasses practically every sphere and every aspect of management from initial planning and internal controls to performance review and measurement and corporate disclosures. The disclosures prescribed by NHB 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 31.03.2021. Also Deed of Covenants signed by Directors has been obtained in prescribed format as on 31.03.2021.

9. Directors and Key Managerial Personnel:

Smt. Vijayalaxmi N. Pai (DIN: 00101662), Director retire by rotation at the forthcoming Annual General Meeting and being eligible, offer herself for reappointment.



During the year Sri Kalsanka Gokuldas Pai (DIN: 09131513) was appointed as an additional director on the Board of the Company at its meeting held on 05.03.2021 liable to retire by rotation. He continued to be Director till the date of forthcoming Annual General Meeting. Company has received notice from members proposing them to the position of Directors at the meeting.

Details of remuneration paid to the Directors and Key Managerial Personnel are given in the Annexure I forming part of the Boards' Report.

10. Particulars of Employees:

During the year under review, the Company had no employees whose remuneration exceeded the limit prescribed pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Particulars of top ten employees of the Company, in terms of remuneration drawn during the year 2020-21 presented as an Annexure to the Director's Report during the Board meeting is preserved separately and the same will be furnished to any shareholder on request made to the Company in writing.

11. Meetings:

The Board 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 this financial year, the Board and Committee meetings were conducted through audio visual means as per the circulars/rules issued by Ministry of Corporate Affairs (MCA) from time to time, for conduct of meetings during pandemic. During the year five Board Meetings were convened and held on 16.05.2020, 05.08.2020, 28.08.2020, 21.12.2020 and 05.03.2021. 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 16.05.2020, 05.08.2020, 21.12.2020 and 05.03.2021 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, recovery & reduction of NPAs and steps required to improve net interest margin, financial reporting process and aspects concerning disclosures of financial information to ensure correctness, adequacy and creditability of financial statement, internal financial control system, vigil mechanism, sources and use of funds etc.

12. Board Evaluation:

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

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

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

13. Declaration by an Independent Director(s) and 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.

14. Nomination & Remuneration Policy:

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

1. Sri N. A. Shanbhag – Chairman 2. Sri T. Sunil Pai – Executive Director 3. Sri Rama Naik – Nominee Director

The Committee also attends to the function relating to review of remuneration policy, changes to be effected in the policy from time to time and other aspects of remuneration to the Directors from time to time.

15. Auditors:

The Reserve Bank of India (RBI) on April 27, 2021 issued guidelines for the appointment of statutory auditors for banks and non-banking finance companies (NBFCs), including housing finance companies (HFCs). According to RBI, these guidelines will help in streamlining the procedure for the appointment of statutory auditors across all the



regulated Entities and ensure that appointments are made in a timely, transparent and effective manner. According to this guidelines, all entities with an asset size of below ₹15,000 Crore should appoint a minimum of one audit firm for conducting statutory audit.

Based on the above guidelines, the Board of Directors at their meeting held on 29th July 2021 has, subject to approval of the members of the Company at the ensuing AGM, appointed M/s M. Rajesh Kini & Co., Chartered Accountants, Mangaluru, (FRN: 008638S) in place of M/s A. Krishna Kumar & Co., Chartered Accountant, Mangaluru (FRN 012424S), as Statutory Auditors of the Company for a period of 3 years till the conclusion of the 38th AGM of the Company to be held in the year 2024, subject to approval of member at this AGM.

16. 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 – V". The Secretarial Audit Report does not contain any qualifications, reservation or adverse remark.

17. Auditor's Report:

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

18. 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.

19. Risk Management and Asset Liability Management System:

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

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

The NHB guidelines relating to Asset Liability Management System and risk management are strictly complied with. 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 30.09.2020 and 31.03.2021 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 system is in place covering all aspects of ALM, besides costs 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.

20. Extract of Annual Return:

As provided under Section 92(3) of the Companies Act, 2013, the extract of annual return is given in Annexure I in the prescribed Form MGT 9, which forms part of this Annual Report.

As per provisions of Section 134(3)(a) of the Companies Act, 2013, the Annual return for financial year 2020-21 is placed on website of the company i.e. www.manipalhousing.com



21. 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.

22. 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.

23. 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 well-being 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 2020-21:

Sri N. A. Shanbhag	–	Chairman
Sri T. Sunil Pai	–	Executive Director
Sri Rama Naik	–	Nominee Director
Sri B. Ganapathi 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 16.05.2020, 05.08.2020, 21.12.2020 and 05.03.2021 and deliberated on plans and projects relating to CSR. An amount of ₹22,68,282/- has been earmarked for CSR spending as against ₹20,62,213/- allocated for CSR spending in the previous year.

To ensure quality education for the poor children, the Company has been supporting to purchase of uniforms, books and also construction of toilets/computer rooms etc. In this regard, the Company has spent an amount of ₹22,68,300/- towards different Schools/Educational Institutions as a part of CSR spending. Annual Report on CSR activities is annexed as Annexure II to this report.

24. Deposits:

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

(a) Accepted during the year (including renewals)	: ₹25,80,56,362/-
(b) Remained unpaid or unclaimed as at the end of the year	: ₹14,11,394/-
(c) The details of deposits which are not in compliance with the requirements of Chapter V of the Act	: Nil

The Company has paid/accrued 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.

25. 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.

26. 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 30.06.2020, 30.09.2020, 31.12.2020 and 31.03.2021 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.

27. 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.

28. 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.

29. 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. 28.09.2020), 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
31.03.2015	13.08.2015	13.08.2022	13.09.2022
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

30. 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 III.

31. Whistle Blower Policy :

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

32. 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

Place : Manipal
Date : 29.07.2021

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

Annexure I

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2021

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

I. REGISTRATION & OTHER DETAILS:

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

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

Sl. No.	Name and Description of main Products/ Services	NIC Code of the Product/ Service	% to total turnover of the Company
1.	Housing Finance	65922	62.60%
2.	Jewel Loan	64649	22.63%
3.	Mortgage Loan	64910	13.12%

III. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2020]				No. of Shares held at the end of the year [As on 31-March-2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	1068056	1068056	12.56	500	1068056	1068556	12.56	-
b) Central Govt.									
c) State Govt(s)									
d) Bodies Corp.	1252094	2900000	4152094	48.82	1252094	2900000	4152094	48.82	-
e) Banks/Fl	-	600000	600000	7.05	-	600000	600000	7.05	-
f) Any other	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)	1252094	4568056	5820150	68.43	1252594	4568056	5820650	68.43	-
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	
a) Mutual Funds	0	0	0	0	0	0	0	0	
b) Banks/Fl	0	0	0	0	0	0	0	0	
c) Central Govt.	0	0	0	0	0	0	0	0	
d) State Govt(s)	0	0	0	0	0	0	0	0	
e) Venture Capital Funds									
f) Insurance Companies	0	0	0	0	0	0	0	0	
g) FIs									
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	
i) Others (specify)	0	0	0	0	0	0	0	0	
Sub-total (B)(1):									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	336595	230850	567445	6.67	325745	230850	556595	6.55	0.12
ii) Overseas	0	0	0	0	0	0	0	0	-
b) Individuals	0	0	0	0	0	0	0	0	-
i) Individual shareholders holding nominal share capital upto ₹1 lakh	241655	1259000	1500655	17.64	302105	1215400	1517505	17.84	0.20



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2020]				No. of Shares held at the end of the year [As on 31-March-2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	58700	558350	617050	7.26	52200	558350	610550	7.18	0.08
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non-Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):									
Total Public Shareholding (B) = (B) (1) + (B) (2)	636950	2048200	2685150	31.57	680050	2004600	2684650	31.57	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1889044	6616256	8505300	100	1932644	6572656	8505300	100	0.40

A) Shareholding of Promoter:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	ICDS LTD.	729000	8.57	0	729000	8.57	0	0
2.	SYNDICATE BANK	600000	7.05	0	600000	7.05	0	0
3.	MFC LTD.	523094	6.15	0	523094	6.15	0	0
4.	MPL INSURANCE AGENCY SERVICES (P) LTD.	2900000	34.09	0	2900000	34.09	0	0
5.	T. Narayan M. Pai	264350	3.10	0	264850	3.10	0	0
6.	T. Sanjay Pai.	243000	2.85	0	243000	2.85	0	0
7.	Sangeetha Pai	284603	3.36	0	284603	3.36	0	0
8.	Pranita Pai	276103	3.24	0	276103	3.24	0	0

B) Change in Promoters' Shareholding : There has been increase of 500 shares in shareholdings in promoters.**C) Shareholding Pattern of top ten Shareholders:****(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	653300	7.68	844050	9.92
2.	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	190750 (transfer to IEPF)	2.24	17400 (transfer to IEPF)	0.20
3.	At the end of the year	844050	9.92	861450	10.12

D) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	499350	5.87	499350	5.87
2.	Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	-	-	400 (transfer)	-
3.	At the end of the year	499350	5.87	499750	5.87

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,71,11,94,419		21,00,67,854	3,92,12,62,273
ii) Interest due but not paid	-		-	-
iii) Interest accrued but not due	2,66,10,256		16,55,681	2,82,65,937
Total (i+ii+iii)	3,73,78,04,675		21,17,23,535	3,94,95,28,210
Change in Indebtedness during the financial year				
* Addition	16,85,00,000		25,80,56,362	42,65,56,362
* Reduction	38,89,62,223		9,84,17,251	48,73,79,474
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	3,51,11,47,864		36,97,06,965	3,88,08,54,829
ii) Interest due but not paid	-		-	-
iii) Interest accrued but not due	61,94,588		36,74,232	98,68,820
Total (i+ii+iii)	3,51,73,42,452		37,33,81,197	3,89,07,23,649

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

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

B. Remuneration to other directors: (₹)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		N. A. Shanbhag	B. G. Pai	
1.	Independent Directors	₹	₹	₹
	Fee for attending board committee meetings	7,500	7,500	15,000
	Commission	0	0	
	Travelling Allowance	0	0	
	Total (1)	7,500	7,500	15,000
2.	Other Non-Executive Directors	Rama Naik and K. Gokuldas Pai	V. N. Pai	
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	-	-	-
	Total Managerial Remuneration	-	-	-
	Overall Ceiling as per the Act	-	-	-

C. Remuneration to Key Managerial: (₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		C F O: G. K. BHAT	Total
1.	Gross salary	₹	₹
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4,36,000	4,36,000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	4,644	4,644
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission - as % of profit others, specify...	0	0
5	Others, please specify	0	0
	Total	4,40,644	4,40,644

V. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

Annexure II

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	1
5.	K. Gokuldas Pai	Additional Director	4	–

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) : ₹11,34,14,097/-

7. (a) Two percent of average net profit of the company as per Section 135(5) : ₹22,68,282/-

(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) : ₹22,68,282/-

8. (a) CSR amount spent or unspent for the financial year : ₹22,68,300/-

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
22,68,300/-	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 : Nil

SI 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:

SI. 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.	2017-18	Nil	1,00,000/-		Nil		-
2.	2018-19	Nil	3,22,452/-		Nil		-
3.	2019-20	Nil	4,80,316/-		Nil		-
	Total						

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

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

Annexure III

FORM NO. AOC – 2

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

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

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil.
2. Details of contracts or arrangements or transactions at Arm's length basis : All related party transactions as covered u/s 188 of the Act were entered into during the period prior to 01-04-2015. Therefore making any further disclosures in Form AOC-2 does not arise.

Annexure IV

REPORT OF THE BOARD ON CORPORATE GOVERNANCE

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

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

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

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

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

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

A. Board of Directors:

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

Names of Directors:

1.	N. A. Shanbhag	Chairman/Independent Director
2.	T. Sunil Pai	Executive Director
3.	B. Ganapathi Pai	Independent Director
4.	Rama Naik	Nominee Director
5.	K. Gokuldas Pai	Additional Director
6.	Sri Rama Naik	Nominee Director

B. Committees of the Board and other Committees:

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

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

**Board Level Committees:**

Sl. No.	Name of the Committee	Directors/Members	No. of meetings held in 2020-21
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 Rama Naik	1
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	14
5.	Review Committee Willful Defaulters	Sri T. Sunil Pai Sri N. A. Shanbhag Sri B. Ganapathi Pai	--

Other Internal Committees:

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

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

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

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 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. The Company has 4937 shareholders.

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. The minutes of each Board meeting are finalised and recorded in the minute book of the Company.

Five meetings were held in 2020-21. The details of attendance and participation by Directors in the Board meetings held in 2020-21 are furnished herebelow:

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

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 31.03.2021.



Annexure V

FORM NO. MR. 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2021

[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 31.03.2021 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 31.03.2021 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, we state that due to restrictions imposed by the Government on account of COVID-19, we were not able to verify certain records physically and relied on the soft copies provided electronically by the Company.

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 decision is 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 in the company 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) No circular resolutions were passed during the year under review.
- 7) Notice of annual general meeting has been duly sent to all the members.
- 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 not done any alteration to the Articles of Association of Memorandum of Association other than those of which the necessary compliances as to alteration is carried out and the proofs of the filing with ROC are available in 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.

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 complains 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.

Place : Bangalore	Signature	: Sd/-
Date : 19.08.2021	Secretary in Practice	: RAMACHANDRA BHAT S.
	ACS/FCS No.	: 4441
	C. P. No.	: 5421
	UDIN	: F004441C000806651
	The Peer Review Certificate No.	: 1345/2021

ANNEXURE

MANIPAL HOUSING FINANCE SYNDICATE LIMITED LIST OF DIRECTORS						
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	WHOLETIME DIRECTOR
2.	00101662	VIJAYALAXMI PAI NARAYAN	6-125, Anantha Nagar Manipal, Karnataka – 576 104, India	DIRECTOR	18.03.2005	WOMEN DIRECTOR
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.	07209943	BASTI PAI GANAPATHI	Anugraha, 5-2-23 H, Shanthi Nagara 2nd Cross Road, 76 Badagubettu, Bailuru,Udupi Karnataka – 576 104, India	DIRECTOR	29.06.2015	INDEPENDENT DIRECTOR
5.	09131513	KALSANKA GOKULDAS PAI	Flat No. 309 B Wing, Blueberry Woods Manipal, Udupi District Karnataka – 576 104, India	ADDITIONAL DIRECTOR	05.03.2021	ADDITIONAL DIRECTOR
6.	08555036	RAMA NAIK	D. No. 16-361, Quarters No. 130, Behind Canara Bank HO Annexe Tile Factory Road, Manipal – 576 104	DIRECTOR	21.12.2020	NOMINEE DIRECTOR

'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.: 4441

C P No.: 5421

UDIN : F004441C000806651

The Peer Review Certificate No.: 1345/2021

Date: 19.08.2021

Place: Bangalore

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MANIPAL HOUSING FINANCE SYNDICATE LIMITED, MANIPAL

Report on the Audit of Financial Statements

Opinion

I have audited the accompanying financial statements of MANIPAL HOUSING FINANCE SYNDICATE LIMITED ("the Company"), which comprises the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss, the Cash Flow Statement for the year ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2021, the profit and its cash flows for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises of the Directors' Report and the Annexures to Directors' Report and Disclosures required under 'Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016' issued by National Housing Bank 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 my auditor's report thereon). The above stated information is expected to be made available to me after the date of this auditor's report.

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

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

When I read the Director's report and the Annexures to Directors' Report and Disclosures required under 'Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016' issued by National Housing Bank and "Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021" issued by Reserve Bank of India if I conclude that there is a material misstatement therein, I am required to communicate the matter to those Charged with Governance.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a



basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, I am also responsible for expressing my opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Companies Act, 2013, I give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by the 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, I 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, I report:
 - a. I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.
 - b. In my opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In my opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to my separate report in 'Annexure C'. My report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g. With respect to the other matters to be included in the Auditor's report in accordance with requirements of Section 197(16) of the Act, as amended:

In my opinion and to the best of my information and according to the explanations given to me, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
 - h. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014 in my opinion and to the best of my information and according to the explanations given to me:
 - 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.

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

Sd/- CA A. KRISHNA KUMAR
Proprietor
Membership No.: 203836
UDIN: 21203836AAAACR7443

Place : Manipal
Date : 29th July 2021



ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT
(Issued to Manipal Housing Finance Syndicate Limited, Manipal for the year ending 31st March 2021)
(Referred to in paragraph 1 of my report of even date under the Heading
“Report on other Legal and Regulatory Requirements”)

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

Particulars	Total No. of Cases	Nature	Gross Block (in ₹)	Net Block (in ₹)	Remarks, if any
Land Registration	One	Freehold	91,15,115	91,15,115	Pending
Building	One	Leasehold	1,13,00,820	57,40,773	Pending

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

For A. KRISHNA KUMAR & CO.
Chartered Accountant
 Registration No.: 012424S
Sd/- CA A. KRISHNA KUMAR
Proprietor
 Membership No.: 203836
 UDIN: 21203836AAAACR7443

Place : Manipal
 Date : 29th July 2021



ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT
(Issued to Manipal Housing Finance Syndicate Limited, Manipal for the year ending 31st March 2021)
(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.
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 me by the company, the company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the 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 me by the company, In the event of the Lockdown imposed in the State of Karnataka, the company has requested for extension of the filing period for the Half-yearly statutory return and such extension was granted to the company. Further the Company has submitted the Half-yearly statutory return as specified in the Directions issued by National Housing Bank within such period of extension granted.
VIII. According to the information given to me by the company, as specified in the Clause VII above the company has furnished to the National Housing Bank within the period for which extension 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 me during the year the company has opened one Branch at Thirthahalli, Shivamogga District with effect from 24th October 2020. The Company has vide Letter Ref. MHFSL:HO:KKA: 1086 : 2020-21 dated 20th October 2020 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 me the Housing Finance Company has complied with the provisions contained in Paragraph 3.1.3, Paragraph 3.1.4 and Paragraph 13 of the directions.
XI. The Company has accepted Public Deposits during the relevant year.
- B. I. As per the information obtained by me the deposits accepted by the company together with other borrowings indicated below are within the limits admissible to the company as per the provisions of the directions.
(a) from public by issue of unsecured non-convertible debentures/bonds : ₹NIL;
(b) from its shareholders – ₹1,36,95,896/-;
(c) which are not excluded from the definition of 'public deposit' in the Housing Finance Companies (NHB) Directions, 2010: ₹35,60,11,069/-
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 FA" for the deposits of the Company, vide their letter dated 27th January, 2021. However the agency is not specified as approved credit rating agencies as per Clause 25.2 of the directions. However the Company has taken Ratings from M/S CARE Ratings Limited on May 04th 2021 with ratings CARE BBB+(FD); Stable [Triple B Plus (Fixed Deposit)]; outlook: Stable] which is one of the approved rating agency as per the Direction.
IV. As per information and explanations given to me in respect of Clause (III) above,
(a) The credit rating mentioned above is given by other than 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. However the company has obtained Ratings from M/s CARE Ratings Limited which is one of the approved rating agencies as per the Direction.
(b) The Credit rating agencies have given ratings for acceptance of deposits as follows:
a. upto ₹40 Crores by M/s Acuité Ratings & Research Limited and
b. upto ₹45 Crores by M/s CARE Ratings Limited.
The aggregate amount of deposits outstanding at any time during the year has not exceeded the aforesaid specified limit of ₹40 Crores.
V. According to the information and explanations given to me and on the basis of my examination of the books of accounts the company has not defaulted in paying to its depositors the interest and/or principal amount of the deposits after such interest and/or principal became due during the year ended 31.03.2021.
VI. According to the information and explanations given to me and on the basis of my examination of the books of accounts the company has 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 **A. KRISHNA KUMAR & CO.**
Chartered Accountant
Registration No.: 012424S

Sd/- **CA A. KRISHNA KUMAR**
Proprietor

Membership No.: 203836

UDIN: 21203836AAAACR7443

Place : Manipal
Date : 29th July 2021

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

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

I have audited the internal financial controls over financial reporting of Manipal Housing Finance Syndicate Limited ("the Company") as of 31 March, 2021 in conjunction with my audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitation of Internal Financial Controls over Financial Reporting

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

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the internal controls over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **A. KRISHNA KUMAR & CO.**
Chartered Accountant
Registration No.: 012424S

Sd/- CA A. KRISHNA KUMAR
Proprietor
Membership No.: 203836
UDIN: 21203836AAAACR7443

Place : Manipal
Date : 29th July 2021

BALANCE SHEET AS ON 31.03.2021

Particulars	Note No.	31.03.2021		31.03.2020	
		₹	₹	₹	₹
A. EQUITY AND LIABILITIES :					
1. Shareholders' Funds					
a) Share Capital	1	9,77,61,500		9,77,61,500	
b) Reserves & Surplus	2	73,94,01,583	83,71,63,083	64,36,70,443	74,14,31,943
2. Non-current liabilities					
a) Long Term Borrowings	3	2,93,34,37,737		3,12,02,51,820	
b) Long term provisions	4	6,01,04,600		4,52,07,207	
c) Deferred tax liability (net)	5	4,60,25,010	3,03,95,67,347	4,34,49,696	3,20,89,08,723
3. Current liabilities					
a) Short term borrowings	6	5,16,18,705		1,80,44,308	
b) Trade Payables	7.1				
i) Total outstanding dues micro enterprises and small enterprises and;	7.1A	–		–	
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	7.1B	81,70,389		72,59,177	
c) Other current liabilities	7.2	91,23,85,218		82,17,05,695	
d) Short Term Provisions	8	1,25,79,508	98,47,53,820	1,58,43,459	86,28,52,639
TOTAL			4,86,14,84,250		4,81,31,93,305
B. ASSETS :					
1. Non-current assets					
a) Property, Plant & Equipment:					
Tangible assets	9	11,07,48,694		11,29,18,727	
b) Non-current investments	10	2,80,24,818		2,76,08,763	
c) Long term loans & advances	11	3,45,26,94,074		3,65,22,41,231	
d) Other Non-current Assets	12	10,04,031	3,59,24,71,617	1,46,304	3,79,29,15,025
2. Current assets					
a) Inventories	13	92,892		74,428	
b) Cash and Cash Equivalents	14	5,50,51,104		2,03,27,299	
c) Short term loans and advances	15	1,21,33,88,240		99,93,90,591	
d) Other Current Assets	16	4,80,397	1,26,90,12,633	4,85,962	1,02,02,78,280
TOTAL			4,86,14,84,250		4,81,31,93,305
OTHER DISCLOSURES TO ACCOUNTS:	24				

The notes are an integral part of these financial statements.

As per my report of even date

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

 Sd/- K. Gokuldas Pai (DIN: 09131513)
 Sd/- Vijayalaxmi N. Pai (DIN: 00101662)
 Sd/- B. Ganapathi Pai (DIN: 07209943)

 Sd/- Gopalakrishna Bhat
 Chief Financial Officer

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

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

Directors

 Sd/- CA A. Krishna Kumar
 Proprietor

 Place : Manipal
 Date : 29th July, 2021

 Membership No.: 203836
 UDIN: 21203836AAAACR7443

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2021

Particulars	Note No.	2020-21		2019-20	
		₹	₹	₹	₹
I. Revenue					
Revenue from Operations	17	57,75,19,343		55,78,02,075	
Other Income	18	92,76,515		41,67,951	
TOTAL REVENUE		58,67,95,858		56,19,70,026	
II. Expenses					
Employee Benefit expenses	19	2,64,06,936		2,59,86,923	
Finance costs	20	34,23,32,386		37,36,54,768	
Depreciation and amortization expense	21	41,96,454		38,24,402	
Other Expenses	22	8,42,84,904		4,00,65,384	
TOTAL EXPENSES		45,72,20,680		44,35,31,477	
Profit Before Tax		12,95,75,178		11,84,38,549	
Tax expense					
a) Current Income Tax		3,04,00,000		2,70,00,000	
b) Income Tax – Earlier year's provision		(20,976)		(53,422)	
c) Deferred Tax Adjustments (Refer Note 5.02)		25,75,314	3,29,54,338	(6,20,914)	2,63,25,664
Profit for the year		9,66,20,840		9,21,12,885	
Earning Per Equity Share (Equity Share of ₹10/- each)	23				
Basic Earning per share in ₹ Ps		11.26		10.70	
Diluted Earning per share in ₹ Ps		11.26		10.70	
OTHER DISCLOSURES TO ACCOUNTS:	24				

The notes are an integral part of these financial statements.

As per my report of even date

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

 Sd/- K. Gokuldas Pai (DIN: 09131513)
 Sd/- Vijayalaxmi N. Pai (DIN: 00101662)
 Sd/- B. Ganapathi Pai (DIN: 07209943)

 Sd/- Gopalakrishna Bhat
 Chief Financial Officer

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

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

Directors

 Sd/- CA A. Krishna Kumar
 Proprietor

 Place : Manipal
 Date : 29th July, 2021

 Membership No.: 203836
 UDIN: 21203836AAAAACR7443

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2021

	31.03.2021		31.03.2020	
	₹	₹	₹	₹
NOTE 1:				
SHARE CAPITAL				
(Refer Note: 1.01 to 1.04 below)				
Authorised Capital :				
86,00,000 (P.Y. 86,00,000) Equity Shares of ₹10 each		8,60,00,000		8,60,00,000
34,00,000 (P.Y. 34,00,000) 7% Cumulative Redeemable Preference Shares of ₹10 each		3,40,00,000		3,40,00,000
		<u>12,00,00,000</u>		<u>12,00,00,000</u>
Issued, Subscribed & Paid-up :				
85,05,300 Equity Shares of ₹10/- each fully paid up	8,50,53,000		8,50,53,000	
(Previous year 85,05,300 Equity Shares of ₹10 each fully paid)				
Less: Calls in arrears (From persons other than directors)	1,500	8,50,51,500	1,500	8,50,51,500
12,71,000 7% Cumulative Redeemable Preference Shares of ₹10/- each fully paid up (Previous year 1,27,10,000)		1,27,10,000		1,27,10,000
TOTAL		<u>9,77,61,500</u>		<u>9,77,61,500</u>

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

Note 1.02: Reconciliation of number of shares

	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
a. Equity Shares				
Balance as at the beginning of the year	85,05,150	8,50,51,500	85,05,150	8,50,51,500
Adjustments during the year	-	-	-	-
Balance as at the end of the year	85,05,150	8,50,51,500	85,05,150	8,50,51,500
b. 7% Cumulative Redeemable Preference Shares				
Balance as at the beginning of the year	12,71,000	1,27,10,000	12,71,000	1,27,10,000
Redeemed during the year (at par i.e., at ₹10 each)	-	-	-	-
Balance as at the end of the year	12,71,000	1,27,10,000	12,71,000	1,27,10,000

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, 2021		As at March 31, 2020	
	Number of Shares	Percentage	Number of Shares	Percentage
a. Equity Shares				
M/s Canara Bank, Manipal	6,00,000	7.05	6,00,000	7.05
M/s MPL Insurance Agency Services Private Ltd., Manipal	29,00,000	34.10	29,00,000	34.10
M/s ICDS Ltd., Manipal	7,29,000	8.57	7,29,000	8.57
M/s MFC Limited, Manipal	5,23,094	6.15	5,23,094	6.15
b. 7% Cumulative Redeemable Preference Shares				
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 31.03.2021

	31.03.2021		31.03.2020	
	₹	₹	₹	₹
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	22,43,97,000		20,70,97,000	
Additions during the year	1,83,32,000		1,73,00,000	
Appropriation during the year	-	24,27,29,000	-	22,43,97,000
(in terms of Sec. 29C of NHB Act, 1987)				
Opening Balance	25,00,000		13,00,000	
Additions during the year	10,18,000		12,00,000	
Appropriation during the year	-	35,18,000	-	25,00,000
General Reserve				
Opening Balance	3,94,73,573		3,94,73,573	
Add: Transferred during the year	-	3,94,73,573	-	3,94,73,573
Capital Redemption Reserve				
Opening Balance	1,24,46,000		1,24,46,000	
Add: Transferred during the year	-	1,24,46,000	-	1,24,46,000
Surplus in Statement of Profit & Loss				
Balance at the beginning of the year	36,48,53,870		30,25,66,971	
Profit for the Year	9,66,20,840		9,21,12,885	
	46,14,74,710		39,46,79,856	
Less: Appropriations (Refer Note 2.01 below)	2,02,39,700	44,12,35,010	2,98,25,986	36,48,53,870
		<u>73,94,01,583</u>		<u>64,36,70,443</u>

	31.03.2021		31.03.2020	
	₹	₹	₹	₹
Note: 2.01 Appropriations				
Transfer to Statutory Reserve				
In terms of Sec. 36(1)(viii) of Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987	1,83,32,000		1,73,00,000	
In terms of Sec. 29C of NHB Act, 1987	10,18,000		12,00,000	
Transfer to General Reserve	-		-	
Interim Dividend on Preference Shares (refer note 2.02 below)				
1st Interim	2,22,425		2,22,425	
2nd Interim	2,22,425		2,22,425	
3rd Interim	2,22,425		2,22,425	
4th Interim	2,22,425		2,22,425	
Tax on distribution of Interim Preference Dividend	-		1,82,880	
Final Dividend CY ₹ NIL (PY ending 2019 5% i.e. ₹0.50 per share)	-		42,52,575	
Tax on Distribution of Equity Dividend CY ₹ NIL (PY Ending 2019)	-		8,74,129	
Interim Dividend CY ₹ NIL (PY Ending 2020)	-		42,52,575	
Tax on Distribution of Equity Dividend CY ₹ NIL (PY Ending 2020)	-		8,74,127	
TOTAL APPROPRIATIONS	<u>2,02,39,700</u>		<u>2,98,25,986</u>	

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 (PY ₹0.70 per share on 12,71,000 shares).

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

Particulars	Current Year in ₹	Previous Year in ₹
A. Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	25,00,000	13,00,000
b) Amount of Special Reserve u/s 36(1)(viii) of the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	22,43,97,000	20,70,97,000
Total (A)	<u>22,68,97,000</u>	<u>20,83,97,000</u>

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2021

Particulars	Current Year in ₹	Previous Year in ₹
B. Addition/Appropriations/Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	10,18,000	12,00,000
b) Amount of Special Reserve u/s 36(1)(viii) of the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	1,83,32,000	1,73,00,000
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	-	-
Total (B)	1,93,50,000	1,85,00,000
C. Balance at the end of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	35,18,000	25,00,000
b) Amount of Special Reserve u/s 36(1)(viii) of the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	24,27,29,000	22,43,97,000
Total (A+B)	24,62,47,000	22,68,97,000

	31.03.2021		31.03.2020	
	Non-Current ₹	Current ₹	Non-Current ₹	Current ₹

NOTE 3:
LONG TERM BORROWINGS

(Refer Note: 3.01 to 3.07 below)

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

Secured by hypothecation of Receivables

Secured by hypothecation of Vehicle

A

2,66,42,74,696	79,32,61,792	3,00,76,11,687	70,87,50,048
6,50,684	13,41,987	19,92,671	14,05,961
2,66,49,25,380	79,46,03,779	3,00,96,04,358	71,01,56,009

UNSECURED:

Public Deposits

B

26,85,12,357	99,783,214	11,06,47,462	9,85,88,809
26,85,12,357	99,783,214	11,06,47,462	9,85,88,809
2,93,34,37,737	89,43,86,993	3,12,02,51,820	80,87,44,818

- Note 3.01: The Current Portion of the above, represents the amount repayable on or before next 12 months i.e. 31st March 2022 and the same is being disclosed under Note No. 7.2 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 and Innova Car. The Company has also created negative lien on its unencumbered assets, in respect of loans outstanding as on the date of balance sheet ₹47,66,02,356/- (PY ₹56,76,20,054/-).
- 3.03: The break-up of Public Deposits is as below: From related parties: Non-Current ₹16,50,000/- (PY ₹11,19,410/-) and Current ₹1,23,94,621/- (PY ₹31,43,873 /-). From others: Non-Current ₹26,68,62,357/- (PY ₹10,95,28,053 /-), Current ₹8,73,88,593/- (PY ₹9,54,44,936/-). Interest accrued but not due on the aforesaid deposits ₹35,79,335/- (PY ₹16,24,861/-) disclosure under Note No. 7.2.
- 3.04: Public Deposits matured for repayment ₹14,11,394/- (PY ₹8,31,582/-) not included in the above Note. The same is being disclosed under Note No. 7.2. Interest on such deposits ₹94,897/- (PY ₹30,820/-) 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 ₹79.83,20,986 as on 31st March 2021 in respect of 5 loans (₹93,46,27,378 as on 31st March 2020 in respect of 8 loans). The effective rate of contractual interest as on 31st March 2021 is 8.35% (31.03.2020 - 8.50%). The loans are repayable in 114 to 120 monthly instalments ranging from ₹13,15,736 to ₹35,08,000. The loans are secured by exclusive charge on housing loan receivables of the Company.
 - The Company has availed a term loan from a Bank which has an outstanding balance of ₹7,51,02,981 as on 31st March 2021 in respect of 2 loans (₹7,26,21,370 as on 31st March 2020 in respect of 1 loan). The effective rate of contractual interest as on 31st March 2021 is 10.05% for Term Loan I and 12.05% for Term Loan II (31.03.2020 - 11.25% for Term Loan I). The Term Loan is repayable in 20 to 28 quarterly instalments of ₹7,50,000 for Term Loan I and ₹5,00,000 for Term Loan II. 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 ₹6,81,62,825 as on 31st March 2021 in respect of 10 loans (₹10,40,44,609 as on 31st March 2020 in respect of 10 loans). The effective rate of contractual interest as on 31st March 2021 is 7.95% each (31.03.2020 - 8.90% each). The Term Loan I is repayable in 37 quarterly instalments of ₹26,32,000 each and Term Loan II is repayable in 114 monthly instalments of ₹27,00,000 each. The Term Loans are secured by exclusive charge on loan receivables of the Company.
 - The Company has availed term loans from a Bank which has an outstanding balance of ₹27,21,71,788 as on 31st March 2021 in respect of 2 loans (₹30,07,15,284 as on 31st March 2020 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2021 is 7.95% each (31.03.2020 - 8.90% each). The Term Loan I is repayable in 37 quarterly instalments of ₹26,32,000 each and Term Loan II is repayable in 114 monthly instalments of ₹27,00,000 each. The Term Loans are secured by exclusive charge on loan receivables of the Company.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2021

5. The Company has availed term loans from a Bank which has an outstanding balance of ₹47,66,02,356 as on 31st March 2021 in respect of 7 loans (₹56,76,20,053 as on 31st March 2020 in respect of 9 loans). The effective rate of contractual interest as on 31st March 2021 is 8.35% (31.03.2020 - 9.0%). The loans are repayable in 40 quarterly instalments ranging from ₹25,00,000 to ₹75,00,000 each. The loans are secured by Hypothecation of specific receivables of the Company.
6. The Company has availed term loans from a Bank which has an outstanding balance of ₹38,64,35,267 as on 31st March 2021 in respect of 3 loans (₹40,63,38,656 as on 31st March 2020 in respect of 3 loans). The effective rate of contractual interest as on 31st March 2021 is 7.75% for Term Loan I & II and 8.15% for Term Loan III (31.03.2020 - 8.45% for Term Loan I and 8.95% for Term Loan II and 9.15% for Term Loan III). The Term Loan I is repayable in 40 quarterly instalments of ₹2,50,000 each, the Term Loan II is repayable in 40 quarterly instalments of ₹60,00,000 each and the Term Loan III is repayable in 40 quarterly instalments of ₹50,00,000 each. The loans are secured by exclusive charge on housing loan receivables of the Company.
7. The Company has availed term loan from a Bank which has an outstanding balance of ₹1,00,97,80,553 as on 31st March 2021 in respect of 7 loans (₹1,06,65,74,944 as on 31st March 2020 in respect of 7 loans). The effective rate of contractual interest as on 31st March 2021 for these loans ranges between 7.60% to 8.20% (31.03.2020 - ranges between 8.40% to 9.15%). Each of the loans is repayable in 40 quarterly instalments with each instalment amount ranging between ₹25,00,000 to 75,00,000. The loan is secured by hypothecation of loan receivables.
8. The Company has availed term loan from a Bank which has an outstanding balance of ₹21,90,09,569 as on 31st March 2021 in respect of 5 loans (₹26,38,19,441 as on 31st March 2020 in respect of 5 loans). The effective rate of contractual interest as on 31st March 2021 for these loans ranges between 7.95% to 8.75% (31.03.2020 - ranges between 8.90% to 9.65%). The loans are repayable in 12 to 40 quarterly instalments, with each instalment amount ranging between ₹17,85,714 to ₹83,33,333. Three of the loans are secured by exclusive hypothecation of housing loan/mortgage loan receivables of the Company for one loan whereas the other two are secured by exclusive hypothecation of jewel loan receivables.
9. The Company has availed term loan from a Bank which has an outstanding balance of ₹15,19,50,163 as on 31st March 2021 (₹ NIL as on 31st March 2020). The effective rate of contractual interest as on 31st March 2021 is 5.25% (31.03.2020 - NIL). The loan is repayable within one year from date of sanction. The loan is secured by hypothecation of Loan Receivables of the company.
10. The Company has availed 2 vehicle loans from a Bank which has an outstanding balance of ₹19,92,671 as on 31st March 2021 (₹33,98,632 as on 31st March 2020 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2021 is 7.80% for Vehicle Loan I and 8.85% for Vehicle Loan II (31.03.2020 - 7.80% for Vehicle Loan I and 8.85% for Vehicle Loan II). The Vehicle Loan I is repayable in 60 monthly instalments of ₹74,669 each and Vehicle Loan II is repayable in 38 monthly instalments of ₹61,239 each. Vehicle loan I is secured by hypothecation of BMW Car and Vehicle Loan II is secured by hypothecation of Innova Car.

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

3.07: The repayment Schedule of Loans is as under:	Secured ₹	Unsecured ₹
repayable within next 12 months i.e. Current Portion	79,46,03,779	9,97,83,214
repayable during the year ending 31 st March 2023	57,01,78,627	2,20,75,557
repayable during the year ending 31 st March 2024	52,63,06,889	23,64,36,800
repayable during the year ending 31 st March 2025	43,64,77,113	1,00,00,000
repayable during the year ending 31 st March 2026	37,91,21,298	
repayable during the year ending 31 st March 2027	30,11,98,403	
repayable during the year ending 31 st March 2028	24,50,01,994	
repayable during the year ending 31 st March 2029	13,17,29,140	
repayable during the year ending 31 st March 2030	7,12,29,833	
repayable during the year ending 31 st March 2031	36,82,083	

	31.03.2021	₹	₹	31.03.2020	₹	₹
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)						
				6,01,04,600		4,52,07,207
				<u>6,01,04,600</u>		<u>4,52,07,207</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.

	31.03.2021	₹	₹	31.03.2020	₹	₹
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		5,45,898			3,56,090	
Provision for Non-Performing Assets		1,31,95,222			1,17,09,587	
On Account of Depreciation		<u>13,23,905</u>	1,50,65,025		<u>9,60,864</u>	1,30,26,541
Less: Deferred Tax Liability						
On Account of						
Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961					6,10,90,035	5,64,76,237
DEFERRED TAX ASSET/(LIABILITY)					<u>(4,60,25,010)</u>	<u>(4,34,49,696)</u>

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2021

- 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 ₹25,75,314/- recognized as Deferred Tax Adjustment Income in the Statement of Profit and Loss (PY: (Income) ₹6,20,914).

NOTE 6:
SHORT TERM BORROWINGS

(Refer Note 6.01 to 6.04 below)

SECURED:
From Banks

Working Capital Borrowings

5,16,18,705	1,80,44,308
<u>5,16,18,705</u>	<u>1,80,44,308</u>

- Note 6.01:** The borrowing as above, represents Overdraft/Cash credit availed from Banks, which is subject to renewal every year. However the Bank has the right to demand the repayment at any time.
- 6.02:** The borrowings as above, are secured by hypothecation of receivables in respect of Jewel Loans granted by the Company with a limit of ₹6,00,00,000 (PY ₹6,00,00,000).
- 6.03:** The rate of interest on overdraft is MCLR + 1.90% p.a. The rate of interest as on 31st March 2021 is 9.25% (PY MCLR + 1.75% i.e. 10.35% as on 31st March 2020).
- 6.04:** The Company has also pledged term deposits held with the Bank ₹4,93,413.02/- (PY ₹4,67,076/-) as security for an overdraft on deposits of 3 accounts, with a limit of ₹3,54,500 (PY ₹3,50,000). The interest rate on such overdraft is 7.30%, 7.50% and 7.60% respectively (PY 7.45% & 7.90%) which is 2%, 0.6% and 2% respectively above the pledged deposit rate. However two of these accounts have not been overdrawn on the date of the Balance Sheet.

	31.03.2021		31.03.2020	
	₹	₹	₹	₹

NOTE 7.1 :
TRADE PAYABLES

(Refer Note below)

7.1A

Total outstanding dues micro enterprises and small enterprises

-	-
<u>-</u>	<u>-</u>

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

81,70,389	72,59,177
<u>81,70,389</u>	<u>72,59,177</u>

TOTAL (A+B)

<u>81,70,389</u>	<u>72,59,177</u>
-------------------------	------------------

NOTE 7.2 :
OTHER CURRENT LIABILITIES

(Refer Note: 7.2.01 to 7.2.03 below)

Current maturities of long term debt – Secured (Refer Note No. 3 & 7.2.01)	79,46,03,779	71,01,56,009
Current maturities of long term debt – Unsecured (Refer Note No. 3 & 7.2.01)	9,97,83,214	9,85,88,809
Unclaimed Equity Dividends*	21,13,556	25,94,180
Unclaimed Matured Deposits*	14,11,394	8,31,582
Interest on Unclaimed Matured Deposits as above*	94,897	30,820
Tax on Dividend Payable (on Preference Share)	-	45,728
Interest accrued but not due on public deposits	35,79,335	16,24,861
Other Payables (See Note 7.2.02 below)	1,07,99,043	78,33,706
*Does not include amount due to Investor Education and Protection Fund		
	<u>91,23,85,218</u>	<u>82,17,05,695</u>

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

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

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

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2021
NOTE 8:
SHORT TERM PROVISIONS

Provisions on Non Performing and other Assets as per RBI Directives (refer note below (Refer Note below and also Note 11.04 & 11.05)	97,81,218	1,58,43,459
Provision for Current Income Tax (Net of Advance Tax and Tax Deducted at Source)	27,98,290	-
	<u>1,25,79,508</u>	<u>1,58,43,459</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 (Previous year's amounts given within brackets)

Assets	Gross Block				Depreciation				Net Block	
	At Cost as on 31.03.2020	Additions	Sales	Total Cost as on 31.03.2021	Up to 31.03.2020	Depreciation	Sales	Up to 31.03.2021	As on 31.03.2021	As on 31.03.2020
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Freehold Land (refer note below)	9,26,51,055	-	-	9,26,51,055	-	-	-	-	9,26,51,055	9,26,51,055
	(2,74,24,415)	(6,52,26,640)	-	(9,26,51,055)	-	-	-	-	(9,26,51,055)	(2,74,24,415)
Buildings Freehold	74,10,372	-	-	74,10,372	35,67,585	1,87,083	-	37,54,668	36,55,704	38,42,787
	(74,10,372)	-	-	(74,10,372)	(33,70,361)	(1,97,224)	-	(35,67,585)	(38,42,787)	(40,40,011)
Buildings Leasehold	1,13,00,820	-	-	1,13,00,820	47,51,184	8,08,863	-	55,60,047	57,40,773	65,49,636
	(1,26,38,840)	-	(13,38,020)	(1,13,00,820)	(49,78,473)	(11,10,731)	(13,38,020)	(47,51,184)	(65,49,636)	(76,60,367)
Office Furniture & Fittings	86,06,623	6,52,748	34,342	92,25,029	29,62,684	15,35,544	34,342	44,63,886	47,61,143	56,43,939
	(30,40,072)	(55,96,002)	(29,451)	(86,06,623)	(25,97,482)	(3,94,653)	(29,451)	(29,62,684)	(56,43,939)	(4,42,590)
Office Equipments	25,60,939	3,73,547	2,80,156	26,54,330	22,85,793	1,35,719	2,47,766	21,73,746	4,80,584	2,75,146
	(25,29,923)	(87,616)	(56,600)	(25,60,939)	(21,59,001)	(1,75,247)	(48,455)	(22,85,793)	(2,75,146)	(3,70,922)
Electrical Fittings	5,23,712	3,33,479	9,664	8,47,527	4,56,206	61,170	9,664	5,07,712	3,39,815	67,506
	(5,18,730)	(4,982)	-	(5,23,712)	(4,32,916)	(23,290)	-	(4,56,206)	(67,506)	(85,814)
Air-Conditioners	3,44,537	1,11,138	-	4,55,675	2,83,267	35,106	-	3,18,373	1,37,302	61,270
	(3,58,537)	-	(14,000)	(3,44,537)	(2,76,741)	(19,826)	(13,300)	(2,83,267)	(61,270)	(81,796)
Vehicles	1,08,40,817	-	-	1,08,40,817	71,55,730	11,53,904	-	83,09,634	25,31,183	36,85,087
	(1,23,93,586)	-	(15,52,769)	(1,08,40,817)	(69,43,691)	(17,00,373)	(14,88,334)	(71,55,730)	(36,85,087)	(54,49,895)
Computer	47,74,333	5,87,933	7,50,087	46,12,179	46,32,032	2,79,065	7,50,053	41,61,044	4,51,135	1,42,301
	(45,97,331)	(1,77,002)	-	(47,74,333)	(44,28,974)	(2,03,058)	-	(46,32,032)	(1,42,301)	(1,68,357)
Total	13,90,13,208	20,58,845	10,74,249	13,99,97,804	2,60,94,481	41,96,454	10,41,825	2,92,49,110	11,07,48,694	11,29,18,727
Previous Year	(7,09,11,806)	(7,10,92,242)	(29,90,840)	(13,90,13,208)	(2,51,87,639)	(38,24,402)	(29,17,560)	(2,60,94,481)	(11,29,18,727)	(4,57,24,167)

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

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.

Refer Note 24.02(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 31.03.2021**

- Note: 11.01:** The Current Portion of the above, represents the amount recoverable on or before next 12 months i.e. 31st March 2022 and the same is being disclosed under Note. No. 15.
- 11.02:** Housing Loans Granted (Secured) as per Note No. 11 (B)(I)(a) above represents Housing Loans granted by the Company secured on equitable mortgage of immovable properties and/or undertaking to create a security and/or, assignment of Life Insurance Policies and/or Personal guarantee of Individuals etc. Other Secured Loans as per Note No. 11 (B)(I)(b) represents Loans granted by the Company secured on equitable mortgage of properties and/or against pledge of jewels and/or personal guarantee of individuals.
- 11.03:** Loans considered good [as per Note No. 11 (B) above [i.e. both secured and unsecured] includes Non-Performing Assets against which adequate provisions have been made as per "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	%	Provision a
	as on 31 st March 2021 (in ₹)		s on 31 st March 2021 (in ₹)
Standard (Considered Good) (*%) refer note below)	3,04,66,72,102 (3,20,51,59,348)	97.69 (98.24)	1,69,63,603 (1,39,64,215)
Substandard Assets	3,96,44,946 (2,01,45,987)	1.27 (0.62)	59,46,742 (30,21,898)
Doubtful Assets	3,25,01,867 (3,72,32,920)	1.04 (1.14)	3,10,80,781 (3,05,35,325)
Loss Assets	-	-	-
Total	3,11,88,18,915 (3,26,25,38,255)	100.00 (100.00)	5,39,91,126 (4,75,21,438)

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

ASSET CLASSIFICATION	Outstanding as	%	Provision as
	on 31 st March 2021 (in ₹)		on 31 st March 2021 (in ₹)
Standard (Considered Good) (* (%) refer note below)	1,48,65,00,723 (1,32,21,02,365)	98.61 (98.44)	10,073,146 (96,88,673)
Substandard Assets	- (1,97,75,537)	- (1.47)	- (29,66,331)
Doubtful Assets	2,09,57,003 (11,67,716)	1.39 (0.09)	58,21,546 (8,74,224)
Total	1,50,74,57,726 (1,34,30,45,618)	100.00 (100.00)	1,58,94,692 (1,35,29,228)

* This provision on Standard assets as on 31st March 2021 includes provision in respect of accounts in default but standard as per the provisions of RBI notification on Resolution Framework - Resolution of COVID-19 related stress of Individuals and Small Businesses', asset classification benefit is extended and general provision of 10% i.e. ₹46,75,164/- has been made on outstanding balance of one account amounting to ₹4,67,51,636/-.

% This provision on Standard assets as on 31st March 2020 includes provision in respect of accounts in default but standard as per the provisions of RBI Notification vide RBI/2019-20/220 - 'COVID-19 Regulatory Package - Asset Classification and Provisioning', asset classification benefit is extended and general provision of 5% i.e. ₹19,23,581/- has been made on outstanding balance of such accounts amounting to ₹3,84,71,621/-.

No Provision is required to be made in respect of assets, other than above (i.e. other than Assets given in A & B of Note 11.05). Accordingly the disclosure as required under directives issued by RBI is not applicable in respect of such other assets.

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

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

Particulars	31.03.2021		31.03.2020	
	Amounts outstanding in ₹	% to Total Assets	Amounts outstanding in ₹	% to Total Assets
Loans Outstanding against the pledge of jewellery	80,03,05,164	16.46	63,19,36,310	13.13
Total Assets held	4,86,14,84,250		4,81,31,93,305	

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

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2021

11.08 The Break-up of Lease Security Deposit is as below: to Related Parties ₹ Nil (PY ₹ Nil) & to Others ₹1,61,61,012 (PY ₹1,86,84,012)

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

	31.03.2021		31.03.2020	
	₹	₹	₹	₹
NOTE 12:				
OTHER NON-CURRENT ASSETS				
Net Asset in Gratuity Fund (maintained by LIC of India)		10,04,031		1,46,304
		<u>10,04,031</u>		<u>1,46,304</u>
NOTE 13:				
INVENTORIES				
Stock of Stationery (valued at cost)		92,892		74,428
		<u>92,892</u>		<u>74,428</u>
NOTE 14:				
CASH AND CASH EQUIVALENTS				
(Refer note 14.01)				
A) Cash and Cash Equivalents (For the purpose of Cash Flow Statement)				
i) Cash in hand		52,58,808		40,10,286
ii) Balance with banks in Current Accounts		<u>4,38,49,400</u>	<u>4,91,08,208</u>	<u>99,19,249</u>
B) Other Bank Balances				
i) Fixed deposits (with original maturity beyond 3 months)				
Fixed Deposits with Scheduled Banks (Held as SLR assets)		25,00,000		25,00,000
Pledged to Banks for security for Overdraft		4,93,413		4,67,076
Pledged to Sales Tax		10,000		10,000
Kept for Bank Lockers		8,17,005		8,25,617
Other Deposits		-		-
ii) In Current Account earmarked for unclaimed dividends		<u>21,22,478</u>		<u>25,95,071</u>
CASH & CASH EQUIVALENTS		<u>5,50,51,104</u>		<u>2,03,27,299</u>

Note 14.01: Note 14(B) above includes ₹6,65,474/- (PY ₹5,92,134/-) being Deposits with maturity of more than 12 months from the date of Balance Sheet.

NOTE 15:
SHORT TERM LOANS AND ADVANCES

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

Loans Granted:

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

	1,19,88,58,329	98,29,37,211
	4,40,668	7,43,448
	<u>1,40,89,243</u>	<u>1,57,09,932</u>
	<u>1,21,33,88,240</u>	<u>99,93,90,591</u>

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

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

NOTE 16:
OTHER CURRENT ASSETS

(Unsecured and considered good)

Interest accrued on Investments

Income Receivable from Banks & Others

	3,44,935	3,48,535
	<u>1,35,462</u>	<u>1,37,427</u>
	<u>4,80,397</u>	<u>4,85,962</u>

NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2021

	2020-21		2019-20	
	₹	₹	₹	₹
NOTE 17:				
REVENUE FROM OPERATIONS				
(Refer Note 17.01 & 17.02 below)				
Income from Housing Finance				
Interest on Loans		36,08,23,228		36,35,66,559
Other Financial Services		<u>65,06,241</u>	<u>36,73,29,469</u>	<u>65,05,631</u>
Interest on Other Loans			20,98,66,181	18,74,70,248
Miscellaneous Income		<u>3,23,693</u>		<u>2,59,637</u>
NET REVENUE FROM OPERATIONS		<u>57,75,19,343</u>		<u>55,78,02,075</u>

Note 17.01: Income from Other Financial Services of Housing represents Income from Processing, Administrative and other related charges.

17.02: Also refer Note 22.02 for details of provision on Non-Performing and other Assets.

NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2021

	2020-21		2019-20	
	₹	₹	₹	₹
NOTE 18:				
OTHER INCOME				
Interest on Investments (Long Term-non trade)	20,35,400		20,42,600	
Other Interest (On Bank Deposits & Income Tax Refund)	<u>2,61,428</u>	22,96,828	<u>2,85,321</u>	23,27,921
Dividend on Investment - Non-Trade (Long Term - Non-Current)		63,630		40,025
Dividend on Investment - Non-Trade (Current)		29,44,310		5,38,732
Lease Rent Received		4,40,000		3,94,580
Profit on Sale of Current Investments (Non-Trade)		9,49,387		-
Net actuarial gain on Gratuity Fund (maintained by LIC of India)		8,57,727		-
Other non-operating income (Profit on sale of Property, Plants and Equipments)		60,259		8,66,693
Bad Debts Recovered		<u>16,64,374</u>		-
		<u><u>92,76,515</u></u>		<u><u>41,67,951</u></u>
NOTE 19:				
EMPLOYEES' BENEFIT EXPENSES				
(Refer note 19.01 below)				
Salary		2,37,42,907		2,22,40,338
Bonus		7,54,167		7,14,559
Staff Welfare Expenses		49,102		51,425
Contribution to Provident and other Funds		9,72,407		9,78,841
Contribution to Gratuity Premium		4,60,536		13,17,987
Contribution to ESI		4,27,817		4,57,000
Loss from Gratuity fund maintained with LIC of India		-		2,26,773
		<u>2,64,06,936</u>		<u>2,59,86,923</u>
Note 19.01: Disclosure as required under Accounting Standard 15 i.e. Employee benefits, given under Note No. 24.09.				
NOTE 20:				
FINANCE COSTS				
Interest on Term Loan	31,49,17,174		34,72,00,218	
Interest on Public Deposits	<u>2,22,16,703</u>		<u>2,06,06,089</u>	
Interest on Others - Working Capital Borrowings etc.	<u>11,85,976</u>	33,83,19,853	<u>24,81,839</u>	37,02,88,146
Bank Charges, Commission & Processing Fees		<u>40,12,533</u>		<u>33,66,622</u>
		<u><u>34,23,32,386</u></u>		<u><u>37,36,54,768</u></u>
NOTE 21:				
DEPRECIATION AND AMORTIZATION EXPENSE				
Depreciation on Tangible Assets (Refer Note No. 9)		<u>41,96,454</u>		<u>38,24,402</u>
		<u><u>41,96,454</u></u>		<u><u>38,24,402</u></u>
NOTE 22:				
OTHER EXPENSES				
Building Rent (Refer Note 22.01 below)		32,05,958		32,76,804
Locker Rent		7,26,255		4,22,029
Travelling and Conveyance Expenses		7,78,415		18,71,907
Vehicle Maintenance		8,33,773		11,56,332
Advertisement and Sales Promotion Expenses		39,841		59,000
Registration & Licence Fee		2,62,815		7,78,290
Printing & Stationery		2,92,593		2,87,390
Postage & Couriers		2,89,780		75,424
Directors Sitting Fee		15,000		15,000
Telephone Charges		4,71,230		4,19,267
Audit Fees				
Statutory Audit	3,75,000		3,25,000	
Tax Audit	35,000		35,000	
Certification	30,000		30,000	
Other expenses	<u>79,200</u>	5,19,200	<u>70,200</u>	4,60,200
Miscellaneous Expenses		47,97,294		60,61,667
Donations		6,000		6,000
Corporate Social Responsibility expenditure (Refer Note 24.13)		22,68,300		4,80,310
Insurance Premium		7,67,861		5,82,313
Electricity & Water Charges		4,62,629		5,18,065
Commission & Brokerage		81,33,462		80,88,348
Legal & Professional Charges		58,01,730		44,96,547
Provisions for Non-Performing & other Assets (Refer Note 22.02)		88,35,151		81,72,029
Provision for diminution in the value of investments		-		28,38,462
Bad debts		4,50,83,814		-
Loss on sale of Short Term Investments		6,83,776		-
Loss on sale of Fixed Assets		<u>10,027</u>		-
		<u><u>8,42,84,904</u></u>		<u><u>4,00,65,384</u></u>

NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2021

Note 22.01: Building Rent as above represents rent paid in respect of premises taken on cancellable operating lease.

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

	Current Year	Previous Year
	₹	₹
a. On Housing Finance Business:		
i. Provisions as required under RBI Directives on Housing Finance business		
Standard Assets	29,99,388	11,92,311
Substandard Assets	29,24,844	5,92,980
Doubtful Assets	(1,94,54,544)	(36,74,861)
ii. Additional provision	2,00,00,000	71,00,000
	<u>64,69,688</u>	<u>52,10,430</u>
b. On Business other than Housing Finance:		
i. Provisions as required under RBI Directives on Other Business		
Standard Assets	3,84,473	(78,105)
Substandard Assets	(29,66,332)	29,66,331
Doubtful Assets	49,47,322	73,373
	<u>23,65,463</u>	<u>29,61,599</u>
Total Provisions made/(reversed) during the year (net) (a + b)	<u>88,35,151</u>	<u>81,72,029</u>

2020-21

2019-20

₹

₹

₹

₹

NOTE 23:
EARNING PER EQUITY SHARE

(Refer Note 23.01 below)

a) Net profit after tax, as per Statement of Profit & Loss	9,66,20,840	9,21,12,885
b) Preference Dividend	8,89,700	8,89,700
c) Tax on Distribution of Preference Dividend	-	1,82,880
d) Net profit available for equity shareholder used as numerator (a-b-c)	9,57,31,140	9,10,40,305
e) Weighted Average No. of equity shares used as Denominator	85,05,150	85,05,150
f) Basic/Diluted earning per equity share of ₹10 each fully paid	11.26	10.70

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

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2021
NOTE 24:
OTHER DISCLOSURES TO ACCOUNTS
24.01 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.

24.02 Accounting Policies:
a. Basis of Accounting and Revenue Recognition:

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 i.e. the Companies (Accounting Standard) Rules 2006 read with Companies (Accounting Standard) Amendment Rules 2016 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. All significant items of income & expenditure are accounted on accrual system of accounting. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Company follows "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.



NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2021

An item of 'Property, Plant and Equipment' and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Further, when each major inspection is performed, its cost is recognized in the carrying amount of the item of 'Property, Plant and Equipment' as a replacement if the recognition criteria are satisfied. Machinery spares if any, which are specific to a particular item of 'Property, Plant and Equipment' and whose use is expected to be irregular are capitalized as 'Property, Plant and Equipment'.

Spare parts if any, are capitalized when they meet the definition of 'Property, Plant and Equipment' i.e., when the Company intends to use these for more than a period of 12 months.

The Property, Plant and Equipments held by the Company does not involve decommissioning cost and the cost of removal of such assets is not material considering the size of the Company. Considering this aspect, the Company has not made any policies for capitalizing the decommissioning cost.

Depreciation on 'Property, Plant & Equipment' generally is provided on the written down value method over the useful lives of the assets in terms of Schedule II of the Companies Act, 2013. Depreciation for the assets purchased/sold during the period is proportionately charged. However Building constructed on the lease hold land if any, is depreciated under straight line method over the period of lease or the useful life in terms of Schedule II of the Companies Act 2013, whichever expires earlier. Improvements to buildings are amortized over the period of remaining useful life of the building. The residual values, useful lives and methods of depreciation of 'Property, Plant and Equipment' are reviewed at each financial year end and adjusted prospectively, if appropriate and under such circumstances the appropriate disclosure will be made in the notes to accounts.

d. Investments:

Long Term Investments are 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. Inventory:

Stock of stationery is valued at cost. Cost is taken at the value at which the same were purchased. The Company does not have any other items of inventory. Accordingly, the Company has not made any policies for other types of inventory.

f. Tax on Income:

The Company has charged off the Current Income Tax to the Statement of Profit and Loss. Deferred Tax Assets/Liabilities are recognized/provided in accordance with the Accounting Standard 22. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date, on the timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred Tax Asset is recognized, subject to the considerations of prudence. Deferred tax asset so recognized, is being net off to deferred tax liability or vice versa. Advance Income Tax Paid (including Tax deducted at source, tax paid on self assessment or otherwise) and provision for current Income Tax are presented in the Balance Sheet after setting off the same against each other.

g. Employee Benefits:

The Company's "Retirement Benefit Plan" & "Other Benefit Plans" comprises of Contribution to Provident Fund, Employee State Insurance and Gratuity. Contributions to Provident Fund & Employee State Insurance are being made at pre-determined rates and are charged to the Statement of Profit & Loss. The company's liability towards gratuity to employees is covered by group gratuity policy with LIC of India. There are no other retirement benefits/other benefits being provided by the Company.

h. Borrowing Costs:

Borrowing costs are recognized as an expense in the year in which they are incurred except which are directly attributable to acquisition/construction of qualifying property, plant & equipments, till the time such assets are ready for use, in which case the borrowing costs are capitalized as part of the cost of the asset.

i. Provisions & Contingent Liabilities/Assets:

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

j. Impairment of Assets:

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

k. Accounting for Leases:

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

l. Earnings per Share:

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

m. Operating Cycle:

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

n. Cash Flow Statement:

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

**NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2021****o. Events occurring after the Balance Sheet Date:**

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

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

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

A. Key management personnel and their relatives

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

B. Related Corporate Bodies

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

Particulars	2020-21	2019-20
	Amount in ₹	Amount in ₹
A. Advances, Deposits and loans from related parties		
Key Management Personnel and Relatives		
Deposits received during the year	1,29,25,211	31,68,659
B. Interest & other expenses to related parties		
Key Management Personnel and Relatives		
Interest on deposit:	9,87,240	6,14,570
C. Remuneration & other charges		
Key Management Personnel and Relatives		
Remuneration (including PF & Perquisites):	11,96,497	11,96,497
Sri T. Sunil Pai – ₹7,80,000/- (PY ₹7,80,000)		
Sri Gopalakrishna Bhat – ₹4,40,644/- (PY ₹4,16,497)		
Professional Charges:		
Sri T. Sanjay Pai – ₹5,28,000 (PY ₹5,28,000)	5,28,000	5,28,000
D. Dividend Paid		
Key Management Personnel and Relatives		
Preference Dividend		
Sri T. Narayan M. Pai – ₹4,26,440 (PY ₹4,26,440)		
Smt. Vijayalaxmi N. Pai – ₹4,56,260 (PY ₹4,56,260)	8,82,700	8,82,700
Final Equity Dividend for year ending 31.03.2019		
Sri T. Narayana M. Pai – ₹ NIL (PY ₹1,32,175)		
Smt. Vijayalaxmi N. Pai – ₹ NIL (PY ₹1,20,500)		
Sri T. Sunil Pai – ₹ NIL (PY ₹1,29,175)	NIL	6,41,651
Smt. Pranitha Pai – ₹ NIL (PY ₹1,38,051)		
Sri. T. Sanjay Pai – ₹ NIL (PY ₹1,21,500)		
Sri Gopalakrishna K. Bhat – ₹ NIL (PY ₹250)		
Interim Equity Dividend for year 2019-2020		
Sri T. Narayana M. Pai – ₹ NIL (PY ₹1,32,175)		
Smt. Vijayalaxmi N. Pai – ₹ NIL (PY ₹1,20,500)		
Sri T. Sunil Pai – ₹ NIL (PY ₹1,29,175)		
Smt. Pranitha Pai - ₹ NIL (PY ₹1,38,051)	NIL	6,41,651
Sri T. Sanjay Pai – ₹ NIL (PY ₹1,21,500)		
Sri Gopalakrishna K. Bhat – ₹ NIL (PY ₹250)		
Related Corporate Bodies		
M/s MPL Insurance Agency Services Private Ltd., Manpal		
Final Equity Dividend for year ending 31.03.2019 CY ₹ NIL (PY ₹14,50,000)		
Interim Equity Dividend for year 2019-2020 CY ₹ NIL (PY ₹14,50,000)	NIL	29,00,000
No amount pertaining to the related parties has been provided for as doubtful debts/advances or written off/written back during the year.		

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

24.05 Information as required 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 (PY: ₹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 (PY: 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.

**NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2021**

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.REC.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.

- 24.06** In the opinion of the Board of Directors, the assets listed under the head Non-Current Assets & Current Assets (other than Tangible Assets and Non-Current Investments) in the Balance Sheet (viz: assets covered under Note No.11 to 16), have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- 24.07** The Company is operating under one reportable business segment i.e. Finance Activity and one Geographical segment. Therefore the Accounting Standard relating to Segment Reporting is not applicable.
- 24.08** The Company has created during the earlier years, the floating charge on the statutory liquid assets maintained (including such securities to be purchased by the Company in future) in terms of subsection 1 & 2 of Section 29B of the National Housing Bank 1987. Such charge is being created by executing the trust deed. M/s Canara Bank has been appointed as the sole trustee of the trust. Value of such assets held as on the date of Balance Sheet is ₹2,70,00,000 (PY ₹2,70,00,000). The charge as aforesaid has been created in compliance of Directives.
- 24.09** Employee Benefits:
Brief description of the Plans:
- a) The Company has two schemes for long term benefits such as provident fund and gratuity. In case of funded schemes, the funds are recognized by the Income tax authorities and administered through trustees / appropriate authorities. The Company's defined contribution plan is employees' provident fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) wherein the Company has no further obligation beyond making the contributions.
The Company is also contributing towards Employee State Insurance Plan, as per statutory requirements, wherein the Company has no further obligation beyond making the contributions.
The Company's defined benefit plan is gratuity.
- b) Charge to the Profit and Loss Account based on contributions:
The Company's contribution to Provident Fund and other related funds charged to Profit and Loss Account during the year is ₹9,72,407/- (PY: ₹9,78,841)
The Company's Contribution to Employee State Insurance Plan charged to Profit and Loss Account during the year is ₹4,27,817/- (PY ₹4,57,000)
The Company's contribution to LIC under Group Gratuity Policy, charged to Profit & Loss Account is ₹4,60,536/- (PY ₹13,17,987)
- c) Disclosures for defined gratuity benefit plans based on actuarial reports obtained from Life Insurance Corporation of India as on 31st March 2021:
Valuation Method: Projected Unit Credit Method

	Amount in ₹ Current Year	Amount in ₹ Previous Year
Changes in present value		
Opening value of obligations	39,65,595	44,68,810
Current service cost	2,50,778	2,90,443
Interest cost	2,77,592	3,35,161
Actuarial loss/(gain)	(5,60,719)	(61,555)
Benefits paid	(23,365)	(6,33,058)
Closing value of obligations	39,09,881	43,99,801
Change in Fair Value of Assets		
Opening fair value of plan assets	45,46,105	48,41,887
Expected return on plan assets	3,40,518	3,37,276
Contributions by employer	50,654	-
Benefits paid -	(23,365)	(6,33,058)
Closing fair value of plan assets	49,13,912	45,46,105
Funded Status	10,04,031	1,46,304
Amount recognized in the Balance Sheet		
Present value of obligations as at year end	39,09,881	43,99,801
Fair value of plan assets as at year end	49,13,912	45,46,105
Amount not recognized as an asset	-	-
Funded Status	10,04,031	1,46,304
Net (asset)/liability recognized as on 31st March 2021	(10,04,031)	(1,46,304)
Expenses recognized in the Profit and Loss Account		
Current service cost	2,50,778	2,90,443
Interest on defined benefit obligation	2,77,592	3,35,161
Expected return on plan assets	(3,40,518)	(3,37,276)
Net actuarial loss/(gain) recognised in the current year	(5,60,719)	(61,555)
Effect of the limit in Para 59(b) of AS 15	*	*
Total expense	3,72,867	2,26,773

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2021

	Amount in ₹ Current Year	Amount in ₹ Previous Year
Asset information (as per Para 120 (h) of AS 15)	*	*
Principal actuarial assumptions used		
Discount rate (p.a.)	7.00%	7.25%
Expected rate of return on plan assets (p.a.)	*	*
Salary Escalation	3.50%	6.75%
Withdrawal Rate	*	*
Rate of increase in compensation levels	*	*
Expected average remaining working lives of employees in number of years	*	*
Experience adjustments (as per Para 120(n) of AS 15)	*	*
Expected employer's contribution for the next year	*	*
The Company has written to Life Insurance Corporation of India to furnish information of the Defined Gratuity Benefit Plan, in the manner required under Accounting Standard 15. Accordingly the Life Insurance Corporation of India has given the information as given above, which has been relied by the Auditors.		
(*) The Life Insurance Corporation of India has not given these information		

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

Amount in ₹

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Closing value of obligation	39,09,881	43,99,801	44,68,810	44,67,454	28,00,798
Closing fair value of plan assets	49,13,912	45,46,105	48,41,887	37,82,129	28,61,126
Net (asset)/liability recognized	(10,04,031)	(1,46,304)	(3,73,077)	6,85,325	(60,328)

- 24.10** The Company does not have any pending litigation which would impact its financial position.
- 24.11** The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.
- 24.12** There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund, by the Company.
- 24.13** Details with regard to Corporate Social Responsibility Expenditure:
Gross amount required to be spent by the Company during the year: ₹22,68,282/- (PY ₹20,62,213/-)
Amount spent during the year on:

	Particulars	In Cash ₹	Yet to be paid in Cash ₹	Total ₹
(i)	Construction/acquisition of any asset (Previous Year)	Nil (Nil)	Nil (Nil)	Nil (Nil)
(ii)	On purposes other than (i) above (Previous Year)	22,68,300 (4,80,310)	Nil (Nil)	22,68,300 (4,80,310)

- 24.14** The Company has availed the option of computation of tax as provided under Section 115BAA of Income Tax Act 1961. The Company has already filed necessary forms with the Income Tax Department to avail the aforesaid option. Accordingly, the tax expenses (both current and deferred) arrived at under the provisions of Section 115BAA of the Income Tax Act 1961.
- 24.15** The Company has in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls system over financial reporting were operating effectively as on 31st March, 2021.
- 24.16** There are no contingent liabilities as on 31st March 2021.
- 24.17** The Previous year's amounts are regrouped/reclassified/rearranged wherever necessary.

As per my report of even date

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

 Sd/- **K. Gokuldas Pai** (DIN: 09131513)
Sd/- **Vijayalaxmi N. Pai** (DIN: 00101662)
Sd/- **B. Ganapathi Pai** (DIN: 07209943)

 Sd/- **Gopalakrishna Bhat**
Chief Financial Officer

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

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

Directors

 Sd/- **CA A. Krishna Kumar**
Proprietor

 Place : Manipal
Date : 29th July, 2021

 Membership No.: 203836
UDIN: 21203836AAAACR7443

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

Description	FY 2020-21		FY 2019-20	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit for the year :	9,66,20,840		9,21,12,885	
Tax expense	3,29,54,338		2,63,25,664	
Net Profit before tax	12,95,75,178		11,84,38,549	
Adjustments for :				
Depreciation	41,96,454		38,24,402	
Gratuity Fund Expense/(Income)	(8,57,727)		2,26,773	
Interest income from investments	(20,35,400)		(20,42,600)	
Interest expenses	33,83,19,853		37,02,88,146	
Dividend received	(30,07,940)		(5,78,757)	
(Profit)/Loss on sale of assets (net)	(50,232)		(8,66,693)	
Provision for diminution in the value of Investments	-		28,38,462	
Provision for doubtful debts/ (Reversal of provision)	88,35,151		81,72,029	
(Surplus)/Deficit from sale of Investments	(2,65,611)		-	
Operating profit before working capital changes	47,47,09,726		50,03,00,311	
Adjustments for changes in working capital:				
(Increase)/Decrease in Housing & Other Loans Granted	(1,81,69,768)		13,07,32,137	
(Increase)/Decrease in trade and other receivables	23,35,682		1,78,771	
(Increase)/Decrease in inventories	(18,464)		1,251	
Increase/(Decrease) in trade and other payables	38,76,549		44,59,473	
Cash Generated from operations (before payment of interest & tax)	46,27,33,725		63,56,71,943	
Interest paid	(33,63,01,302)		(37,08,63,829)	
Direct taxes (paid)/refund	(2,57,40,307)		(30,842,371)	
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	10,06,92,116		23,39,65,743	
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase/acquisition of Fixed Assets	(20,58,845)		(7,10,92,242)	
Sale of Fixed Assets	82,656		9,39,973	
Purchase of Long Term Investments	(4,16,055)		(48,20,143)	
Sale, Redemption/(Purchase) of Current Investments	2,65,611		-	
Interest Received	20,39,000		20,39,000	
Dividend Received	30,07,940		5,78,757	
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	29,20,307		(7,23,54,655)	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Decrease) in Public Deposits	15,96,39,112		(1,44,572)	
Increase/(Decrease) in Bank/NHB Borrowings	(22,66,56,810)		(15,60,74,423)	
Dividend Paid on Equity Shares	(4,80,624)		(78,30,306)	
Dividend Distribution Tax Paid on above	-		(17,48,254)	
Interim Dividend Paid on Preference Shares	(8,89,700)		(8,89,700)	
Dividend Distribution Tax Paid on above	(45,728)		(1,82,880)	
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(6,84,33,750)		(16,68,70,135)	
Net Increase in Cash and Cash Equivalents	3,51,78,673		(52,59,047)	
Opening Balance of Cash & Cash Equivalents	1,39,29,535		1,91,88,582	
Closing Balance of Cash & Cash Equivalents	4,91,08,208		1,39,29,535	

- 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 ₹22,68,300/- (PY ₹4,80,310/-) during the year as given in Note 22. The details of expenses required to be spent for CSR Activities are disclosed in Note 24.13 of financial statement. This has been considered as operational activity.
 3) Previous year's amounts have been arranged, regrouped and reclassified wherever necessary.

As per my report of even date

Sd/- N. A. Shanbhag
 Chairman
 (DIN: 07157128)
 Sd/- T. Sunil Pai
 Executive Director
 (DIN: 00101564)

Sd/- K. Gokuldas Pai
 (DIN:09131513)
 Sd/- Vijayalaxmi N. Pai
 (DIN: 00101662)
 Sd/- B. Ganapathi Pai
 (DIN: 07209943)
 Directors

Sd/- Gopalakrishna Bhat
 Chief Financial Officer

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

Sd/- CA A. Krishna Kumar
 Proprietor
 Membership No.: 203836
 UDIN: 21203836AAAAACR7443

Place : Manipal
 Date : 29th July, 2021

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

Disclosure as per RBI notification DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution frame work for COVID-19 related Stress: (₹ in Crore)

Type of Borrower	(A)	(B)	(C)	(D)	(E)
	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B) aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	1	4.68	-	-	0.47
Corporate Persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	1	4.68	0	0	0.47

Disclosure as per RBI Notification DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 on Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package:

Total amount of interest on interest charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with Supreme Court judgement by way of relief was ₹32 lakhs has been refunded/adjusted.

Summary of Significant Accounting Policies

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

Disclosure:

Capital:

(₹ in Crore)

Particulars	Current Year	Previous Year
(i) CRAR (%)	25.57%	23.43%
(ii) CRAR-Tier I Capital (%)	24.58%	22.49%
(iii) CRAR-Tier II Capital (%)	0.98%	0.94%
(iv) Amount of subordinated debt raised as Tier-II Capital	NIL	NIL
(v) Amount raised by issue of perpetual Debt Instruments	NIL	NIL

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

(₹ in Crore)

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	0.25	0.13
b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	22.44	20.71
c) Total	22.69	20.84
Addition/Appropriation/Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	0.10	0.12
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	1.83	1.73
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	0.35	0.25
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	24.27	22.44
c) Total	24.62	22.69

Investments:

(₹ in Crore)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross Value of Investments		
(a) In India	3.08	3.04
(b) Outside India		
(ii) Provision for Depreciation		
(a) In India		
(b) Outside India		
(iii) Net Value of Investments		
(a) In India		
(b) Outside India		
Movement of provisions held towards depreciation on investments		
(i) Opening balance	0.28	0.00
(ii) Add Provisions made during the year	0.0	0.28
(iii) Less: Write-off/Written-back of excess provisions during the year		
(iv) Closing Balance	2.80	2.76

Derivatives

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

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

Exchange Traded Interest Rate (IR) Derivative

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

Disclosures on Risk Exposure in Derivatives

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

Securitisation

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

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

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

Details of Assignment transactions undertaken by HFCs

There were no assignment transactions undertaken during the year

Details of non-performing financial assets purchased/sold

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

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

(₹ in Crore)

Particulars	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 to 5 years	Over 5 years	Total
Liabilities											
Deposits	0.43	0	0.02	2.67	2.43	2.09	2.48	25.85	1.00	-	36.97
Borrowings from Bank	0.80	0.05	1.81	5.28	9.09	30.85	31.58	109.65	81.56	75.28	345.95
Market Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets:											
Advances	14.56	0.08	0.44	3.75	6.92	34.60	59.73	50.62	50.71	241.22	462.63
Investments	-	-	-	-	-	-	-	-	-	2.80	2.80
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

Exposure
Exposure to Real Estate Sector

(₹ in Crore)

Category	Current Year	Previous Year
a) Direct Exposure		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹15 lakh may be shown separately)	311.88	326.25
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential building, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures		
a) Residential	-	-
b) Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

Exposure to Capital Market

(₹ in Crore)

Particulars	Current Year	Previous Year
(i) Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.29	0.25
(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	0.29	0.25

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 24.04.

b) Policy on dealing with Related Party Transactions

This policy with regard to Related Party Transactions is adopted in terms of NHB directions on corporate governance vide Circular No.NHB(ND)/DRS/Policy Circular No.79/2016-17 dated 27.04.2017 and in line with the requirement of Section 188 of the Companies' Act 2013 read with the rules made there under and in conformity with applicable accounting standard.

Objectives: This policy seeks to serve the following objectives:

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

Definitions under the Policy:

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

- a) "Board": The "Board" refers to the board of directors of the company.
- b) "Audit Committee": The "Audit Committee" means the audit committee constituted by the Board under the provision of Section 177 of the Companies Act, 2013 and as per the directions of NHB vide Notification No.NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 09.02.2017.
- c) Key managerial personnel in relation to the company (MHFSL) cover Managing Director/CEO, Executive Director, Company Secretary, CFO & such other officers as may be prescribed under NHB Directions or Companies' Act, applicable accounting standard or policy adopted by the Board.
- d) Related party: The term 'Related Party' has been defined under Section 2 (76) of the Companies' Act 2013 and the same is described under the head "Description of Related Party" here below:
- e) "Arm's length transaction" means transaction between two related or affiliated parties that is conducted as if they were unrelated so that there is no conflict of interest.

Description of Related Party:

Related Party with reference to a company means:

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

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

Related Party Transactions:

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

Related Party Transactions considered Material:

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

Relative:

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

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

Identification of Potential Related Party Transaction:

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

Approval of Related Party Transactions:

OMNIBUS Approval:

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

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

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

Approving Authorities:

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



Related Party Transactions – Coverage:

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

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

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

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

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

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

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

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

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

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

Review of Omnibus approval:

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

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

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

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

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

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

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

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

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

Review of the Policy:

This policy has been in force with effect from 01.07.2017. 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 29.07.2021 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 29.07.2021. 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	Care Ratings Acuite Ratings & Research Ltd.	CARE BBB + ACUITE FA
Long term Bank Facilities	Care Ratings Acuite Ratings & Research Ltd.	CARE BBB + 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:

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

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

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

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

b. Opportunities & Challenges:

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

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

c. Financial Performance:

The year 2020-21 that has rolled by has been a year of satisfactory performance for MHFSL.

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

(₹ in Crores)

Product-wise performance	Previous Year	Current Year	Increase in %
Housing/Mortgage Loans	397.32	382.60	-14.72
Other loans	63.24	80.03	16.79
Financial performance:			
YEAR ENDED AS ON	31.03.2020	31.03.2021	
Interest Income	55.78	57.75	
Other Income	0.42	0.93	
Total Income	56.20	58.68	
Interest Expended	37.37	34.23	
Net interest Income	18.41	23.52	
Operating Expenses	6.61	6.56	
Provisions	0.82	0.88	
PBT	11.84	12.96	
PAT	9.21	9.66	
Total Loans outstanding (Net)	460.56	462.63	
Tangible Net worth	72.87	82.45	
Capital Employed	468.85	471.66	
Housing/Mortgage Loans	397.32	382.60	
Jewel Loans	63.19	80.03	
Total Assets	481.32	486.15	
Key Ratios %			
Net interest Margin	3.80	4.86	
Yield on Advances (%)	11.96	12.51	
Interest/Borrowed funds (%)	9.28	8.74	
Interest Spread (%)	2.68	3.77	
Operating expenses/Avg.capital employed (%)	1.40	1.39	
PAT Margin (%)	16.39	16.46	
RONW (%)	13.38	12.44	

(₹ in Crores)

Product-wise performance	Previous Year	Current Year	Increase in %
ROTA (%)	1.90	2.00	
Overall Debt/Equity Ratio (Times)	5.81	5.10	
Interest Coverage Ratio (Times)	1.25	1.28	
Capital Adequacy Ratio (CAR) (%)	23.43	25.57	
Tier 1 CAR	22.49	24.58	
Gross NPA (%)	1.70	2.01	
Net NPA (%)	0.89	1.09	
Net NPA/Net Worth (%)	2.37	2.81	

d. Future Outlook

The year 2020-21 saw unprecedented disruption to lives and livelihoods across the world and India was no exception. The economy declined sharply as the country grappled with the pandemic. However, relief measures taken by the Government of India and the Reserve Bank of India helped the Indian economy to some extent. Rapid rollout of vaccines coupled with Government's efforts on stimulating growth helped in improving consumer sentiments. Notwithstanding these encouraging developments, the COVID-19 pandemic is far from over. The trajectory of the pandemic still remains unpredictable to a very large extent, with country already witnessing a second wave of COVID-19. Our overriding priority remains, therefore, to protect lives and livelihoods.

We remain watchful of the situation while focusing on driving volumes for growth. Even though conditions will remain unpredictable and we will be living with the effects of COVID-19 for some time, we remain confident of the medium to long term growth prospects of the Housing sector. MHFSL has been playing its role in the war against COVID-19. The health of our employees and their families is of utmost importance and we have throughout the pandemic supported our employees through different means including providing Mask, sanitizers etc.

India witnessed a steep contraction in output in 2020-21 following the COVID-19 pandemic. Gross Domestic Product (GDP) is estimated to have declined by 7.3 percent, compared to 4 percent growth in the previous year. Although agriculture grew at 3.6 percent, both industry and services, which account for over 80 percent of the GDP, were severely impacted during the year. As far as the real estate industry is concerned, construction activity came to a standstill with the lockdown. The outlook for Indian economy in financial year 2022 will seemingly better on account of negative base effect. It is hoped that during the second half of 2021-22 and onwards, the situation may be improve and fresh business opportunities may emerge.

e. 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.

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

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

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

f. Internal Control System

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. 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 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, Udupi, (Firm Registration No.115271W/ Membership No.: 039351) as its Internal Auditor. Credit Audit and vetting of documents is carried out by Sri Shridhar Shettigar, an experienced retired Bank Officer on an ongoing basis.

g. Human Capital

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

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

The function of management of human capital is carried on by the HO personnel department. The company has 132 employees as on 31.03.2021. There is cordial employee and industrial relation in the company. MHFS Ltd. provides adequate training opportunities to staff at various levels including deputation to NHB training programmes.

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

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

Revenue Recognition

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

Consolidated Financial Statements (CFS)

It is not applicable since there is no subsidiary to MHFSL.

Additional Disclosures
Provisions and Contingencies

(₹ in Crore)

Break-up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
1. Provisions for depreciation on investment	0.28	0.28
2. Provision made towards Income tax	3.04	2.70
3. Provision towards NPA	0.54	0.71
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	0.34	0.11
5. Other Provision and Contingencies (with details)	0.0	0.0

(₹ in Crore)

Break-up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount	304.67	320.52	148.65	132.20
b) Provisions made	1.70	1.40	1.01	0.97
Sub-Standard Assets				
a) Total Outstanding Amount	3.96	2.01	0	1.98
b) Provisions made	0.59	0.30	0	0.29
Doubtful Assets-Category - I				
a) Total Outstanding Amount	1.82	0.48	1.98	0.00
b) Provisions made	1.68	0.12	0.49	0.00
Doubtful Assets-Category - II				
a) Total Outstanding Amount	1.30	1.70	0.05	0.05
b) Provisions made	1.30	1.39	0.02	0.02
Doubtful Assets-Category - III				
a) Total Outstanding Amount	0.13	1.54	0.07	0.07
b) Provisions made	0.13	1.54	0.07	0.07
Loss Assets				
a) Total Outstanding Amount	0	0	0	0
b) Provisions made	0	0	0	0
TOTAL				
a) Total Outstanding Amount	311.88	326.25	150.75	134.30
b) Provisions made	5.40	4.75	1.59	1.35

Draw Down from Reserves

During Financial Year there was no draw down from Reserves

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

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	36.37	20.59
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	98%	98%

Concentration of Loans & Advances

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	81.81	71.34
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	17.53%	15.34%

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

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/customers	81.81	71.34
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	17.53%	15.34%

Concentration of NPAs

(₹ in Crore)

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	6.16	4.18

Sector-wise NPAs

(₹ in Crore)

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
A.	Housings Loans:	
1.	Individuals	2.31
2.	Builders/Project Loans	0
3.	Corporates	0
4.	Others (specify)	0
B.	Non- Housings Loans:	
1.	Individuals	1.39
2.	Builders/Project Loans	0
3.	Corporates	0
4.	Others (specify)	0

Movements of NPAs

(₹ in Crore)

Particulars	Current Year	Previous Year
(i) Net NPAs to Net Advances (%)	1.09	0.89
(ii) Movement of NPAs (Gross)		
a) Opening balance	7.83	5.90
b) Additions during the year	3.96	3.99
c) Reductions during the year	2.48	2.06
d) Closing balance	9.31	7.83
(iii) Movement of NPAs		
a) Opening balance	1.73	0.62
b) Additions during the year	3.30	1.11
c) Reductions during the year	0.00	0.00
d) Closing balance	5.03	1.73
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	3.74	3.03
b) Provisions made during the year	0.54	0.71
c) Write-off/write-back of excess provisions	0.00	0.00
d) Closing balance	4.28	3.74

Overseas Assets: The company did not have any overseas assets at any point of time during the year.**Off-balance Sheet SPVs sponsored:** There were no Off-Balance Sheet SPVs sponsored during the year.**Customers Complaints**

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	0	0
b) No. of complaints received during the year	2	0
c) No. of complaints redressed during the year	2	0
d) No. of complaints pending at the end of the year	0	0

Printed Matter – BOOK-POST

35th
ANNUAL REPORT, 2020–21

If undelivered, please return to:

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