

Svatantra Micro Housing Finance Corporation Limited

Audited Financial Statement for the year ended

31 March 2023

DIRECTORS' REPORT- FY 2022-23

The Members,

Svatantra Micro Housing Finance Corporation Limited

The Board of Directors is pleased to present the Fifteenth Annual Report of your Company together with the Audited Accounts and Auditor's Report for the financial year ended 31st March 2023.

Financial Highlights

PARTICULARS	(Rs. in Lakhs)	
	2022-23	2021-22
Revenue from Operations	17,622.88	11,186.13
Other Income	181.66	177.13
Profit/loss before Depreciation, Finance Costs, Exceptional items, and Tax Expense	13,262.73	8,636.34
Less: Depreciation/ Amortisation/ Impairment	145.85	104.69
Profit /loss before Finance Costs, Exceptional items, and Tax Expense	13,116.88	8,531.65
Less: Finance Costs	10,764.66	7,452.17
Profit /loss before Exceptional items and Tax Expense	2,352.21	1,079.48
Add/(less): Exceptional items	-	-
Profit /loss before Tax Expense	2,352.21	1,079.48
Less: Tax Expense (Current & Deferred)	451.03	209.70
Profit /loss for the year (1)	1,901.18	869.78
Total Comprehensive Income/loss (2)	1.12	5.60
Total (1+2)	1,902.30	875.38
Balance of profit /loss for earlier years	3,373.77	2906.83
Less: Transfer to Debenture Redemption Reserve	-	-
Less: Transfer to Statutory Reserves	574.73	259.18
Less: Transfer to Impairment Reserves	-	149.26
Less: Share Issue Expenses (net of tax)	-	-
Less: Dividend paid on Equity Shares	-	-



Less: Dividend paid on Preference Shares	-	-
Less: Dividend Distribution Tax	-	-
Balance carried forward	4,701.35	3,373.77

State of Company affairs

During the year under review, your Company increased most of the operating and financial parameters. Revenues of the Company were up 58% to Rs. 176.23 Cr. (PY Rs. 111.86 Cr.) and PBT substantially increased by 118% to Rs. 23.52 Cr. (PY Rs. 10.80 Cr.) - and after payment of Rs 4.51 Cr. (PY Rs. 2.10 Cr.) in current and deferred taxes and tax on debenture issue expenses, PAT increased 119% to Rs. 19.02 Cr. (PY Rs. 8.70 Cr.).

In terms of lending operations, cumulative housing loan sanctions aggregated Rs. 2829.55 Cr. (up 30% from Rs. 2176.91 Cr. at end of the previous financial year) – all to lower income, urban families who are generally excluded from the mainstream banking sector. The total loans outstanding figure was Rs. 1525.60 Cr. (growth of 35% over Rs. 1130.57 Cr. at end of the previous financial year). The Company currently operates in 9 states – Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, West Bengal, Chhattisgarh, Tamil Nadu, Orissa and Haryana and 1 Union Territory – Daman and Diu.

In terms of portfolio quality, the Company had 738 (PY 432) loan accounts as on year end - March 31, 2023 - which were classified as non-performing assets (“NPAs”) per the prudential guidelines issued by the RBI / NHB. The amount of such Gross NPAs was Rs. 31.46 Cr. (PY Rs. 18.73 Cr.) which was 2.06% (PY 1.66%) of the total loan portfolio of the Company as at March 31, 2023. The Company has created necessary provisions in accordance with the RBI & NHB Directions, after which Net NPAs stood at Rs. 24.34 Cr. (PY Rs. 15.55 Cr.) and 1.60% (PY 1.38%) of the total loan portfolio as at March 31, 2023.

In terms of funding, the Company allotted 59,24,170 Equity Shares of Rs. 10 each at a Premium of Rs. 32.20/- per share amounting to Rs. 24,99,99,974/- (Rupees Twenty-Four Crores Ninety-Nine Lakhs, Ninety-Nine Thousand, Nine Hundred and Seventy-Four only) in the month of October 2022; 58,27,506 Equity Shares of Rs. 10 each at a Premium of Rs. 32.90/- per share amounting to Rs. 25,00,00,007.40/- (Rupees Twenty-Five Crores and Seven and Paise Forty only) in the month of December 2022 and 56,54,830 Equity Shares of Rs. 10 each at a Premium of Rs. 34.21/- per share amounting to Rs. 25,00,00,034.30/- (Rupees Twenty-Five Crores and Thirty-Four and Paise Thirty only) in the month of March 2023 to its Holding Company, Svatanttra Holdings Private Limited, and with retained profits, net worth increased to Rs. 290.19 Cr. (PY Rs. 196.25 Cr.). However, the Company increased its long-term debt to Rs. 1451.83 Cr. (PY Rs. 1066.69 Cr.) of which approx. 11.95% continues to be refinance support from the NHB. Other lenders to your Company include the nationalized bank such as State Bank of India, Union Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, UCO Bank, Indian Bank and Bank of Maharashtra; commercial banks such as HDFC Bank Ltd., Kotak Mahindra Bank Ltd., DCB Bank Ltd., ICICI Bank Limited, Karnataka Bank Ltd., South Indian Bank Ltd, Federal Bank Ltd, Yes Bank Ltd, Utkarsh Small Finance Bank Ltd, IndusInd Bank Ltd, Dhanlaxmi Bank Ltd, The Karur Vysya Bank Ltd., IDBI Bank Ltd., Axis Bank Ltd., AU Small Finance Bank Ltd, RBL Bank, Catholic Syrian Bank, Bandhan Bank, and; NBFCs such as Tata Capital Financial Services Limited, Bajaj Finance Ltd, and A.K. Capital Finance Ltd and the leading development agency, the International Finance Corporation (“IFC”). The Company’s entire loan portfolio continues to qualify as priority sector as defined by the Reserve Bank of India (“RBI”). Based on our excellent relationships with our current bankers and the company’s financial and portfolio performance we are confident of arranging additional debt to cover projected growth plans.



The Company is very well capitalised with capital adequacy ratio at 38.56% of risk weighted assets, as against the minimum requirement of 15%.

Change in the nature of Business.

There was no change in the nature of business during the year.

Share Capital

(a) Authorised Share Capital of the Company:

The Authorised Share Capital of the Company as on 1st April 2022 stood at Rs. 85,00,00,000/- (Rupees Eighty-Five Crores Only) consisting of 5,40,00,000 (Five Crores Forty Lakhs) Equity Shares of Rs.10/- (Rupees Ten Only) and 31,00,000 (Thirty-One Lakhs) Preference shares of Rs. 100 each (Rupees Hundred each). During the year under review, the Company increased the Authorised Capital to Rs. 1,00,00,00,000/- (Rupees One Hundred Crores Only) consisting of 6,90,00,000 (Six Crores Ninety Lakh) Equity Shares of Rs. 10/- (Rupees Ten Only) and 31,00,000 (Thirty-One Lakhs) Preference Shares of Rs. 100 each (Rupees Hundred each) by creating additional 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each vide Extra-Ordinary General Meeting held on December 9, 2022.

(b) Issued, Subscribed & Paid-up Share Capital of the Company:

During the year under review, the Issued, Subscribed & Paid-up Share Capital of the Company has increased from Rs. 46,39,15,750/- to Rs. 63,79,80,810/-. The details of the shares issued and allotted during the financial year is given hereunder:

Security	Equity Shares	Equity Shares	Equity Shares
Type of Issue	Rights Issue	Rights Issue	Rights Issue
Date of issue	16.09.2022	09.12.2022	10.03.2023
Date of allotment	07.10.2022	30.12.2022	31.03.2023
No. of Securities allotted	59,24,170	58,27,506	56,54,830
Issue price	Rs. 42.20/-	Rs. 42.90/-	Rs. 44.21/-
Amount	Rs. 24,99,99,974 /-	Rs. 25,00,00,007.40/-	Rs. 25,00,00,034.30/-
Name of Allottee	Svatantra Holdings Private Limited	Svatantra Holdings Private Limited	Svatantra Holdings Private Limited

(c) Non- Convertible Debentures:

During the period under review, the Company issued Non-convertible Debentures on private placement basis aggregating to Rs. 10 Crores. Details of the Non-Convertible Debentures issued to the allottees are mentioned below:



Name of the Instrument	Rated, Subordinated, Unsecured, Unlisted, Redeemable, Non-Convertible Debentures
Name of Allottees	M/s. A. K. Capital Finance Limited
Debenture Trustee	Catalyst Trusteeship Limited
No. of NCDs	1000
Issue price	Rs. 1,00,000 (Indian Rupees One Lakh) per debenture
Amount raised	Rs. 10,00,00,000 (Indian Rupees Ten Crore)
Date of issue	June 14, 2022
Date of allotment	June 15, 2022
Method of allotment	Private Placement
Coupon Rate	9.50% Coupon per annum
Maturity Date	June 15, 2028

Fixed Deposits

The Company has not accepted any deposit within the meaning of Section 76 of the Companies Act, 2013, since incorporation.

Business Risk Management

The Company has a well-defined risk management policy and framework in place (which includes management of credit risk, market risk and operational risk), and has established procedures to periodically place before the Risk Management Committee, the Audit Committee and the Board of Directors, the risk assessment and minimisation procedures being followed, and steps taken to mitigate these risks. The Risk Management Policy is approved annually by the Board of Directors.

Annual Return

The Annual Return in Form MGT-7 is available on the Company's website at <https://svatantramhfc.com/corporateinformation>.

Corporate Social Responsibility Initiatives

Your directors confirm that in line with the mandatory requirements of the new Companies Act, your Company had constituted a Corporate Social Responsibility Committee on March 16, 2015 (which was reconstituted on September 24, 2018, due to the change in the Board of Directors) and has also established a formal CSR Policy in accordance with the Act.

However, while the CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of your Company, it is to be noted that the Company has not spent the required amount as per the new Companies Act which has specified that 2% of the average net profits in the last 3 financial years to be spent on CSR activities. For the year ended March 31, 2023, this amount was Rs. 17.42 lakhs, and the Company spent Rs. 7.43 lakhs (details per "Annexure A"), which is a shortfall of Rs. 10 lakhs. As per the new CSR Rules under the Companies Act, if the company fails to



spend the CSR amount specified and has identified any CSR Initiatives as "Ongoing Projects" as defined the CSR Rules, then it has to transfer the said unspent CSR Amount in a separate Bank Account. Consequently, the Company had identified a CSR Initiative as an Ongoing Project and transferred the unspent amount of Rs. 10 lakhs to a separate Bank Account on April 26, 2023.

Particulars under Section 134 (3) of the Companies Act, 2013

1. Particulars of Employees:

SMHFC had 658 employees as of March 31, 2023. The Company does not have any employee whose particulars are required to be furnished under Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

2. Conservation of Energy & Technical Absorption:

The Company is not a manufacturing company, hence, the disclosures pertaining to conservation of energy and technology absorption stipulated in Section 134 (3)(m) of the Companies Act, 2013, are not applicable to your company during the year under review.

3. Foreign Exchange:

During the year under review, there were no foreign exchange earnings. The Company has paid USD 5000 (Equivalent Rs. 4,14,800/-) as a monitoring fee to the International Finance Corporation (IFC) the holders of Non-Convertible Debentures ("NCDs") amounting to Rs. 53.10 Crores issued by the Company.

Dividend

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31st March 2023.

Material changes and commitments 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.

There are no material changes or commitments, which have occurred after the closure of the financial statements for the Financial Year 2022-23 till the date of this Report, that affect the financial position of the Company in any adverse way.

Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

There were no significant or material orders passed by any Courts or Regulators or Tribunals during the Financial Year 2022-23 that, in the opinion of the Board, have an impact on the going concern status and the operations of the Company in the future.

Compliance of Applicable Laws and Secretarial Standards

The Board of Directors hereby declare that the Company is in compliance of the provisions of the applicable provisions of secretarial standards issued by the Institute of Company Secretaries of India.

Particulars of Loans, Guarantees or Investments

The provisions of Section 186(11) and 134(3)(g) of the Companies Act, 2013 requiring disclosure of particulars of the loan given, investments made, and guarantee given, or securities provided are not applicable to the company.



Details in respect of frauds reported by auditors under Section 143(12):

During the year under review, no instances of fraud committed against the Company by its officers or employees were reported by the Statutory Auditors and Secretarial Auditor under Section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board of Directors of the Company.

Details of subsidiary/joint venture/associate company

The Company does not have any subsidiary or associate, nor has entered into any joint venture with any organization.

Reserves

The Company proposes to transfer the entire Profit after Tax amounting to Rs. 19,02,35,449.50/- to General Reserves, out of which further statutory appropriations will be made.

Vigil Mechanism / Whistle Blower Policy

The Vigil Mechanism/ Whistle Blower Policy was approved by the Board at its Meeting held on 22nd October 2014 with effect from 1st January 2015. The main purpose of the Policy is to deal with instances of fraud and mismanagement, if any, and to protect any person who makes a good faith disclosure of suspected wrongful conduct or violations of the Company's Code of Ethics. The Vigil Mechanism/ Whistle Blower Policy is posted on the website of the Company at <https://svatantramhfc.com/policies>.

Directors/Key Managerial Personnel

- **Re-appointments**

Mr. Anil Chirania, Director, retiring by rotation and being eligible, offers himself for reappointment. The Board recommends his reappointment for your approval.

- **Resignations:**

There were no resignations during the year under review.

- **Appointments:**

There were no appointments during the year under review.

- **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013, the Board conducted a formal annual evaluation of its own performance and that of its committees and individual directors through a structured questionnaire comprising various criteria broadly based on: (i) Knowledge to perform the role; (ii) Time and level of participation; (iii) Performance of duties and level of oversight; and (iv) Professional conduct. The reports were scrutinized by the Nomination & Remuneration Committee.

- **Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management, and their remuneration. The Salient features of the Nomination & Remuneration Policy are given in "Annexure B". The complete Policy can be found at Company's website at <https://svatantramhfc.com/policies>.

- **Meetings**

During the year, 13 Board Meetings, 8 Audit Committee Meetings, 2 Nomination & Remuneration Committee Meetings and 2 CSR Committee Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The details of



the same are given in the "Annexure C".

The 14th Annual General Meeting of the Company was held on 5th September 2022 and 17th and 18th Extra-Ordinary General Meeting were held on 15th November 2022 and 9th December 2022 respectively.

● **Composition of the Committees:**

- The Audit Committee was reconstituted by the Board on 24th September 2018. The Members of the Audit Committee are:
 1. Ms. Ananyashree Birla
 2. Mr. Vineet Bijendra Chattree
 3. Mr. Anil Chirania
- The Nomination and Remuneration was reconstituted by the Board on 24th September 2018. The Members of the Nomination and Remuneration Committee are:
 1. Ms. Ananyashree Birla
 2. Mr. Vineet Bijendra Chattree
 3. Mr. Anil Chirania
- The CSR Committee was reconstituted by the Board on 24th September 2018. The Members of the CSR Committee are:
 1. Ms. Ananyashree Birla
 2. Mr. Vineet Bijendra Chattree
 3. Mr. Anil Chirania

Auditors

➤ Statutory Auditor:

M/s S. Bhandari & Co LLP were appointed as Statutory Auditors of your Company at the 14th Annual General Meeting held on 5th September 2022 for a term of three consecutive years from the conclusion of the 14th Annual General Meeting until the conclusion of the 17th Annual General Meeting of the Company.

The Notes to Accounts forming part of the financial statements are self-explanatory and need no further explanation.

There are no qualifications or adverse remarks in the Auditor's Report which require any clarification/explanation.

➤ Secretarial Auditor:

M/s N S & Associates, Practicing Company Secretary, (FCS No.: 8307 and Certificate of Practice No. 9312) has been appointed as the Secretarial Auditor of the Company for the FY 2022-23, in terms of Section 204 of the Companies Act, 2013 and the Rules made thereunder.

Secretarial Audit Report

The report of the Secretarial Auditor is enclosed as "Annexure D" to this Report.

There are no qualifications or adverse remarks in the Auditor's Report which require any clarification/explanation.



Directors' Responsibility Statement

In terms of Section 134 (3)(c) of the Companies Act, 2013, we, the Directors of Svatantra Micro Housing Finance Corporation Limited, state in respect of Financial Year 2022-23 that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had 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 of the company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Adequacy of Internal Financial Controls

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational efficiency. The Company also has an internal auditor to conduct the testing of the Internal Financial Control along with the ongoing internal audits, covering all aspects of operations, and adherence to internal policies and procedures as well as to regulatory and legal requirements. The Internal Financial Controls Testing Report dated June 20, 2023, as submitted by the Internal Auditor of the Company was reviewed by the Audit Committee and the Board of Directors of the Company at their meeting held on June 30, 2023. The internal audit reports are reviewed regularly by the Audit Committee of the Board, and wherever necessary, internal control systems are strengthened, and corrective actions are immediately taken.

Regulations

In terms of regulatory requirements, the Company complies with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 prescribed by the Reserve Bank of India and the applicable circulars prescribed by the NHB. The Company has issued comprehensive Know Your Customer ("KYC") Guidelines and Anti Money Laundering Standards and adopted the Fair Practices Code framed by the RBI which seeks to promote good and fair practices in dealing with customers.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy named "Policy Against Sexual Harassment" in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. A "Complaint Redressal Committee" has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Under Section 21 of the Prevention of Sexual Harassment at the Workplace Act, 2013 and Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Annual Report for the calendar year ended 31st December 2022 was submitted to the Board as well as The District Officer on January 25, 2023, containing the following information:



1.	No. of Complaints received during the year:	NIL.
2.	No. of Complaints disposed of during the year:	NIL.
3.	No. of cases pending for more than ninety days:	NIL.
4.	No. of workshops or awareness programs against sexual harassment carried out:	2
5.	Nature of action taken by the employer or District Officer:	NA

Disclosure on Non-Convertible Debentures

The Company is pleased to report that, during the year under review, M/s A. K. Capital Finance Limited, had subscribed to and been allotted (i) 300 Rated, Senior, Unlisted, Unsecured, Taxable, Redeemable, Transferable, Non-Convertible Debentures denominated in Indian Rupees each having a face value of Rs. 10,00,000 (Indian Rupees Ten Lakh) aggregating to a face value of Rs. 30,00,00,000 (Indian Rupees Thirty Crore), (ii) 200 Rated, Subordinated, Unsecured, Unlisted, Redeemable, Non-Convertible Debentures denominated in Indian Rupees each having a face value of Rs. 10,00,000 (Indian Rupees Ten Lakh) aggregating to a face value of Rs. 20,00,00,000 (Indian Rupees Twenty Crore) and (iii) 1000 Rated, Subordinated, Unsecured, Unlisted, Redeemable, Non-Convertible Debentures denominated in Indian Rupees each having a face value of Rs. 1,00,000 (Indian Rupees One Lakh) aggregating to a face value of Rs. 10,00,00,000 (Indian Rupees Ten Crore).

The largest nationalized bank - State Bank of India under the Targeted Long-Term Repo Operations (TLTRO) Scheme of the Reserve Bank of India, had subscribed to and been allotted 400 rated, unlisted, senior, redeemable, taxable, non-convertible debentures denominated in Indian Rupees each having a face value of Rs. 10,00,000 (Indian Rupees Ten Lakh) aggregating to a face value of Rs. 40,00,00,000 (Indian Rupees Forty Crore) which were fully redeemed on the Date of Maturity i.e., 21st April 2023.

The International Finance Corporation, which is a member of the World Bank Group, and the largest global development institution focused exclusively on the private sector in developing countries, has subscribed to long term Non-Convertible Debentures ("NCDs") on Private Placement basis of Rs. 53.10 Cr issued by the Company under a program to support affordable housing finance companies that have a focus on small and micro loans.

As per Para 68 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, (Guidelines on Private Placement of Non-Convertible Debentures (NCDs) the Company shall disclose, in a statement, the following:

1.	The total number of non-convertible debentures which have not been claimed by the Investors or not paid by the housing finance company after the date on which the non-convertible debentures became due for redemption;	NIL.
2.	The total amount in respect of such debentures remaining unclaimed or unpaid beyond the date referred to in clause (1) as aforesaid	NIL.



Credit Rating

Your Company's financial discipline and prudence is reflected in the strong Credit ratings assigned by Rating Agencies during the year under review, as under:

Instrument	Rating Agency	Rating	Amount	Remarks
Long-Term Bank Loan Facilities	CRISIL	CRISIL A+	Rs. 550 Crores	Stable
NCD Issue	CRISIL	CRISIL A+	Rs. 158.10 Crores	Stable
Long-Term Bank Facilities	CARE	CARE AA-	Rs. 850 Crores	Stable
Short-Term Bank Facilities	CARE	CARE A1+	Rs. 50 Crores	-
NCD Issue	CARE	CARE AA-	Rs. 53.10 Crores	Stable

Related Party Transactions

As per requirement of the National Housing Bank (NHB) Notification No. NHB. HFC. CG-DIR.1/MD & CEO/2016 dated 9th February 2017, The Board of Directors has adopted the Related Party Transactions Policy ("RPT") w.e.f. June 1, 2017 (duly approved by the Board at its meeting held on May 29, 2017) annexed as "Annexure E". The objective of this policy and procedure is to ensure that transactions between SMHFC and its related parties are based on principles of transparency and arm's length pricing as provided under the section 188 of the Companies Act 2013. Likewise, this policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties.

During the year, the Company has not entered into any transaction/Contracts with Related Parties falling under the provisions of Section 188(1) of the Act and the Rules made thereunder.

Management Discussion and Analysis Report (MDAR)

The Management Discussion and Analysis Report for the year under review is presented in "Annexure F", which is a part of this report.

Corporate Governance Disclosures:

The Corporate Governance Disclosure for the Financial Year 2022-23 as stipulated under RBI Circular DOR.CRE.REC. No.60/03.10.001/2021-22 dated October 22, 2021, on 'Scale Based Regulation (SBR): A Revised Regulatory Framework' for NBFCs, read with RBI Circular DOR.ACC.REC. No.20/21.04.018/2022-23 dated April 19, 2022, on Disclosures in Financial Statements- Notes to Accounts of NBFCs is annexed as "Annexure G".

Other disclosures:

- a) Your Company has not issued any shares with differential rights or sweat equity shares.



- b) There is no revision in the financial statements both standalone and consolidated.
- c) The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company.
- d) Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- e) The Company, in the capacity of Financial Creditor, has not filed any applications with National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 during the financial year 2022-23 for recovery of outstanding loans against any customer.
- f) The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable to your Company.

Acknowledgement

Your directors would like to express their grateful appreciation for the assistance and co-operation received from all its stakeholders – shareholders, borrowers, lenders, and the authorities, especially the National Housing Bank. Your directors look forward to their continued support in the future as well.

The Directors are also thankful to the employees of the Company for their hard work and commitment in building an institution to help a segment, which needs financial assistance.

For and on behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Limited



Vinet Bijendra Chattree
Director
(DIN: 07962531)



Anil Chirania
Director
(DIN: 01082719)



Place: Mumbai

Date: September 25, 2023

“Annexure A”

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2022-23

1. Brief outline on CSR Policy of the Company.

Pursuant to Section 135(1) of the Companies Act 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, the Board of Directors has constituted a CSR Committee. The Board has also framed a CSR policy in compliance with the provisions of Companies Act 2013.

In line with CSR Policy and in accordance with Schedule VII of the Act, the Company proposes to undertake suitable projects in the field of education, women empowerment, humanitarian relief, sanitation, preventive healthcare.

The objective of the company’s CSR policy is to lay down guiding principles for proper functioning of CSR activities to attain sustainable development of the nearby society.

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.	Ms. Ananyashree Birla	Chairman & Director	2	0
2.	Mr. Vineet Bijendra Chattree	Director	2	2
3.	Mr. Anil Chirania	Director	2	2

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.

<https://svatantramhfc.com/corporate-social-responsibility>

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).

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.



Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs.)
1.	N.A.	NIL.	NIL.
	TOTAL.	NIL.	NIL.

6. Average net profit of the company as per section 135(5).

Rs. 8,71,34,742/-

7. (a) Two percent of average net profit of the company as per section 135(5)

Rs. 17,42,695/-

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

NIL.

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

NIL.

(d) Total CSR obligation for the financial year (7a+7b- 7c).

Rs. 17,42,695/-

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs. 7,43,000/-	Rs. 10,00,000/-	26-04-2023	N.A.	NIL.	N.A.



(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
				State	District						Name	CSR Registration number
		Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
Sl. No.	Name of the Project.			State	District						Name	CSR Registration number
1.	Livelihood Enhancement	Reducing inequalities faced by socially and economically backward	Yes	GJ	TB D	24 months	Rs. 5,00,000	NIL.	Rs. 5,00,000	No	Saath Livelihoods Services	CSR00000326
2.	Vocational Skill Training	Promoting Employment enhancing vocational skills and undertaking livelihood enhancement project.	Yes	GJ	TB D	24 months	Rs. 5,00,000	NIL.	Rs. 5,00,000	No	The Desai Foundation Trust	CSR000006306
	TOTAL						Rs. 10,00,000	NIL.	Rs. 10,00,000			

Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in	Local area	Location of the project.	Amount spent for the project (in Rs.).	Mode of implementation -	Mode of implementation - Through implementing agency.



		schedule VII to the Act.	(Yes / No).	State - District		Direct (Yes/No).	Name	CSR registration number
1.	Waterwheel distribution for the selected marginalized families	Promoting Health care and Sanitation	Yes	Rajasthan - Barmer	Rs. 3,13,000/-	No	Habitat for Humanity India Trust	CSR00000402.
2.	Project contributing towards reducing inequalities faced by the socially and economically weaker sections of the society	Reducing the inequalities faced by socially and economically weaker sections of the society.	Yes	Tamil Nadu- Chennai	Rs. 4,30,000/-	No	Indian Housing Federation	CSR00005431.
	TOTAL				Rs. 7,43,000/-			

(c) Amount spent in Administrative Overheads:

NIL.

(d) Amount spent on Impact Assessment, if applicable:

N.A.

(e) Total amount spent for the Financial Year (8b+8c+8d):

Rs. 7,43,000/-

(f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs. 17,42,695/-
(ii)	Total amount spent for the Financial Year	Rs. 7,43,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL.
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL.



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

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	2020-21	Rs. 9,25,000/-	Rs. 4,75,000/-	NIL	NIL	NA	Rs. 4,50,000/-
2.	2021-22	Rs. 3,00,000/-	NIL	NIL	NIL	NA	Rs. 3,00,000/-
	TOTAL	Rs. 12,25,000/-					Rs. 7,50,000/-

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1.	P1	Vocational Training	2020-21	24 Months	Rs. 4,50,000	Rs. 4,50,000	Rs. 4,50,000	Completed
2.	P2	Vocational Training	2020-21	36 Months	Rs. 4,75,000	NIL	NIL	Ongoing
3.	P3	Sanitation and access to water	2021-22	24 months	Rs. 3,00,000	NIL	NIL	Ongoing
	TOTAL				Rs. 12,25,000	Rs. 4,50,000	Rs. 4,50,000	

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

(a) Date of creation or acquisition of the capital asset(s).



N.A.

(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.

N.A.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

N.A.

II. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

The Company has approved CSR expenditure of Rs. 17,42,695 /- (i.e. two percent of the average net profit of the last three financial years) for the financial year 2022-23.

The Company could not spend the specified CSR amount as it was still in the process of determining specific activities and identifying specific partners that would be aligned with your Company's CSR Policy. The unspent fund will be utilized in next three Financial Years in line with the CSR Regulations.

For and on behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Limited



Vineet Bijendra Chattree
Director & Chairman - CSR Committee
(DIN: 07962531)



Place: Mumbai

Date: September 25, 2023

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED

SALIENT FEATURES OF THE CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

SCOPE

The CSR Policy applies to the formulation, execution, monitoring, evaluation, and documentation of CSR activities undertaken by the Company.

OBJECTIVE

The main objective of SMHFC's CSR policy is:

- To lay down guidelines to make CSR a key business process for sustainable development of the society (in addition to the social mission of the Company);
- To directly/indirectly undertake projects/programs which will enhance the quality of life and economic well-being of the communities in the society at large;
- To generate goodwill and recognition among all stakeholders of the company.

CSR AMOUNT AND EXPENDITURE

The Annual budget for the CSR Expenditure will be proposed by the CSR committee every year for the approval of the Board of Directors of the Company & post the Board of Director's approval, the CSR Expenditure can be incurred by the Company.

The committee shall endeavour to spend at least 2% of the average net profit during the preceding 3 financial years on CSR activities as enumerated in this CSR Policy and in the manner as specified in Section 135 of the Companies Act, 2013 and the Rules made thereunder from time to time.

GUIDING PRINCIPLES FOR SELECTION OF CSR ACTIVITIES

SMHFC shall conduct its CSR activities as laid down in Schedule VII of the Companies Act, 2013 and as approved by the CSR Committee of the Company. The Company's focus will be related to improvement in living conditions as related to housing or support of institutions working with families in poor housing and financial education as these are very much related to the mission of SMHFC.

GUIDING PRINCIPLES FOR IMPLEMENTATION OF CSR ACTIVITIES

SMHFC may directly undertake the CSR activities as permitted under Schedule VII and approved by the CSR Committee or execute and implement CSR activities through any other Implementing Agency registered in India, having a valid CSR Registration Number granted by the Ministry of Corporate Affairs (MCA) and having track record of service, performance, governance, and accountability.

CSR COMMITTEE

CSR Committee of Board of Directors has been formed in pursuance of the Section 135 of Companies Act, 2013. The Committee will play the following role in fulfilling the Company's CSR objectives:

- Review and recommend the CSR Policy to the Board of Directors
- Recommend the amount of annual expenditure to be incurred on the CSR activities;
- Review and recommend to the Board, certain CSR projects/programmes as ongoing projects in accordance with the CSR Rules;
- Formulate and recommend to the Board the Annual Action Plan of the Company in pursuance of this Policy;
- Annually report to the Board, the status of the CSR activities and contributions made by the Company;



- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

ANNUAL ACTION PLAN

The CSR Committee shall formulate an Annual Action Plan for each financial year and recommend the same to the Board for its approval.

PROCESS FOR IMPLEMENTING CSR ACTIVITIES / PROJECTS

The following procedure is required to be adhered to while undertaking/ funding CSR activities:

- The CSR contribution would be for a project as identified by the Company, either for a single financial year or as an ongoing project for multi-years, depending on the scale and needs of the project.
- The disbursement of the contribution amount by the Company to the Implementing Agency shall be made only if they have a unique CSR registration number granted by the MCA and requisite approvals and registrations as required under the Income Tax Act, 1961 or other applicable laws in India; and
- The disbursement will be made only upon receipt of a proposal from the Implementing Agency specifying the budget that is required, activity for which it is required and project outputs & outcomes, as may be required.

MONITORING AND EVALUATION FRAMEWORK

The Company shall be entitled to receive the following information from the Implementing Agencies:

- A valid CSR Registration Number granted by the Ministry of Corporate Affairs (MCA);
- A valid Registration Certificate under Section 12A of the Income-tax Act;
- A valid Registration Certificate under Section 80G of the Income-tax Act;
- Proof to substantiate a track record of 3 years in undertaking CSR activities such as annual reports, etc.;
- Operational / progress reports either quarterly or half yearly, depending on the size and scale of the project.

To ensure steady progress and proper utilization of CSR amount, the following monitoring mechanism may be adopted depending upon the size of contribution and the Implementing Agency:

- Review of Funds Utilisation Certificates submitted by the Implementing Agencies.
- The Chief Financial Officer of the Company or any other person responsible for financial management shall certify the utilisation of funds disbursed for CSR projects for each financial year.

REPORTING

The CSR Committee shall report to the Board of Directors of the Company, the status of the CSR projects/ undertaken by the Company in the Annexure to the Directors' Report, in the Company's Annual Report.



“Annexure B”

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED

Salient Features of the Nomination and Remuneration Policy

1. Objective of the Policy:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The Key Objectives of the Committee would be:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication, and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

2. Role of the Nomination and Remuneration Committee is to determine the following:

- Appointment criteria and qualifications of Director, KMP and Senior Management;
- Term / Tenure of the Directors;
- Evaluation of Director, KMP and Senior Management Personnel;
- Removal of Director, KMP and Senior Management Personnel;
- Retirement of Director, KMP and Senior Management Personnel
- Principles for Compensation and Risk Alignment
- Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel
- Malus / Clawback Provisions
- Remuneration to Other employees

For and on behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Limited



Vineet Bjendra Chatterjee
Director
(DIN: 07962531)



Anil Chirania
Director
(DIN: 01082719)



Place: Mumbai

Date: September 25, 2023

"Annexure C"
Disclosures as per the Secretarial Standard - 1


During the Financial Year 2022-23, 13 Board Meetings, 8 Audit Committee, 2 Nomination & Remuneration Committee and 2 CSR Committee Meeting were convened and held on the following dates:

Sr. No.	Board	Sr. No.	Audit Committee	Sr. No.	Nomination & Remuneration Committee	Sr. No.	CSR Committee
1	29.04.2022	1	29.04.2022	1	29.04.2022	1	29.04.2022
2	14.06.2022	2	14.06.2022	2	31.03.2023	2	31.03.2023
3	05.08.2022	3	05.08.2022				
4	26.08.2022	4	26.08.2022				
5	30.08.2022	5	30.08.2022				
6	16.09.2022	6	29.09.2022				
7	29.09.2022	7	15.11.2022				
8	15.11.2022	8	30.01.2023				
9	09.12.2022						
10	30.01.2023						
11	01.03.2023						
12	10.03.2023						
13	31.03.2023						

Attendance of Directors in Board and Committee Meetings:

Sr. No.	Name of the Director	Number of Meetings Attended:			
		Board	Audit Committee	Nomination & Remuneration Committee	CSR Committee
1	Ananyashree Birla	5	3	0	0
2	Anil Chirania	13	8	2	2
3	Vineet Bijendra Chattree	13	8	2	2

For and on behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Limited


Vineet Bijendra Chattree
Director
(DIN: 07962531)
Place: Mumbai
Date: September 25, 2023




Anil Chirania
Director
(DIN: 01082719)





FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Svatantra Micro Housing Finance Corporation Limited,
Office No. 1,2,3,4, Pushpak CHSL,
Malaviya Road, Vile Parle (E),
Mumbai - 400 057

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Svatantra Micro Housing Finance Corporation Limited** (hereinafter called ("**the Company**")). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes 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 31st March, 2023 ("Audit Period")** 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 the Company for the financial year ended on 31st March 2023, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and By-laws framed thereunder;
- (iv) Other laws applicable specifically to the Company namely:
 1. National Housing Bank Act, 1987;
 2. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.
 3. Para 15A of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 - Guidelines on Liquidity Risk Management Framework;



4. Para 120 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 - Managing Risks and Code of Conduct in Outsourcing of Financial Services;
5. Master Direction - Know Your Customer (KYC) Direction, 2016;
6. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016,
7. Master Direction - Information Technology Framework for the NBFC Sector dated June 08, 2017,
8. Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021,
9. Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021,

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India;

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

I further report that

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. There were no changes in the composition of the Board of Directors during the period under review.
2. Adequate notice was given to all the directors to schedule the Board Meetings and Agenda were sent at least seven days in advance except where the meeting was held at a short notice to transact urgent business, 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.
3. As per the minutes duly recorded and signed, all decisions at Board Meetings and Committee Meetings are carried out unanimously.

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 has:

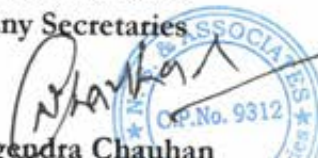
1. The Company issued and allotted 1000 Rated, Subordinated, Unsecured, Unlisted, Redeemable, Non-Convertible Debentures denominated each having a face value of Rs. 1,00,000 (Indian Rupees One Lakh) aggregating to Rs. 10,00,00,000 (Indian Rupees Ten Crore) to A. K. Capital Finance Limited.
2. The Company issued and allotted 59,24,170 (Fifty-Nine Lakh Twenty-Four Thousand One Hundred and Seventy only) Equity Shares of Rs. 10/- (Rupees Ten Only) each fully paid up



- for cash at a premium of Rs. 32.20/- (Rupees Thirty-Two decimal Twenty Only) per share to Svatantra Holdings Private Limited in October 2022.
3. The Company further issued and allotted 58,27,506 (Fifty-Eight Lakh Twenty-Seven Thousand Five Hundred and Six only) Equity Shares of Rs. 10/- (Rupees Ten Only) each fully paid up for cash at a premium of Rs. 32.90/- (Rupees Thirty-Two decimal Ninety Only) per share to Svatantra Holdings Private Limited in December 2022.
 4. The Company further issued and allotted 56,54,830 (Fifty-Six Lakh Fifty-Four Thousand Eight Hundred and Thirty only) Equity Shares of Rs. 10/- (Rupees Ten Only) each fully paid up for cash at a premium of Rs. 34.21/- (Rupees Thirty-Four decimal Twenty-One Only) per share to Svatantra Holdings Private Limited in March 2023.
 5. The Company increased the Authorised Share Capital of the Company from Rs. 85,00,00,000/- (Rupees Eighty-Five Crores Only) consisting of 5,40,00,000 (Five Crores Forty Lakhs) Equity Shares of Rs.10/- (Rupees Ten Only) and 31,00,000 (Thirty-One Lakhs) Preference shares of Rs. 100 each (Rupees Hundred each) to Rs. 1,00,00,00,000/- (Rupees One Hundred Crores Only) consisting of 6,90,00,000 (Six Crores Ninety Lakh) Equity Shares of Rs. 10/- (Rupees Ten Only) and 31,00,000 (Thirty-One Lakhs) Preference Shares of Rs. 100 each (Rupees Hundred each).
 6. The Company increased the Borrowing Limit under Section 180(1)(c) from Rs. 2,000 crores (Two Thousand Crores Only) to Rs. 2,500 crores (Two Thousand Five Hundred Crores Only) and also revised the resolution passed under Section 180(1)(a).

This report is to be read with my letter of even date which is annexed as **Annexure I** and forms an integral part of this report.

For N S & Associates
Company Secretaries


CS Nagendra Chauhan
(Practicing Company Secretary)
FCS No.- 8307, CP No - 9312
PR - 909/2020

UDIN: F008307E001063141

Place: Delhi
Date: 22.09.2023




Annexure - I to the Secretarial Audit Report

To,
The Members,
Svatantra Micro Housing Finance Corporation Limited,
Office No. 1,2,3,4, Pushpak CHSL,
Malaviya Road, Vile Parle (E),
Mumbai - 400 057

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as are appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, the Company has provided the certified copies or extracts of the records and documents. I have also relied upon 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, guidelines, standards are the responsibility of management. My 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.


Nagendra Chauhan
(Practicing Company Secretary)
Membership No: 8307
Certificate of Practice No - 9312
PR - 909/2020

UDIN: F008307E001063141

Place: Delhi
Date: 22.09.2023

“Annexure E”

Related Party Transactions Policy

OBJECTIVE

The Board of Directors (the “Board”) of Svatantra Micro Housing Finance Corporation (“SMHFC”), had adopted the following policy (the “policy”) and procedures with regard to Related Party Transactions (“RPT”) w.e.f. June 1, 2017 (duly approved by the Board at its meeting held on May 29, 2017). This policy is framed as per requirement of the National Housing Bank (NHB) Notification No. NHB. HFC. CG-DIR.1/MD & CEO/2016 dated 9th February 2017. The objective of this policy and procedure is to ensure that transactions between SMHFC and its related parties are based on principles of transparency and arm’s length pricing as provided under the section 188 of the Companies Act 2013. Likewise, this policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties.

1. DEFINITIONS:

- a) “Audit Committee” means Committee of Board of Directors of SMHFC constituted under Section 177 of the Companies Act, 2013.
- b) “Related Party” shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013.
- c) “Related Party Transaction” shall mean all transactions as defined under section 188 of the Companies Act, 2013
- d) “Arm’s Length Transaction” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest (as provided under the section 188 of the Companies Act 2013).
- e) “Annual Consolidated Turnover” is defined as Total Income (i.e. Interest earned plus Other Income) of the last audited Consolidated Financial Statements of SMHFC.

2. POLICY:

All Related Party Transactions must be referred to the Audit Committee for approval in accordance with this Policy.

3. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS:

A Related Party will be brought to the attention of the Management and the Board/Audit Committee’s attention by the Legal and Secretarial Department at least on an annual basis. The Legal and Secretarial Department needs to inform any change in the Related Party List to Functional teams of SMHFC to identify the Related Party Transactions.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by way of circulation. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the related party transaction.

The approval policy framework is given below:



Audit Committee Approval	Board Approval	Shareholder's Approval
<ul style="list-style-type: none"> All Related Party Transactions 	<ul style="list-style-type: none"> Related Party Transactions referred by Audit Committee for approval of the Board. Related Party Transactions as required under the statute applicable to SMHFC. 	<ul style="list-style-type: none"> Approval by resolution for: <ul style="list-style-type: none"> ➤ Related Party Transactions not in Ordinary Course of Business or not on arm's length basis and crosses threshold limit as prescribed under the Companies Act, 2013 applicable to SMHFC

General Guidance for approval of Related Party Transactions:

The Audit Committee shall be provided with the relevant information of Related Party Transactions in accordance with the requirements of the Companies Act, 2013, the Rules made thereunder as amended from time to time or as requested by the Audit Committee. Where a Board approval is required, the information required under the Companies Act, 2013 and the Rules made thereunder, shall be provided. In determining whether to approve a Related Party Transaction, the Audit Committee shall consider (among other aspects it deems relevant), if there are clearly demonstrable reasons from SMHFC's business point of view, to enter into a transaction with a Related Party.

5. DECISION REGARDING TRANSACTION IN ORDINARY COURSE OF BUSINESS AND AT ARMS LENGTH:

The Audit Committee and the Board shall, after considering the materials placed before them, will judge if the transaction is in the ordinary course of business and meets the arm's length requirements.

6. OMNIBUS APPROVAL BY AUDIT COMMITTEE FOR RELATED PARTY TRANSACTIONS:

In case of certain frequent/ repetitive/ regular/ transactions/ with Related Parties which are in the ordinary course of business of SMHFC, the Audit Committee may grant an omnibus approval for such Related Party Transactions proposed to be entered into by SMHFC. The approval shall be valid for a period of one year - however the same needs to be ratified by the board at the next board meeting.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event SMHFC becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, SMHFC would obtain post facto approval from the Audit Committee. In case SMHFC is not able to take prior approval from the Audit Committee, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to SMHFC, including ratification, revision, or termination of the Related Party Transaction. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or



rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

8. DISCLOSURE OF THE POLICY:

This Policy has been uploaded on the website of SMHFC at <https://svatantramhfc.com/policies>

9. POLICY REVIEW:

This Policy is established w.e.f. June 1, 2017 based on the provisions of the Companies Act, 2013 and as per requirement of the NHB Notification No. NHB. HFC. CG-DIR.1/MD & CEO/2016 dated 9th February 2017. In case of any subsequent changes in the provisions of the Act and the Rules framed thereunder, the Act and its Rules would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. The Board shall have the right to amend the Policy from time to time, based on recommendations of Audit Committee. The Policy shall be reviewed every year along with the other policies of the company. However, it shall be reviewed earlier if need arises for the same and/ or under special circumstances, for example a change in law.

For and on behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Limited


Vineet Bijendra Chatterjee
Director
(DIN: 07962531)




Anil Chirania
Director
(DIN: 01082719)



Place: Mumbai

Date: September 25, 2023

“Annexure F”

Management Discussion and Analysis Report - FY 2022-23

The year 2022-23 was a year of resilience. The impact of the disruption in construction activity, interest rates going up and various other factors over the last two years due to the pandemic, though still weighing on the affordable housing sector, it saw a robust demand and improved collection efficiencies during the year.

The year also saw major regulatory changes with RBI coming out with revised guidelines for Housing Finance Companies. Some of the major regulations introduced being the Scale Based Regulations – which included the ICAAP Framework, Appointment of Chief Compliance Officer, Compensation Guidelines, HFC to move to Core Banking Solutions, etc. With a view to strengthen the internal standards, principles and procedures of the HFCs, the RBI also came up with several rules like the Framework for Compromise Settlements and Technical Write-offs, Fair Lending Practice - Penal Charges in Loan Accounts, Reset of Floating Interest Rate on EMI, LEI for borrowers and so on. These changes will help standardise flow of information to and from the regulator and bring in more transparency and better governance in the sector.

A. Market overview:

Affordable housing drives over half of the demand in the real estate sector. The Pradhan Mantri Awas Yojana gave this demand impetus, especially in the EWS and LIG segments where all three verticals of the PMAY made housing affordable for this segment. Affordable Housing in Partnership - AHP, (which provided a capital subsidy of Rs. 1,50,000 to houses constructed for EWS families), Credit Linked Subsidy Scheme- CLSS (which was an interest subventions scheme) and Beneficiary Led Construction - BLC (which provided a subsidy of Rs. 1,50,000 to the beneficiary for construction). While the CLSS scheme was discontinued at the end of the year, the AHP and BLC will continue to drive demand for low-income housing in smaller towns over the next 2-3 years.

B. Opportunity assessment:

At Svatantra MHFC, we have identified the need for gap financing to customers who are beneficiaries of the BLC vertical where the amount of subsidy is not enough to complete the house. We have also been working closely with Government agencies in financing EWS allottees in AHP projects in various states like Chhattisgarh, Madhya Pradesh, Gujarat, Rajasthan, Tamil Nadu etc. SMHFC is well placed to capitalise on the demand in this sector over the next 2-3 years. The approximate numbers of houses which require gap financing and EWS / LIG allottees who require housing loans for purchase would be in excess of 2,00,000 families across various states.

C. Threat assessment:

While there are opportunities, a few challenges in the sector are availability of formal title documents to create security for the loans aspired. Lack of proper titles is a handicap housing finance companies and banks face in providing loans to customers in semi - urban and rural areas. The other major challenge is reaching out to these customers. Traditional distribution channels of the industry are unable to reach out to EWS / LIG customers or customers construction their own homes in smaller towns. SMHFC is trying to address this challenge by entering into strategic alliances with organisations not necessarily in the field of housing, but which have community connect to be able to spread the awareness of the opportunity for them to avail a housing loan to purchase / construct their house.

Our experience has taught us that every home loan customer has their own story, and it is the empathy



factor that is the key differentiator between housing finance providers. Dealing with home loan customers requires immense patience. It is about understanding the needs and feelings of a home loan customer, assuaging their anxiety during this complex transaction, customising solutions, explaining financial implications of a mortgage product and lending responsibly to ensure a customer is not over stretched.

D. Company performance:

D.1 Financial Performance

SMHFC primarily deals in the segment of providing housing loans for the financially excluded EWS/ LIG households in the informal segment. In terms of lending operations, cumulative housing loan sanctions aggregated Rs. 2829.55 Cr. (up 30% from Rs. 2176.91 Cr. at the end of the previous financial year) – all to lower income, urban families who are generally excluded from the mainstream banking sector. The total loans outstanding figure was Rs. 1525.60 Cr. (growth of 35% over Rs. 1130.57 Cr. at end of the previous financial year). The Company currently operates in 9 states – Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, West Bengal, Chhattisgarh, Tamil Nadu, Orissa and Haryana and 1 Union Territory – Daman and Diu.

In terms of portfolio quality, the Company had 738 (PY 432) loan accounts as on year end - March 31, 2023 - which were classified as non-performing assets (“NPAs”) per the prudential guidelines issued by the RBI / NHB. The amount of such Gross NPAs was Rs. 31.46 Cr. (PY Rs. 18.73 Cr.) which was 2.06% (PY 1.66%) of the total loan portfolio of the Company as at March 31, 2023. The Company has created necessary provisions in accordance with the RBI & NHB Directions, after which Net NPAs stood at Rs. 24.34 Cr. (PY Rs. 15.55 Cr.) and 1.60% (PY 1.38%) of the total loan portfolio as at March 31, 2023.

In terms of funding, the Company allotted 59,24,170 Equity Shares of Rs. 10 each at a Premium of Rs. 32.20/- per share amounting to Rs. 24,99,99,974/- (Rupees Twenty-Four Crores Ninety-Nine Lakhs, Ninety-Nine Thousand, Nine Hundred and Seventy-Four only) in month of October 2022; 58,27,506 Equity Shares of Rs. 10 each at a Premium of Rs. 32.90/- per share amounting to Rs. 25,00,00,007.40/- (Rupees Twenty-Five Crores and Seven and Paise Forty only) in the month of December 2022 and 56,54,830 Equity Shares of Rs. 10 each at a Premium of Rs. 34.21/- per share amounting to Rs. 25,00,00,034.30/- (Rupees Twenty-Five Crores and Thirty-Four and Paise Thirty only) in the month of March 2023 to its Holding Company, Svatantra Holdings Private Limited, and with retained profits, net worth increased to Rs. 290.19 Cr. (PY Rs. 196.25 Cr.). However, the Company increased its long-term debt to Rs. 1451.83 Cr. (PY Rs. 1066.69 Cr.) of which approx. 11.95% continues to be refinance support from the NHB. Other lenders to your Company include the nationalized bank such as State Bank of India, Union Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, UCO Bank, Indian Bank and Bank of Maharashtra; commercial banks such as HDFC Bank Ltd., Kotak Mahindra Bank Ltd., DCB Bank Ltd., ICICI Bank Limited, Karnataka Bank Ltd., South Indian Bank Ltd, Federal Bank Ltd, Yes Bank Ltd, Utkarsh Small Finance Bank Ltd, IndusInd Bank Ltd, Dhanlaxmi Bank Ltd, The Karur Vysya Bank Ltd., IDBI Bank Ltd., Axis Bank Ltd., AU Small Finance Bank Ltd, RBL Bank, Catholic Syrian Bank, Bandhan Bank, and; NBFCs such as Tata Capital Financial Services Limited, Bajaj Finance Ltd, and A.K. Capital Finance Ltd and the leading development agency, the International Finance Corporation (“IFC”). The Company’s entire loan portfolio continues to qualify as priority sector as defined by the Reserve Bank of India (“RBI”). Based on our excellent relationships with our current bankers and the company’s financial and portfolio performance we are confident of arranging additional debt to cover projected growth plans.

The Company is very well capitalised with capital adequacy ratio at 38.56% of risk weighted assets, as against the minimum requirement of 15%.

Customer segments break up:



Customer Segment	No. of Loans	Principal O/S	%
Salaried	14,496	514.98	33.76%
Self Employed	14,029	617.79	40.49%
Both	7,705	363.57	23.83%
Builder Loan	13	29.26	1.92%
Grand Total	36243	1525.60	100%

D.2 Credit Rating

Svatantra Micro Housing Finance Corporation Limited is amongst the few entities in the NBFC/ HFC space which has been upgraded by CARE and sustained by CRISIL at A+. This is a recognition of the Governance, Fiscal prudence, and Parentage.

CARE EDGE has recently upgraded the rating of the company to AA- which is further exemplifies the performance and the governance practices of the company.

D.3 Current focus areas and Outlook

Incorporating the learnings from Pandemic, the company in the year 2020-21 continued upon sharpening and implementing the key initiatives and improvements in the priority areas:

1. **Product:** Unified team for various products: Affordable housing, (Beneficiary Led construction) BLC, Retail loans, LAP (Loan against property), and commercial property loans
2. **Process:** Decentralization and local decision making to capture market and enhance service turn-around time.
3. **People:** Higher accountability and responsibility with introduction of incentive scheme to promote meritocracy.
4. **Technology:** Enhancement in technology towards better customer engagement

As the impact of the above not only the company was able to overcome the impact of pandemic but improve the service capability and product range.

As the result of the above, SMHFC has been able to achieve following milestones :

1. **Productivity:** The productivity (in terms of disbursements per Loan officer per month) is amongst the highest in its peer group in the industry, while maintaining the Average ticket size of Rs. 7 to 8 Lakhs.
2. **Turn around time (TAT):** The companies TAT from login to sanction has reduced to less than 9 days (average across the country)
3. The team size has increased from 457 in the beginning of the year to 658 by end of the year. While reducing the ratio of the Frontline to support staff ratio thereby indicating efficient technology led initiatives.
4. **GNPA:** The portfolio quality has been kept at 2.06%

Further, the company focuses on managing its credit risk through deeper client engagement and offering adequate support within the resolution framework 2.0 provided by RBI.

As an outlook the company now plans to focus on defining a specific structure **Regional – Zone – Hub** model for further growth as well as develop capabilities for providing support through **Loan against property or commercial property loan** as NHL loan products to its largely self-employed informal segment customers (albeit NHL remaining within 10% to 12% of its total portfolio).

D.4 Risks

(i) Liquidity and interest rate risk

Being a financial organisation, SMHFC is susceptible to market-related risks such as liquidity risk, interest



rate risk and funding risk. Such risk management relating to maturity mismatch of assets and liabilities, interest rate gaps/ sensitivity is assigned to the Asset Liability Committee (ALCO) to monitor these risks on an ongoing basis. Being in a long-term funding business SMHFC maintains adequate balances of undrawn lines and cash equivalents for disbursements, repayments, and other payments. This risk is accentuated by extension of moratorium.

(ii) Operational risk

SMHFC uses information technology extensively in its operations. The Company attempts to mitigate operational risk by maintaining a system of internal controls, establishing systems and procedures to monitor transactions, extensive employee training, maintaining key back-up procedures, undertaking regular contingency planning.

(iii) Credit Risk

The Company manages credit risk by using a set of credit norms and policies, including a standard credit appraisal policy. All functions of credit are managed in house right from sourcing, verification, credit bureau checks. SMHFC has developed internal legal and technical evaluation team with independent function to make credit decisions more robust and in line to manage collateral risk.

Credit risks are minimized by having established credit appraisal system in place, prescribing exposure limits, periodic review of the portfolio. SMHFC performs credit bureau checks, field verification, stringent legal and technical due diligence etc. which have helped to reduce delinquencies. The recovery mechanism is now well established through recourse under the SARFAESI Act.

(iv) Internal control systems and their adequacy

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational efficiency. The Company also has an internal auditor to conduct the testing of the Internal Financial Control along with ongoing internal audits, covering all aspects of operations, and adherence to internal policies and procedures as well as to regulatory and legal requirements. The integrated Loan Management System and the Accounting System has inbuilt maker checker systems in place for recording, authorising transactions on the system. The Internal Financial Controls Testing Report and the internal audit reports are reviewed regularly by the Audit Committee of the Board, and wherever necessary, internal control systems are strengthened, and corrective actions are immediately taken.

D.5 Values of Svatanttra Micro Housing Finance Corporation Limited

The company re-defined its integral value which are: Integrity, Trust, Customer Centricity, Passion, Innovation and Teamwork. These values remain underlying chord that joins all 658 of us to serve a common objective which is to serve the housing finance needs of the underserved informal segment in the country.

For and on behalf of the Board of Directors of
Svatanttra Micro Housing Finance Corporation Limited


Vineet Bijendra Chattree
Director
(DIN: 07962531)




Anil Chirania
Director
(DIN: 01082719)



Place: Mumbai
Date: September 25, 2023

“Annexure G”

Corporate Governance Disclosure - FY 2022-23

The following disclosures for the Financial Year 2022-23 are in pursuance to the RBI Circular vide DOR.CRE.REC. No.60/03.10.001/2021-22 dated October 22, 2021, on ‘Scale Based Regulation (SBR): A Revised Regulatory Framework’ for NBFCs, read with RBI Circular vide DOR.ACC.REC. No.20/21.04.018/2022-23 dated April 19, 2022, on Disclosures in Financial Statements - Notes to Accounts of NBFCs.

1) COMPOSITION OF THE BOARD

SN	Name of Director	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Directorships	Remuneration			No. of shares held in and convertible instruments held in the Company (In Rs.)
					held	Attended		Salary and other compensation	Sitting Fees (In Rs.)	Commission (In Rs.)	
1.	Ananyashree Birla	15/09/2018	Chairperson and Non-Executive Director	06625036	13	5	10	Nil	Nil	Nil	Rs. 10 /- as Nominee Shareholder
2.	Vinect Bijendra Chatterjee	15/09/2018	Executive Director	07962531	13	13	1	Nil	Nil	Nil	Nil
3.	Anil Chirania	15/09/2018	Non-Executive Director	08396893	13	13	18	Nil	Nil	Nil	Rs. 10 /- as Nominee Shareholder

Details of change in composition of the Board during the current and previous Financial Year:

No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1.	Nil	Nil	Nil	Nil

There is no inter-se relation among the Directors of the Company.



2) COMMITTEES OF THE BOARD AND THEIR COMPOSITION

i. AUDIT COMMITTEE

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Ananyashree Birla	24/09/2018	Chairperson and Non-Executive Director	8	3	1 share held as Nominee Shareholder
2.	Vincent Bijendra Chatterjee	24/09/2018	Executive Director	8	8	Nil
3.	Anil Chirania	24/09/2018	Non- Executive Director	8	8	1 share held as Nominee Shareholder

Terms of Reference of the Audit Committee includes:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- To redress the genuine concerns / grievance received by the Audit Committee under the Vigil Mechanism from the directors and employees of the Company;
- The Audit Committee shall have powers to act in accordance Section 177 of the Companies Act, 2013;
- Members of the committee shall elect a chairman from amongst themselves;
- The Audit Committee shall have meetings periodically as it may deem fit;
- All the decision of the Committee shall be taken by vote of majority;
- The Audit Committee shall invite such of the executives to be present at the meetings of the Committee whenever required by it;
- The Company Secretary of the Company shall act as Secretary to the Audit Committee.

ii. NOMINATION AND REMUNERATION COMMITTEE

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Ananyashree Birla	24/09/2018	Chairperson and Non-Executive Director	2	0	1 share held as Nominee Shareholder



2.	Vineet Bijendra Chattree	24/09/2018	Executive Director	2	2	Nil
3.	Anil Chirania	24/09/2018	Non- Executive Director	2	2	1 share held as Nominee Shareholder

Terms of Reference of the Nomination and Remuneration Committee includes:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- To identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- To recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

iii. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Ananyashree Birla	24/09/2018	Chairperson and Non-Executive Director	2	0	1 share held as Nominee Shareholder
2.	Vineet Bijendra Chattree	24/09/2018	Executive Director	2	2	Nil
3.	Anil Chirania	24/09/2018	Non- Executive Director	2	2	1 share held as Nominee Shareholder

Terms of Reference of the Corporate Social Responsibility Committee includes:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.



3) GENERAL BODY MEETINGS

SN	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special Resolutions passed
1.	Annual General Meeting	5 th September 2022 & Office no 1,2,3,4, Ground floor, Pushpak CHSL, Malaviya Road, Vile Parle (East) Mumbai 400057.	1. Appointment of Statutory Auditors to fill Casual Vacancy. 2. Appointment of Statutory Auditors
2.	Extra-ordinary General Meeting	15 th November 2022 & Office no 1,2,3,4, Ground floor, Pushpak CHSL, Malaviya Road, Vile Parle (East) Mumbai 400057.	1. Increase in Borrowing Limit under Section 180(1)(c) of Companies Act 2013. 2. Set the Mortgage Limit for the Secured Borrowings by the Company under Section 180 (1)(a) as per the limits prescribed under Section 180 (1)(c) of the Companies Act, 2013
3.	Extra-ordinary General Meeting	9 th December 2022 & Office no 1,2,3,4, Ground floor, Pushpak CHSL, Malaviya Road, Vile Parle (East) Mumbai 400057.	Nil

2) DETAILS OF NON-COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013

During the financial year under review, there has been no default in compliance with the requirements of the Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

3) DETAILS OF PENALTIES AND STRICTURES

During the financial year under review, no penalties or stricture has been imposed on the Company by the Reserve Bank of India or any other statutory authority.

For and on behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Limited


Vineet Bijendra Chatterjee
Director
(DIN: 07962531)




Anil Chirania
Director
(DIN: 01082719)



Place: Mumbai
Date: September 25, 2023

S Bhandari & Co LLP

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INDEPENDENT AUDITORS' REPORT

**To,
The Members of
Svatantra Micro Housing Finance Corporation Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Svatantra Micro Housing Finance Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a Summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015 as amended (Ind AS) and other the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit and other comprehensive income, the changes in equity and its cash flows for the year ended on that date

Basis for Opinion

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



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. no.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Impairment of Loans</p> <p>Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using Expected Credit Loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates.</p> <p>The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECL are:</p> <ul style="list-style-type: none"> ➤ Timely identification and classification of the impaired loans, including classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109 which also include considering the impact of RBI's regulatory circulars. ➤ The segmentation of financial assets when their ECL is assessed on a collective basis. ➤ Inherently judgmental models are used to estimate ECL which involves 	<ul style="list-style-type: none"> • Understanding management's processes, systems and controls implemented in relation to impairment allowance process. • Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Testing of review controls over measurement of impairment allowances and disclosures in Ind AS financial statements. • Evaluation of the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice. • Assessing the appropriateness of management rationale/assumptions/ estimates used for determination of criteria for Significant Increase in Credit Risk (SICR) considering the impact of Covid-19 and related aftereffects. • Test of details over of calculation of impairment allowance for assessing the



	<p>determining probabilities of default ("PD"), Loss given Default ("LGD"), and Exposures at Default ("EAD")) based on the default history of loans, subsequent recoveries made and other relevant factors. The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result these are considered as the most significant judgmental aspect of the Company's modelling approach.</p> <p>➤ Economic scenarios, Ind AS 109 requires - the Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them and</p> <p>➤ Assessment of qualitative factors having an impact on the credit risk</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers has a high degree of estimation.</p> <p>The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.</p> <p>Refer Note 2 (k), Note 5, 38(c) and 48.2 to the financial statements.</p>	<p>completeness, accuracy and relevance of data.</p> <ul style="list-style-type: none"> • Model calculations testing through reperformance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, and the period of historical loss rates used and the valuation of recovery assets. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the financial statements are appropriate and sufficient.
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<p>2</p>	<p>IT Systems and Controls</p> <p>The information system is a critical component of Company's operations, enabling efficient processing of transactions, safeguarding of information, and supporting decision-making. The financial accounting and reporting systems of the Company are also fundamentally reliant on IT systems and controls, hence we identified IT systems and Controls over financial reporting as a key audit matter for the Company considering the the pervasive nature of IT environment and the scale and complexity of the IT architecture.</p>	<p>Principal Audit Procedures</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's IT related control environment, IT applications and databases relevant for the purpose of our audit of the financial statements. • Also, obtained an understanding of the changes that were made to the IT applications during the audit period. • Our audit procedures included assessment and identification of key IT applications, and further verifying, testing, and reviewing the design and operating effectiveness of the IT system, applications, databases, that are important to financial reporting and various interfaces, configuration and other identified general, application and operational controls based on reports and other financial and non-financial information generated from the system on a test check basis. In this regard also relied on work of the internal auditor • The implications of actual status of functioning of IT system and related controls were assessed considering the materiality levels and the significance of their impact over financial reporting.
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Information Other than the financial statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Board's Report including Annexures to Board's Report and Shareholder's Information but does not include the financial statements and our auditor's report thereon.

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

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

When we read such other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including total Comprehensive Income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for the safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.



Auditors' Responsibility for the audit of the Financial Statements

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

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

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



- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents 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, make it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;



- b) In our opinion, proper books of account as required by law have been kept by the Company so far as, it appears from our examination of those books;
- c) The balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and statement of cash flows dealt with by this Report are in agreement with the books of account,
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards). Rules, 2015 as amended;
- e) On the basis of the written representations received from the directors as on 31 March 2023 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid or provided remuneration to its directors during the year.

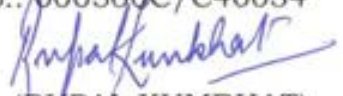
- 3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 42 to the financial statements);
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



- d. (i) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (ii) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (iii) Based on audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement
- (iv) During the year, the Company has neither declared nor paid any dividend, as such compliance of section 123 of the Act is not applicable.
- (v) As the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 01, 2023, accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023

For S. BHANDARI & CO LLP
Chartered Accountants
Firm Reg. No.: 000560C/C40034




(RUPAL KUMBHAT)
Chartered Accountant
UDIN: 23401084BGZCAK7288
Membership No. 401084

Date: 20.07.2023
Place: Jaipur

S Bhandari & Co LLP

Chartered Accountants

P-7, Tilak Marg, C-Scheme

Jaipur – 302005, India

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2385329, 4002306

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Website – www.sbandari.in

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ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT" OF OUR REPORT ON EVEN DATE OF SVATANTRA MICTO HOUSING FINANCE CORPORATION LIMITED, FOR THE YEAR ENDED 31ST MARCH 2023

- (i) According to the information and explanations provided to us by the Company and the books of accounts and records examined by us in the normal course of audit, we state that-
- (a) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
- (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (B) The company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanation given to us, and the books of account and records examined by us in the normal course of audit, the company has conducted Physical verification of all its fixed assets across all the branches which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The title deed of immovable properties (other than properties where the company is the lessee and the lease agreement are duly executed in favour of the lessee) disclosed in the statement are held in the erstwhile name of the Company.
- (d) The company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii)(a) According to the information and explanations given to us, and the books of accounts and records examined by us in the normal course of audit, the company does not have any inventory. Accordingly, clause 3(ii) (a) of the Order is not applicable to the Company.



- (b) According to the information and explanation given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks and financial institutions on the basis of security of current assets, however this limit has not been not utilized till 31st March 2023 by the company.
- (iii) According to the information and explanations given to us and based on our examination of the records of the Company:
- (a) The Company is a housing finance company primarily engaged in the business of lending. Accordingly reporting under clause 3(iii) (a) of the order is not applicable.
- (b) The investments made, security given and the terms and conditions of the grant of all the loans and advances in the nature of loans, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated. The Company, being a Non-Banking Housing Finance Company, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In case where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 38(c) to the financial statements for summarized details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanations made available to us, reasonable steps are taken by the Company for recovery thereof.
- (d) In respect of loans and advances in nature of loans granted by the Company, the total amount overdue for more than ninety days as at March 31, 2023 and the details of the number of such cases, are disclosed in note 38(c) to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.
- (e) As the company is a Non-Banking Finance Company, having principal business to give loans, thus clause 3(iii)(e) is not applicable.
- (f) The company has not granted any loans and advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and the books of account and records examined by us in the normal course of audit, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are attracted. Accordingly, clause 3(iv) of the Order is not applicable to the Company.



- (v) According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor accepted any amounts deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act or the rules framed thereunder, to the extent applicable. Accordingly, the requirement to report under clause 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, and to the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company. Accordingly, clause 3(vi) of the Order is not applicable to the Company.
- (vii) According to the information and explanations given to us and the books of account and records examined by us in the normal course of audit, in our opinion:
- (a) The company has been generally regular in depositing undisputed statutory dues including, Income Tax, Service tax, Goods & Service tax, Cess and other applicable statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding as at 31st March 2023 for a period more than six months from the date, they became payable except some outstanding TDS demand arrears amounting to Rs. 0.96 lakhs pertaining to earlier years.
- (b) According to the information and explanations given to us, there are no dues of income tax and goods and service tax which have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the Statute	Nature of dues	Period to which the amount relates	Amount (Rs. In Lakhs)	Forum where dispute is pending
Income Tax Act, 1961	Demand of Income tax	Assessment Year 2017-18	113.80	Commissioner of Income Tax (Appeals)

- (viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961.
- (ix) According to the information and explanations provided to us and lender's balance confirmations/statement of accounts received, and the books of accounts and other records examined by us in the normal course of audit, we report that :-
- (a) There is no default on the part of the company in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The company has not been declared as willful defaulter by any bank or financial institution or other lender.



- (c) The term loans obtained during the year were applied for the purpose for which they were raised, other than temporary deployment of borrowings in Bank Fixed Deposit pending utilization of funds as per respective sanction terms
- (d) On an overall examination of the Financial Statements of the Company, no funds raised on short-term basis have been prima facie used for long-term purposes during the year by the Company.
- (e) The Company does not have any subsidiaries, associates, or joint ventures. Accordingly, the provisions of the clause 3 (ix)(e) of the Order are not applicable to the Company.
- (f) The Company does not have any subsidiaries, associates, or joint ventures. Accordingly, the provisions of the clause 3 (ix)(f) of the Order are not applicable to the Company.
- (x) According to the information and explanation given to us: -
 - (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
 - (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable..
- (xi) According to the information and explanations given to us, the books of accounts & records examined and audit procedure performed, by us, in the normal course of audit:
 - (a) No material fraud by the Company and on the Company have been noticed or reported during the year, except one instance of fraud as informed by the Management where fraud was committed by the Disbursement officer ("Employee") of the company in relation to reimbursement of the franking charges fraudulently and the total amount involved was Rs. 6.38 lakhs, approximately. Refer Note 67 of the financial statements.
 - (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
 - (c) As represented to us by the Management, no whistle blower complaints have been received by the company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.



- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the books of accounts & records examined and audit procedure performed, by us, in the normal course of audit:
- (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit as provided to us, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and hence the provisions of Section 192 of the Companies Act 2013 are not applicable to the company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).
- (b) The company is a registered Non-Banking Finance Company under section 29A(2) of the National Housing Bank Act, 1987 for conducting housing finance business and having a valid registration certificate from National Housing Bank.
- (c) According to the information and explanations given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) According to the information and explanations given to us by the management, the Group has one Core Investment Company which is not required to be registered with the Reserve Bank of India.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) According to information and explanations given to us and the records examined by us, there has been resignation of statutory auditor during the year 2022-23 due to changed RBI guidelines for Appointment of Statutory Auditors for Non-Banking Finance Companies, vide RBI notification no. RBI/2021-22/25 Ref. No. DoS. CO. ARG / SEC.01 / 08.91.001 / 2021-22 dated 27 April 2021 and no issues or objections or concerns were raised by the outgoing auditors.
- (xix) According to the information and explanations given to us, on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date




of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) According to the information and explanations provided to us and the books of account and records examined by us in the normal course of audit:
- (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said act.
- (b) In our opinion and according to the information and explanations given to us, the company has transferred the unspent amount pertaining to an ongoing project to Unspent CSR account within 30 days from the end of financial year. Therefore, the company is in compliance with sub-section (6) of section 135.

For S. BHANDARI & CO LLP
Chartered Accountants
Firm Reg. No. 000560C/C40034




(RUPAL KUMBHAT)
Chartered Accountant
UDIN: 23401084BGZCAK7288
Membership No. 401084

Date: 20.07.2023
Place: Jaipur

**ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 2(f) under the heading 'Report on Other
Legal and Regulatory Requirements' of our report of even date)**

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

We have audited the internal financial controls over financial reporting of Svantra Micro Housing Finance Corporation Limited as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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



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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

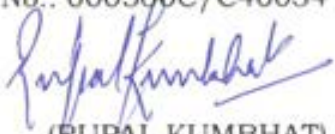
Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. BHANDARI & CO LLP
Chartered Accountants
Firm Reg. No.: 000560C/C40034




(RUPAL KUMBHAT)
Chartered Accountant
UDIN:
23401084BGZCAK7288
Membership No. 401084

Date: 20.07.2023
Place: Jaipur

To,

The Board of Directors

Svatantra Micro Housing Finance Corporation
Limited Office No. 1,2,3,4, Ground Floor,
Malviya Road, Vile Parle
(East) **Mumbai - 400057**

**Independent Auditors' Additional Report for the year
ended 31 March 2023, pursuant to the requirements
of the Master Direction - Non-Banking Financial
Company - Housing Finance Company (Reserve Bank)
Directions, 2021 issued by the Reserve Bank of India**

1. This report has been issued in accordance with our terms of engagement letter dated 07 October 2022 with Svatantra Micro Housing Finance Corporation Limited ("the Company") and in accordance with the requirements of the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 (the 'Directions') issued by the Reserve Bank of India (the 'RBI').
2. We have audited the accompanying financial statements of the Company which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements including the summary of significant accounting policies and other explanatory information and have issued an unqualified opinion vide our Audit Report dated 20th July, 2023.

In addition to the said report made under Section 143 of the Companies Act, 2013 ('the Act') on the financial statements of the Company for the year ended 31 March 2023 and as required by Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 issued by the Reserve Bank of India (the 'RBI'), we report on the matters specified in paragraph 70 and 71 of the said Directions, to the extent applicable, as follows:

**Management's and Those Charged with Governance's Responsibility
for the financial statements.**

3. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other Comprehensive Income) changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles



generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for the safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

4. The Management of the Company is also responsible for Compliance with the National Housing Bank Act, 1987 ('the NHB Act') issued by the National Housing Bank (the "NHB") and the Directions issued by the RBI and for providing all the required information to the NHB.

Auditors Responsibility

5. Pursuant to the requirements of the Directions, it is our responsibility to provide reasonable assurance on the matters specified in paras 70 and 71 of the Directions, to the extent applicable to the Company, on the basis of our audit of the financials statements of the Company for the year ended 31 March 2023 and examination of books of account and other records maintained by the Company for the year then ended.
6. We conducted our examination in respect of this certificate in accordance with the Guidance Note on Reports or Certificates for Special Purposes ("the Guidance Note") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related and Related Services Engagements, issued by ICAI.

Opinion

8. Based on our audit of the financial statements for the year ended 31 March 2023 and examination as above, evidences obtained and the information and explanations, along with the representations provided by the Management, we report that:



1. Para 70.1

- a. The Company has obtained Certificate of Registration No. 02.0071.09 dated 12 February 2009 issued by the New Delhi Regional office of the NHB. Further, the Company has been allotted the certificate of registration No DOR -00071 dated 12 February 2020 from Reserve Bank of India in lieu of aforesaid registration issued by NHB. The Company has fulfilled the Principal Business Criteria as specified in Paragraph 4.1.17 of RBI Master Directions.
- b. The Company is meeting the required Net Owned Fund Requirements during the year ended 31 March 2023 as prescribed under section 29A of the NHB Act;
- c. The Company has complied with the provisions of section 29C of the NHB Act with respect to the statutory reserves during the year ended 31 March 2023.
- d. The total borrowings of the Company are within the limits prescribed under paragraph 27.2 of the Directions as at 31 March 2023.
- e. The financial statements of the Company for the year ended 31 March 2023 have been prepared in accordance with Ind AS notified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. In preparation of the financial statements, the prudential norms relating to the income recognition, accounting standards, assets classification, disclosure on balance sheet, provisioning norms which are specified in the Directions; have been complied in accordance with the applicable Ind AS. Further, the Company has complied with prudential norms on loan-to-value ratio, investment in real estate, exposure to capital markets and engagement of brokers and concentration of credit/investments as specified in the Directions as may be applicable for the year ended 31 March 2023.
- f. The Capital Adequacy Ratio as at 30th September 22 and 31st March 2023 as disclosed in the Schedule II return submitted to NHB in terms of the NHB Directions on 12th November 2022 and 12th May 2023 has been correctly determined and this ratio is in compliance with the minimum capital to risk weighted assets ratio ('CRAR') prescribed therein.
- g. As specified in the directions issued by NHB, the company has generally submitted its half-yearly statutory returns to the NHB within the stipulated period.
- h. Quarterly Schedule III returns on Statutory Liquid Assets is not applicable to Company pursuant to the NHB Circular issued in this regard.
- i. In case of opening of new branches/offices or in the case of closure of existing branches/offices, the Company has complied with the requirements of the Directions for the year ended 31 March 2023.



- j. The Company does not have any exposure in terms of paragraph 3.1 paragraph 18 of the Directions for the year ended 31 March 2023.
- k. The Company has not accepted any public deposits during the year ended 31 March 2023.
- l. The Board of Directors of the Company in their meeting held on 29 May 2017 has passed a resolution for non-acceptance of any public deposits.

2. Para 70.2

Since the Company has Certificate of Registration as Housing Finance Company and not accepting /holding public deposits, the matters referred to in Para 70.2 of the Directions are not applicable to the Company.

Restrictions on Distribution or Use

9. Our work was performed solely to assist you for compliance with the Directions. Our Obligations in respect of this report are entirely separate from, and our responsibilities and liabilities is in no way changed by any other role we may have as statutory auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are subject of this report, will extent any duty of care we may have in our capacity as statutory auditors of the Company.
10. This certificate is addressed to and provided to the Board of Directors of the Company pursuant to our obligations under the Directions requiring us to submit on the additional matters as stated in the aforesaid directions, and should not be used, referred to or distributed for any other purpose or to any other person without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For S. BHANDARI & CO LLP
Chartered Accountants
Firm Reg. No. : 000560C/C40034



Rupal Kumbhat

(RUPAL KUMBHAT)
Chartered Accountant
UDIN: 23401084BGZCAK7288
Membership No. 401084

Date: 20.07.2023
Place: Jaipur

Svatantra Micro Housing Finance Corporation Limited
Balance sheet as at 31 March 2023

(Amount in Rs. 'Lacs')

	Note	As at 31 March 2023	As at 31 March 2022
Assets			
Financial assets			
Cash and cash equivalents	3	17,399.12	7,849.55
Bank balances other than cash and cash equivalents	4	5,251.33	6,045.33
Loans	5	151,464.11	112,428.87
Other financial assets	6	213.93	166.58
Total financial assets		174,328.49	126,490.33
Non-financial assets			
Current tax assets (net)	7	-	11.26
Deferred tax assets (net)	8	588.42	375.25
Investment property	9	2.51	2.51
Property, plant and equipment	10	111.67	86.33
Intangible assets under development	10	10.18	2.83
Other intangible assets	10	1.61	-
Right of use asset	11	265.87	117.51
Other non-financial assets	12	133.66	125.25
Total non-financial assets		1,113.92	720.94
Total assets		175,442.41	127,211.27
Liabilities and equity			
Liabilities			
Financial liabilities			
Payables			
Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	13	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13	33.52	29.93
Other payables			
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	14	143.29	92.74
Debt securities	15	10,784.36	11,754.39
Borrowings (other than debt securities)	16	131,398.95	92,914.62
Subordinated Liabilities	17	3,000.00	2,000.00
Other financial liabilities	18	622.94	503.56
Total financial liabilities		145,983.06	107,295.24
Non-financial liabilities			
Provisions	19	250.39	178.07
Other non-financial liabilities	20	189.84	112.71
Total non-financial liabilities		440.23	290.78
Total liabilities		146,423.29	107,586.02
Equity			
Equity share capital	21	6,379.81	4,639.16
Other equity	22	22,639.31	14,986.09
Total equity		29,019.12	19,625.25
Total liabilities and equity		175,442.41	127,211.27
Summary of Significant accounting policies	2		

The accompanying notes form an integral part of financial statements

As per our report of even date attached

For S. Bhandari & Co. LLP

Chartered Accountants

Firm's Registration No.: 000560C/C400334

Rupal Kumbhat

Partner

Membership No.: 401084

Place: Jaipur

Date: 20.07.2023



For and on behalf of the Board of Directors of

Svatantra Micro Housing Finance Corporation Ltd.

Vineet Chatterjee
Managing Director
DIN: 07962531

Jayesh Shah
Chief Executive Officer

Tasneem Mandorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 20.07.2023

Anil Chirania
Director
DIN: 01082719

Sahil Mehta
Chief Financial Officer



Svatantra Micro Housing Finance Corporation Limited
Statement of Profit and Loss for the year ended 31 March 2023

(Amount in Rs. 'Lacs')

	Note no.	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations			
Interest income	23	17,370.91	11,045.45
Fees and commission income	24	83.77	56.03
Net gain on fair value changes	25	168.20	84.65
Total revenue from operations		17,622.88	11,186.13
Other income	26	181.66	177.13
Total income		17,804.54	11,363.26
Expenses			
Finance costs	27	10,764.66	7,452.17
Impairment on financial instruments	28	677.55	74.83
Employee benefits expense	29	2,933.89	1,954.88
Depreciation and amortisation	30	145.85	104.69
Other expenses	31	930.38	697.21
Total expenses		15,452.33	10,283.78
Profit before tax		2,352.21	1,079.48
Tax expense:			
- Current tax	32	664.20	319.04
- Deferred tax expense	33	(213.17)	(109.34)
		451.03	209.70
Profit after tax		1,901.18	869.78
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans (cost)		1.50	7.48
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.38)	(1.88)
Other comprehensive income, net of income tax		1.12	5.60
Total comprehensive income		1,902.30	875.38
Earnings per share (Nominal Value - Rs. 10)			
Basic earnings per share (Rs.)	34	3.75	2.10
Diluted earnings per share (Rs.)		3.75	2.10
Summary of Significant accounting policies	2		
The accompanying notes form an integral part of financial statements			

As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration No.: 000560C/C400334

Rupal Kumbhat
Partner
Membership No.: 401084
Place: Jaipur
Date: 20.07.2023



For and on behalf of the Board of Directors of
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Managing Director
DIN: 07962531

Jayesh Shah
Chief Executive Officer

Anil Chirania
Director
DIN: 01082719

Sahil Mehta
Chief Financial Officer

Tasneem
Tasneem Mandorsorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 20.07.2023



Svatantra Micro Housing Finance Corporation Limited
Statement of Changes in Equity for the year ended 31 March 2023

Equity share capital	(Amount in Rs. 'Lacs')	
	No of shares	Amount
Balance as at 1 April 2021	41,477,575	4,147.76
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting year	-	-
Issued during the year	4,914,000	491.40
Conversion during the year	-	-
Balance at 31 March 2022	46,391,575	4,639.16
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting year	-	-
Issued during the year	17,406,506	1,740.65
Conversion during the year	-	-
Balance at 31 March 2023	63,798,081	6,379.81

Other equity	Reserves and Surplus				Total
	Securities premium	Statutory reserves	Impairment reserve	Retained earnings	
Balance as at 1 April 2021	7,826.06	1,328.20	541.02	2,906.83	12,602.11
Profit for the year	-	-	-	869.78	869.78
Addition during the year	1,508.60	-	-	-	1,508.60
Other comprehensive income for the year (remeasurement of the defined benefit plans)	-	-	-	5.60	5.60
Transfer from / to retained earnings	-	259.18	149.26	(408.44)	-
Balance as at 31 March 2022	9,334.66	1,587.38	690.28	3,373.77	14,986.09
Profit for the year	-	-	-	1,901.18	1,901.18
Addition during the year	5,759.35	-	-	-	5,759.35
Share issue expenses	(8.43)	-	-	-	(8.43)
Other comprehensive income for the year (remeasurement of the defined benefit plans)	-	-	-	1.12	1.12
Transfer from / to retained earnings	-	574.73	-	(574.73)	-
Balance as at 31 March 2023	15,085.58	2,162.11	690.28	4,701.34	22,639.31

Summary of Significant accounting policies - refer note 2

The accompanying notes are an integral part of financial statements
As per our report of even date attached

For S. Bhandari & Co. LLP
Chartered Accountants
Firm's Registration No.: 000560C/C400334

Rupal Kumbhat
Rupal Kumbhat
Partner
Membership No.: 401084
Place: Jaipur
Date: 20.07.2023



For and on behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Ltd.

Vineet Chaitree
Vineet Chaitree
Managing Director
DIN: 07962531

Anil Chirania
Anil Chirania
Director
DIN: 01082719

Jayesh Shah
Jayesh Shah
Chief Executive Officer

Sahil Mehta
Sahil Mehta
Chief Financial Officer

Tasneem
Tasneem Mandorwala
Company Secretary
Membership No.: A34613
Place: Mumbai
Date: 20.07.2023



Svatantra Micro Housing Finance Corporation Limited
Statement of Cash Flows for the year ended 31 March 2023

(Amount in Rs. 'Lacs')

	Year ended 31 March 2023	Year ended 31 March 2022
Profit before tax	2,352.21	1,079.48
Cash flow from operating activities		
Adjusted for:		
Finance costs on lease liabilities	16.69	10.68
Transaction costs on borrowings	(26.69)	194.23
Gain on sale of mutual fund units held as current investments	(168.20)	(84.65)
Depreciation and amortisation	145.85	104.69
Gain on termination/modification of lease	0.46	(2.47)
Interest on fixed deposits and Inter corporate deposits	(501.71)	(204.41)
Loss on sale of property, plant and equipment	(0.02)	0.30
Transaction costs on Loans	367.58	(569.73)
Impairment/writeoff of financial instruments	468.51	74.83
Unwinding interest income	(2.59)	(2.56)
Operating profit before working capital changes	2,652.09	600.39
Changes in working capital		
- (Increase) / decrease in loans	(39,871.33)	(31,063.52)
- (Increase) / decrease in other financial assets	(44.76)	28.10
- (Increase) / decrease in other non financial assets	(8.41)	(60.24)
- Increase / (decrease) in trade payables	54.14	23.70
- Increase / (decrease) in other financial liabilities	(27.52)	47.33
- Increase / (decrease) in other non financial liabilities	35.07	30.71
- Increase / (decrease) in provisions	73.82	38.43
Cash generated from operating activities	(37,136.90)	(30,355.10)
Income tax paid (net)	(608.45)	(297.86)
Net cash used in operating activities	(37,745.35)	(30,652.96)
Cash flows from investing activities:		
Purchase of property, plant and equipment, capital work in progress including intangibles assets	(105.04)	(102.74)
Proceeds from sale of property, plant and equipment and intangibles assets	0.40	0.53
Purchase of mutual funds	(137,600.00)	(92,080.00)
Proceeds of sale of mutual funds	137,768.20	92,164.65
Interest received on bank deposits and Inter corporate loans	275.62	404.66
Maturity / (investments) of / in fixed deposits	1,020.09	(3,227.13)
Net cash generated from / (used in) investing activities	1,359.27	(2,840.03)
Cash flows from financing activities:		
Proceeds from issuance of equity shares	7,500.00	2,000.00
Share issue expenses	(11.25)	-
Proceeds from issue of debentures	1,000.00	-
Proceeds from long term borrowings	66,963.00	51,501.00
Repayment of long term borrowings	(29,421.99)	(20,829.66)
Proceeds from short borrowings	-	-
Repayment of short term borrowings	-	-
Repayment of lease liabilities	(77.42)	(58.62)
Interest paid on lease liabilities	(16.69)	(10.68)
Net cash generated from financing activities	45,935.65	32,602.04
Net increase in cash and cash equivalents	9,549.57	(890.95)
Cash and cash equivalents as at the beginning of the year	7,849.55	8,740.50
Closing balance of cash and cash equivalents	17,399.12	7,849.55
Components of cash and cash equivalents		
Cash on hand	2.36	2.72
Balances with banks	-	-
- With banks in current accounts	3,003.44	1,789.71
Deposits with maturity of less than 3 months	14,393.32	6,057.12
Cash and cash equivalents	17,399.12	7,849.55



Svatantra Micro Housing Finance Corporation Limited
Statement of Cash Flows for the year ended 31 March 2023

Cash Flow Statement (Contd..)

Changes in liabilities arising from financing activities

	As at 31 March 2023	As at 31 March 2022
Opening balance (Borrowings + debt securities)	106,787.09	75,903.41
Proceeds from long-term borrowings (including debentures)	67,963.00	51,501.00
Repayment / (addition) in lease liabilities (net)	163.59	28.79
Finance costs on lease liabilities	(16.69)	(10.68)
Repayments of long-term borrowings	(29,421.99)	(20,829.66)
Transaction costs on borrowings	(26.69)	194.23
Closing balance (Borrowings+ debt securities)	145,448.31	106,787.09

Summary of Significant accounting policies

2

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For S. Bhandari & Co. LLP

Chartered Accountants

Firm's Registration No.: 000560C/C400334

Rupal Kumbhat

Rupal Kumbhat

Partner

Membership No.: 401084

Place: Jaipur

Date: 20.07.2023



For and on behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Ltd.

Vineet Chattree

Vineet Chattree
Managing Director
DIN: 07962531

Anil Chirania

Anil Chirania
Director
DIN: 01082719

Jayesh Shah

Jayesh Shah
Chief Executive Officer

Sahil Mehta

Sahil Mehta
Chief Financial Officer

Tasneem

Tasneem Mandorswala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 20.07.2023



Corporate Information

Svatantra Micro Housing Finance Corporation Limited ("SMHFC" or "the Company") was incorporated on 16 May 2008 with the objective to provide housing finance for financially excluded families, particularly lower income informal sector households. The Company was registered with National Housing Bank ("NHB") as housing finance company. However, vide certificate of registration dated 12 February 2020, the Company also registered with the Reserve Bank of India ("RBI") as a housing finance company. The Company is domiciled in India and its registered office is situated at Office no. 1,2,3,4, Ground Floor, Pushpak Co-operative Housing Society Ltd., Malaviya Road, Vile Parle (East), Mumbai - 400 057, Maharashtra, India. The Company is wholly owned subsidiary of Svatantra Holdings Private Limited

1 Basis of preparation of financial statements

These financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, (as amended from time to time) and other relevant provisions of the Act. Any application guidance/clarifications/ directions issued by Reserve bank of India and National Housing Bank or other regulators are implemented as and when they are issued/ applicable. The Company has uniformly applied the accounting policies for all the periods presented in this financial statements.

The financial statements have been prepared on a historical cost convention and accrual basis, except for the following assets and liabilities and on the basis of accounting principles of a going concern in accordance with generally accepted accounting principle (GAAP):

- i) Certain financial assets and liabilities that are measured at fair value
- ii) Defined benefit plans, and related -plan assets measured at fair value using actuarial valuation

The financial statements have been presented in accordance with Schedule III-Division III General Instructions for Preparation of financial statements of a Non-Banking Financial Company (NBFC) that is required to comply with Ind AS.

The financial statements for the year ended March 31, 2023 were authorised and approved for issue by the Board of Directors on July 20, 2023

2 Significant accounting policies

a. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lacs, unless otherwise indicated.

b. Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



c. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest Income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the Statement of Profit and Loss.

Penal Charges and Penal Interest

Penal Charges and Penal Interest are accrued and due on receipt basis.

Net gain on Fair value changes:

Any differences between the fair values of financial assets classified as fair value through the profit or loss held by Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTL and debt instruments measured at Fair value through Other Comprehensive Income ("FVOCI") is recognised in net gain/loss on fair value changes.

However, net gain / loss on derecognition of financial instruments classified as amortised is presented separately under the respective head in the Statement of Profit and Loss.

Fees and commission

Service fees and facilitation charges are recognised on satisfactory completion of service delivery.

d. Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Non-derivative financial assets

Subsequent measurement

i. Financial assets carried at amortised cost

Financial asset is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

ii. Investments in equity instruments

Investments in equity instruments which are held for trading are classified at fair value through profit or loss (FVTPL). For all other equity instruments, the Company makes an irrevocable choice upon initial recognition, on an instrument by instrument basis, to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Amounts presented in other comprehensive income are not subsequently transferred to Statement of Profit and Loss. However, the Company transfers the cumulative gain or loss within equity.

Dividends on such investments are recognised in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment.



iii. Investments in mutual funds

Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also de-recognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Non-derivative financial liabilities

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

e. Foreign currency

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gain or loss arising on settlement and restatement are recognised in the Statement of Profit and Loss.

f. Property, plant and equipment (PPE)

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised 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. All other repair and maintenance costs are recognised in Statement of Profit and Loss.

Depreciation and amortisation

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the written down method over the useful life of the assets, as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Asset Class

Asset Class	Useful life
Office equipment	5 years
Computer equipment	3 years
Furniture and fixture	10 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year. PPE costing up to Rs. 5,000 individually are depreciated fully in the year in which they are purchased.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit and Loss, when the asset is de-recognised.

Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses acquire property, plant and equipment. Assets which are not ready to intended use are also shown under capital work-in-progress.

Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Computer software - 3 years



Amortisation

Intangible assets are amortised over a their estimated useful lives. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any. The estimated useful lives of intangible assets are as follows:

Computer Software - 3 years

g. Income taxes

Income tax expense comprises current tax expenses and net change in the deferred tax assets or liabilities during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to item that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current taxes

Provision for current tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Advance taxes and provision for current income tax are presented in the balance sheet after offsetting the advance tax paid and income tax provision arising in the same jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred taxes

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity).

h. Employee Benefits

Short-term employee benefits:

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as a related service provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contribution to provident fund and other funds :

In accordance with Indian Law, eligible employees receive benefits from Provident Fund , Employee State Insurance Contribution (ESIC) and Labour welfare fund which is defined contribution plan. In case of Provident fund, both the employee and employer make monthly contributions to the plan, which is administrated by the Government authorities, each equal to the specific percentage of employee's basic salary. The Company has no further obligation under the plan beyond its monthly contributions. Obligation for contributions to the plan is recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.

Gratuity:

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit / obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefits / obligations are calculated at the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising on the measurement of defined benefit obligation is charged/ credited to other comprehensive income

Compensated Absences:

The employees of the Company are entitled to leave as per the leave policy of the Company. The liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

i. Borrowing costs:

Borrowing cost of financial liabilities is recognised using the Effective Interest Rate (EIR) method



j. Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

k. Impairment of financial assets

Loan assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortised cost.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is calculated to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The Company applies a three-stage approach to measure ECL on financial assets accounted for at amortised cost and FVTOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

i) Stage 1: 12-months ECL - For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Exposures with days past due (DPD) less than or equal to 29 days are classified as stage 1. The Company has identified zero bucket and bucket with DPD less than or equal to 29 days as two separate buckets.

ii) Stage 2: Lifetime ECL – not credit impaired - For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Exposures with DPD equal to 30 days but less than or equal to 89 days are classified as stage 2. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company has identified cases with DPD equal to or more than 30 days and less than or equal to 59 days and cases with DPD equal to or more than 60 days and less than or equal to 89 days as two separate buckets.

iii) Stage 3: Lifetime ECL – credit impaired - Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial asset that have become credit impaired, a lifetime ECL is recognised on principal outstanding as at period end. Exposures with DPD equal to or more than 90 days are classified as stage 3.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary. Refer note 38(C) for detailed note.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to the Statement of Profit and Loss.

l. Cash and cash equivalents



Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. The Company has netted off the balance of bank overdraft with cash and cash equivalents for Statement of Cash Flows.

m. Provisions, Contingent liabilities and Contingent assets:

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

Possible obligations which will be confirmed only by future events not wholly within the control of the Company or

Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

n. Reimbursement of processing fee and other charges

As per the guidelines of new government schemes under Pradhan Mantri Awas Yojana (PMAY), no processing fee is allowed to be charged to the eligible customers. However, the Company is entitled to get a reimbursement from the customers for the expenses incurred in connection with origination of the loans. Such reimbursement receivable forms part of "Non-housing loans", included under Loans and advances in the Balance Sheet.

The expenses presented in the Statement of Profit and Loss such as Salaries and wages, Insurance, Franking charges, etc. are stated net of such recoveries from customers.

o. Earnings per share

The basic earnings per equity share is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive.

p. Leases

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer note 2 (j) of accounting policy for impairment of non-financial assets.

ii. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in other financial liabilities

iii. Short-term leases and leases of low-value assets

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

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



q. Recent accounting pronouncements

The Ministry of Corporate Affairs ("MCA"), through notification dated 31 March 2023, amended the Companies (Indian Accounting Standards) Rules, 2015, with effect from 01 April 2023.

Ind AS 8 – Definition of accounting estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after April 1, 2023 and apply to changes in accounting policies and accounting estimates that occur on or after April 1, 2023.

Ind AS 1 – Disclosure of Accounting Policies

The amendment aims to replace the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and guidance on how entities apply the concept of materiality. The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

Ind AS 12 – Deferred Tax related to assets and liabilities arising from a single transaction

The amendment narrows the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. At the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendment to Ind AS 12 is applicable for annual periods beginning on or after April 1, 2023.

Maintenance of books of accounts

The Group has complied with the Rule 3 of Companies (Accounts) Rules, 2014 amended on August 5, 2022 as applicable, relating to maintenance of electronic books of account and other relevant books and papers. The Group books of account and relevant books and papers are accessible in India at all times and backup of accounts and other relevant books and papers are maintained in electronic mode within India and kept in servers physically located in India on daily basis.



3 Cash and cash equivalents

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
Cash on hand	2.36	2.72
Balances with banks in current accounts*	3,003.44	1,789.71
Deposits with maturity of less than 3 months**	14,393.32	6,057.12
	17,399.12	7,849.55
* Includes amounts received towards NHB subsidy pending transfer to customers	2.46	0.94
** Includes debt service and reserve account maintained with State Bank of India	3,364.28	-

4 Bank balances other than cash and cash equivalents

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
Deposits with maturity of more than 3 months but less than 12 months*	5,251.33	6,045.33
	5,251.33	6,045.33
*Bank deposit held as securities		
against borrowings	169.35	161.39
against bank guarantee	2,294.31	2,232.39
debt service and reserve account maintained with State Bank of India.	658.21	649.22
	3,121.87	3,043.00

5 Loans

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
At amortised cost		
(i) Term loans		
(a) Housing loans	134,932.68	104,568.52
(b) Non Housing loans	17,590.89	8,454.80
(c) Loan to employees	36.79	33.29
Total (i) - Gross loans	152,560.36	113,056.61
Less: Impairment loss allowance	(1,096.25)	(627.74)
Total (i) - Net	151,464.11	112,428.87
(ii) Secured/unsecured		
(a) Secured by tangible assets	152,523.57	113,023.32
(b) Unsecured	36.79	33.29
Total (ii) - Gross	152,560.36	113,056.61
Less: Impairment loss allowance	(1,096.25)	(627.74)
Total (ii) - Net	151,464.11	112,428.87
(iii) Loans in India		
(a) Public sector	-	-
(b) Others	152,560.36	113,056.61
Total (iii) - Gross	152,560.36	113,056.61
Less: Impairment loss allowance	(1,096.25)	(627.74)
Total (iii) - Net	151,464.11	112,428.87
(iv) Loans outside India		
(a) Loan outside India	-	-
Total (iv)	-	-



Loans or advances in the nature of loans are granted to the promoters, directors, KMP's, and the related parties, either severally or jointly with any other persons.

Particulars	As at 31 March 2023	% to the total loans and advances in	As at 31 March 2022	% to the total loans and advances in the nature of loans
Promoters	NIL	NIL	NIL	NIL
Directors	NIL	NIL	NIL	NIL
KMP's	NIL	NIL	NIL	NIL
Related parties	NIL	NIL	NIL	NIL

6 Other financial assets

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Security deposits	63.11	56.25
Staff advances(net)	4.81	3.16
Receivable from government authority*	42.70	43.02
Others receivables	103.31	64.15
	213.93	166.58

* Represents receivable from municipal authority on account of loans defaulted by the customers under BSUP scheme.

7 Current tax assets (net)

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
Advance tax*	-	11.26
	-	11.26

*(net of provision for tax as at 31 March 2022:Rs. 500.45 Lacs)

8 Deferred Tax Assets/ Liabilities (net)

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
Deferred Tax assets		
Provision for impairment of assets	258.23	157.99
Provision for employee benefits	61.58	44.82
Timing difference on PPE depreciation/amortisation	21.77	16.27
Unearned processing fee		0.94
Share issue expenses	4.66	4.30
Transaction cost on loans	351.38	258.87
Lease liabilities	-	0.15
Total deferred Tax assets	697.62	483.34
Deferred Tax liabilities		
Amortisation of borrowing costs	(104.51)	(103.45)
Unearned processing fee	(0.31)	-
Lease liabilities	(0.22)	-
Modification (restructuring) gain on financial assets	(4.16)	(4.64)
Total deferred Tax liabilities	(109.20)	(108.09)
Net deferred Tax assets/(liabilities)	588.42	375.25



12 Other non-financial assets

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	132.10	118.58
Other assets	1.56	6.67
	133.66	125.25

13 Trade payables

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises (Refer note 44)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	33.52	29.93
	33.52	29.93

Ageing of Trade Payables as per below schedule for balances outstanding as at 31 March 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME						
(ii) Others	33.52	-	-	-	-	33.52
(iii) Disputed dues – MSME						
(iv) Disputed dues - Others						
(v) Unbilled						

Ageing of Trade Payables as per below schedule for balances outstanding as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME						
(ii) Others	29.93	-	-	-	-	29.93
(iii) Disputed dues – MSME						
(iv) Disputed dues - Others						
(v) Unbilled						

14 Other payables

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises (Refer note 44)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	143.29	92.74
	143.29	92.74

15 Debt securities

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
Secured		
At amortised cost		
Redeemable non-convertible debentures	9,284.36	9,254.39
Unsecured		
At amortised cost		
Redeemable non-convertible debentures	1,500.00	2,500.00
	10,784.36	11,754.39
Debt securities in India	10,784.36	11,754.39
Debt securities outside India	-	-
	10,784.36	11,754.39



(Amount in Rs. 'Lacs')

Terms of debentures	As at	As at
	31-Mar-23	31-Mar-22
9.45% secured ,rated, unlisted, 265,000 redeemable non convertible debentures of Rs. 1,000 at par on 18 November 2024*	2,650.00	2,650.00
10.60% secured ,rated, unlisted, 266,000 redeemable non convertible debentures of Rs. 1,000 at par on 18 November 2024*	2,660.00	2,660.00
9.65%, secured, rated, unlisted, senior, fully paid up, taxable, 400 redeemable non-convertible debentures of Rs.1,000,000 at par on 21 April 2023*	4,000.00	4,000.00
8.51%, unsecured, rated, unlisted, fully paid up, taxable, 300 redeemable non-convertible debentures of Rs.1,000,000 at par on 22 September 2024	1,500.00	2,500.00
Total Debt securities	10,810.00	11,810.00
Adjustments of unamortised processing fee based on EIR	(25.65)	(55.61)
Total adjusted Debt securities	10,784.35	11,754.39

*The above non-convertible debentures ("NCD") were issued on private placement basis and secured by way of a first ranking exclusive and continuing charge over the standard book debts / loan receivables of the Company. The payment of interest half yearly and Principal payable at maturity.

(Amount in Rs.)

Rate of interest	Maturity	As at	As at
		31 March 2023	31 March 2022
8.51% - 10.60%	Within 1 year	Secured 5,000.00	Secured 1,000.00
8.51% - 10.60%	Within 1-5	5,810.00	10,810.00
Total Debt securities		10,810.00	11,810.00
Adjustments of unamortised processing fee based on EIR		(25.65)	(55.61)
Total adjusted Debt securities		10,784.35	11,754.39

16 Borrowings (other than debt securities)

(Amount in Rs. 'Lacs')

	As at	As at
	31 March 2023	31 March 2022
At amortised cost		
Secured		
Term loans		
- from banks	109,456.67	74,800.36
- from National Housing Bank (NHB)	17,343.60	14,394.66
- from Financial Institution (FI)	4,598.68	3,719.60
Total	131,398.95	92,914.62
Borrowings in India	131,398.95	92,914.62
Borrowings outside India	-	-
	131,398.95	92,914.62

Notes:

(i) Term loans are secured by first exclusive charge through hypothecation of book debts/ receivables (housing loans) of the Company both present and future and assignment of mortgage on the dwelling units financed from such term loans.

(ii) The Company has not defaulted in the repayment of debt securities and borrowings (other than debt securities) and interest thereon for the year ended 31 March 2023 and 31 March 2022.

(iii) The repayment of the borrowing is done in monthly, quarterly, half - yearly and annual installment as per the sanctioned terms.



(Amount in Rs. 'Lacs')

Rate of interest	Category	Maturity	As at 31 March 2023	As at 31 March 2022
7%-9%	Banks	Within 1 year	237.57	10,065.58
9%-10%	Banks		-	4,934.64
10%-11%	Banks		12.45	1,800.00
12%-13%	Banks		416.67	-
7%-9%	FI		-	672.27
9%-10%	FI		1,111.11	1,111.11
10%-11%	FI		-	-
11%-12%	FI		-	-
2%-10%	NHB		91.25	2,990.55
7%-9%	Banks	Within 1-5	23,986.97	38,805.37
9%-10%	Banks		34,237.20	13,907.15
10%-11%	Banks		10,789.61	2,677.96
11%-12%	Banks		5,862.29	-
12%-13%	Banks		-	-
7%-11%	FI		2,995.30	1,939.75
2%-10%	NHB		7,563.94	9,470.95
8%-9%	Banks	More than 5 years	27,307.85	1,349.77
9%-10%	Banks		6,987.92	1,589.28
7%-9%	FI		500.00	-
11%-12%	Banks		-	-
2%-10%	NHB		9,688.41	1,933.16
Total borrowings (excluding loans repayable on demand)			131,788.53	93,247.53
Adjustments of unamortised processing fee based on EIR			(389.58)	(332.91)
Total adjusted borrowings (excluding loans repayable on			131,398.95	92,914.62

17 Subordinated Liabilities

(Amount in Rs. 'Lacs')

	As at 31 March 2023	As at 31 March 2022
Unsecured		
At amortised cost		
Redeemable non-convertible debentures	3,000.00	2,000.00
	3,000.00	2,000.00
Debt securities in India	3,000.00	2,000.00
Debt securities outside India	-	-
	3,000.00	2,000.00

Rate of interest	Maturity	As at 31 March 2023	As at 31 March 2022
9.50% subordinated, unsecured, rated, unlisted, fully paid up, taxable, 300 redeemable non-convertible debentures of Rs.1,000,000 at par on 05 January 2028	More than 5 years	3,000.00	2,000.00

18 Other financial liabilities

(Amount in Rs. 'Lacs')

	As at 31 March 2023	As at 31 March 2022
Interest accrued but not due on borrowings	82.43	110.70
Interest accrued but not due on debt securities	256.65	258.76
Interest accrued but not due on subordinate liabilities	16.40	12.65
Subsidy received from NHB pending transfer to customer *	2.46	0.94
Creditors for property, plant and equipment	-	2.20
Lease liabilities	265.00	118.10
Employee benefits payable	-	0.21
	622.94	503.56

* Pertain to credit linked subsidy and interest subvention scheme subsidy received from NHB, pending credit in respective applicant account.



19 Provisions

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
Unfunded		
Provision for employee benefits		
-Provision for gratuity (also refer note 39)	196.94	147.28
-Provision for leave encashment	47.73	30.79
-Provision on Loan commitment	5.72	-
	250.39	178.07

20 Other non-financial liabilities

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
Provision for tax*	42.06	-
Statutory dues	100.36	89.88
Unspent CSR (also refer note 45)	17.46	12.21
Advances from customers	29.96	10.62
	189.84	112.71

*Net of advance tax of Rs 514 Lacs as on 31 March 2023

21 Share capital

	(Amount in Rs. 'Lacs')			
	As at 31 March 2023		As at 31 March 2022	
	No. of shares	Amount	No. of shares	Amount
Authorised share capital				
Equity shares of Rs 10 each	6,90,00,000	6,900.00	5,40,00,000	5,400.00
Non-Cumulative Compulsorily Convertible Preference shares of Rs. 100 each	31,00,000	3,100.00	31,00,000	3,100.00
		10,000.00		8,500.00
Issued,Subscribed and paid up				
Equity shares of Rs 10 each, fully paid up	6,37,98,081	6,379.81	4,63,91,575	4,639.16
5% Non-Cumulative Compulsorily Convertible Preference shares of Rs. 100 each, fully paid up	-	-	-	-
	6,37,98,081	6,379.81	4,63,91,575	4,639.16

Equity Shares

	(Amount in Rs. 'Lacs')			
	As at 31 March 2023 No. of shares	Amount	As at 31 March 2022 No. of shares	Amount
Shares outstanding at the beginning of the year	4,63,91,575	4,639.16	4,14,77,575	4,147.76
Issued during the year	1,74,06,506	1,740.65	49,14,000	491.40
Converted during the year	-	-	-	-
Shares outstanding at the end of the year	6,37,98,081	6,379.81	4,63,91,575	4,639.16

i. Shareholders holding more than 5% of the shares in the Company

	As at 31 March 2023		As at 31 March 2022	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares				
Svatantra Holdings Private Limited	6,37,98,075	100%	4,63,91,569	100%



ii. Right, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. All shares rank pari passu on repayment of capital in the event of liquidation. In the event of liquidation of the Company, the holder of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing General Meeting.

iii. Shares issued for consideration other than cash

The Company has not issued / allotted any shares pursuant to contracts without payment being received in cash, nor issued any bonus shares nor there has been any buy back of shares during five years immediately preceding 31 March 2023.

vi. Shareholding of Promoters for each class

Disclosure of shareholding of promoters as at 31 March 2023 is as follows

Promotor Name	As at 31 March 2023		As at 31 March 2022		% Change during the year*
	No. of Shares	%of total shares	No. of Shares	%of total shares	
1) Promotors Company-Svatantra Holdings Private Limited	63,798,081	100%	46,391,575	100%	37.52%

Disclosure of shareholding of promoters as at 31 March 2022 is as follows

Promotor Name	As at 31 March 2022		As at 31 March 2021		% Change during the year*
	No. of Shares	%of total shares	No. of Shares	%of total shares	
1) Promotors Company-Svatantra Holdings Private Limited	46,391,575	100%	41,477,575	100%	11.85%

* Represent change in percentage based on number of shares

22 Other equity

(Amount in Rs. 'Lacs')

Notes	As at	As at
	31 March 2023	31 March 2022
Securities premium	15,085.58	9,334.66
Statutory reserve under section 29C of the NHB Act,	2,162.11	1,587.38
Impairment reserves	690.28	690.28
Retained earnings	4,701.34	3,373.77
	22,639.31	14,986.09

22.1 Particulars

(Amount in Rs. 'Lacs')

Particulars	As at	As at
	31 March 2023	31 March 2022
Securities premium		
Opening balance	9,334.66	7,826.06
Add: Premium received on issue or conversion of shares	5,759.35	1,508.60
Less: Share issue expenses (net of taxes)	(8.43)	-
Closing balance	15,085.58	9,334.66
Statutory reserves under section 29C of the NHB Act, 1987		
Opening balance	1,587.38	1,328.20
Add: Current year transfer	574.73	259.18
Closing balance	2,162.11	1,587.38
Impairment reserves		
Opening balance	690.28	541.02
Add: Current year transfer	-	149.26
Closing balance	690.28	690.28
Retained earnings		
Opening balance	3,373.77	2,906.83
Add: Transferred from Statement of profit and loss	1,901.18	869.78
Less: Transfer to statutory reserves	(574.73)	(259.18)
Less: Transfer to Impairment reserves	-	(149.26)
Items of other comprehensive income recognised directly in retained earnings		
Add: Other comprehensive (loss) income for the year (net of tax)	1.12	5.60
Closing balance	4,701.34	3,373.77



22.2 Securities premium

Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc.

22.3 Statutory reserves under section 29C of the NHB Act, 1987

As per Section 29C of National Housing Bank Act (NHB), 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose, any Special Reserves created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. Thus, during the year ended 31 March 2022 and year ended 31 March 2023, the Company has transferred to Statutory Reserves, an amount arrived in accordance with Section 29C of the NHB Act, 1987.

22.4 Impairment Reserves as per RBI

As per DOR (NBFC).CC.PD.No.109/22.10.106/2019-20, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserves'. The balance in the 'Impairment Reserves' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserves without prior permission from the Department of Supervision, RBI.

22.5 Retained earnings

Retained earnings pertain to the accumulated earnings / losses made by the Company over the years.

23 Interest income

	(Amount in Rs. 'Lacs')	
	Year ended 31 March 2023	Year ended 31 March 2022
On financial assets measured at amortised cost		
Interest on loans	16,553.97	10,666.12
Interest income on deposits with banks	501.71	204.41
Interest income on corporate deposit	173.81	67.73
Other interest income	141.42	107.19
	17,370.91	11,045.45

24 Fees and commission income

	(Amount in Rs. 'Lacs')	
	Year ended 31 March 2023	Year ended 31 March 2022
Service and facilitation fees	83.77	56.03
	83.77	56.03

25 Net gain on fair value changes

	(Amount in Rs. 'Lacs')	
	Year ended 31 March 2023	Year ended 31 March 2022
Net gain on financial instruments at fair value through profit or loss		
- Investments in mutual funds	168.20	84.65
	168.20	84.65
Total net gain on fair value changes		
Fair Value changes:		
-Realised	168.20	84.65
Total net gain on fair value changes	168.20	84.65



26 Other income

	(Amount in Rs. 'Lacs')	
	Year ended 31 March 2023	Year ended 31 March 2022
Income from advertisement	166.34	162.75
Unwinding interest income	2.59	2.56
Modification (restructuring) gain on financial assets	-	-
Gain/(Loss) on termination of lease	(0.46)	2.47
Miscellaneous income	13.19	9.35
	181.66	177.13

27 Finance costs

	(Amount in Rs. 'Lacs')	
	Year ended 31 March 2023	Year ended 31 March 2022
On financial liabilities measured at amortised costs		
Interest on borrowings (other than debt securities)	9,271.19	6,283.36
Interest on debt securities	1,367.39	1,077.87
Interest on subordinate liabilities	44.77	44.77
Interest on lease liabilities	16.69	10.68
Bank charges and others	64.62	35.49
	10,764.66	7,452.17

28 Impairment on financial instruments

	(Amount in Rs. 'Lacs')	
	Year ended 31 March 2023	Year ended 31 March 2022
On financial instrument measured at amortised cost		
Loans		
Impairment loss allowance	606.00	40.66
Bad debt written off	71.55	34.17
	677.55	74.83

29 Employee benefits expense

	(Amount in Rs. 'Lacs')	
	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	2,657.81	1,752.10
Gratuity and leave expenses (refer note 39)	82.44	64.30
Contribution to provident and other funds	136.62	97.51
Staff welfare expenses	57.02	40.97
	2,933.89	1,954.88

30 Depreciation and amortisation

	(Amount in Rs. 'Lacs')	
	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of plant, property and equipment	64.71	44.87
Depreciation of Right of use assets	75.50	59.39
Amortisation of Intangible asset	5.64	0.43
	145.85	104.69



31 Other expenses

(Amount in Rs. 'Lacs')

	Year ended 31 March 2023	Year ended 31 March 2022
Electricity expenses	9.97	6.39
Rent	18.95	11.89
Repairs and maintenance - Others	10.48	4.56
Insurance	22.25	26.72
Rates and taxes	11.56	2.65
Payments to auditors (Refer Note below)	20.00	20.51
Computer and software expenses	85.29	51.38
Communication expenses	34.66	31.22
Professional, legal and consultancy	178.22	125.40
Printing and stationery	65.15	39.17
Travelling, conveyance and boarding expenses	315.87	225.57
Advertising and marketing expenses	13.60	14.44
Corporate social responsibility (Refer Note 45)	17.43	16.13
Brokerage and commission	12.88	16.19
Miscellaneous expenses	114.07	104.99
	930.38	697.21

Note: Payments to auditors

Audit fees	15.37	14.13
Tax audit fees	-	2.00
Certification work	4.63	3.88
Taxation matter	-	-
Out of pocket expense	-	0.51
	20.00	20.51

32 Tax expense

(Amount in Rs. 'Lacs')

	Year ended 31 March 2023	Year ended 31 March 2022
Current tax expense		
Current tax for the year	664.20	319.04
	664.20	319.04
Deferred taxes		
Relating to origination and reversal of temporary differences	(213.17)	(109.34)
Change in deferred tax liabilities		
Net deferred tax expense	(213.17)	(109.34)
Earlier year tax adjustment		
Earlier year tax adjustments	-	-
Total income tax expense	451.03	209.70

32.1 Tax reconciliation

(Amount in Rs. 'Lacs')

	Year ended 31 March 2023	Year ended 31 March 2022
Profit before income tax expense	2,352.21	1,079.48
Statutory income tax rate	25.17%	25.17%
Tax at statutory income tax rate	592.00	271.68
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Tax impact on expenses which is non deductible	3.68	3.27
Tax impact on deduction under Section 36 (viii) of the Income Tax Act, 1961	(144.65)	(65.26)
Earlier year tax adjustments	-	-
Income tax expense	451.03	209.70



9 Investment property

(Amount in Rs. 'Lacs')

Particulars	Freehold land	Total
Gross block		
As at 1 April 2021	2.51	2.51
Additions	-	-
Deletions	-	-
As at 31 March 2022	2.51	2.51
Additions	-	-
Deletions	-	-
As at 31 March 2023	2.51	2.51
Accumulated depreciation		
As at 1 April 2021	-	-
Charge for the year	-	-
Deletions	-	-
As at 31 March 2022	-	-
Charge for the year	-	-
Deletions	-	-
As at 31 March 2023	-	-
Net block		
As at 31 March 2023	2.51	2.51
As at 31 March 2022	2.51	2.51

Notes:

The Company's investment property is a piece of land in India, currently for undetermined use. The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements. The Company confirms that the title deeds of immovable properties are held in the name of the Company.

(a) Fair value of investment property

(Amount in Rs. 'Lacs')

Particulars	As at 31 March 2023	As at 31 March 2022
Freehold land	1.49	1.49

The fair value of investment property has been determined by an independent valuer, who has adequate professional experience as well as adequate expertise in the location and category of the investment property. The value is determined based on the rate prescribed by government authorities for the property. Management believes that the net recoverable value of the property would be higher than carrying amount and therefore, no impairment has been made. The resultant fair value estimates for investment property is included in level 2.

There are no amounts recognised in the Statement of Profit and Loss account in relation to the above investment property.



10 Property, plant and equipment

(Amount in Rs. 'Lacs')

Particulars	Office equipment	Furniture and fixtures	Computer and data processing equipment	Leasehold improvements	Total
Gross block (Cost)					
As at 1 April 2021	26.67	9.44	34.91	35.42	106.44
Additions	31.01	13.00	43.36	12.54	99.91
Deletion	(12.24)	-	(0.31)	-	(12.55)
As at 31 March 2022	45.44	22.44	77.96	47.96	193.80
Additions	36.98	6.92	47.45	4.57	95.91
Deletion	(0.40)	-	-	-	(0.40)
As at 31 March 2023	82.02	29.36	125.41	52.53	289.31
Accumulated depreciation					
As at 1 April 2021	19.01	5.12	16.20	33.99	74.32
Charge for the year	10.60	5.79	24.42	4.06	44.87
Deletions	(11.45)	-	(0.27)	-	(11.72)
As at 31 March 2022	18.16	10.91	40.35	38.05	107.46
Charge for the year	24.35	6.17	34.19	5.47	70.18
Deletions	-	-	-	-	-
As at 31 March 2023	42.51	17.08	74.54	43.52	177.65
Net block					
As at 31 March 2022	27.28	11.53	37.61	9.91	86.33
As at 31 March 2023	39.51	12.28	50.87	9.01	111.67

10 Other Intangible assets

(Amount in Rs. 'Lacs')

Particulars	Computer software
Gross block	
Cost at 1 April 2021	3.75
Additions	-
Deletions	-
As at 31 March 2022	3.75
Additions	1.78
Deletions	-
As at 31 March 2023	5.53
Accumulated amortisation	
Cost at 1 April 2021	3.31
Charge for the year	0.44
Deletions	-
As at 31 March 2022	3.75
Charge for the year	0.17
Deletions	-
As at 31 March 2023	3.92
Net block	
As at 31 March 2022	-
As at 31 March 2023	1.61

10 Intangible assets under development

(Amount in Rs. 'Lacs')

Particulars	Software
Cost at 1 April 2021	-
Additions	2.83
Deletions	-
As at 31 March 2022	2.83
Additions	7.35
Deletions	-
As at 31 March 2023	10.18
Net block	
As at 31 March 2022	2.83
As at 31 March 2023	10.18



i Intangible assets under development ageing schedule for the year ended 31 March 2023 is as follows:

(Amount in Rs. 'Lacs')

	Amount in Intangible asset under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	10.18	-	-	-	10.18
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development ageing schedule for the year ended 31 March 2022 is as follows:

(Amount in Rs. 'Lacs')

	Amount in Intangible asset under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	2.83	-	-	-	2.83
Projects temporarily suspended	-	-	-	-	-

11 Right of use Asset

(Amount in Rs. 'Lacs')

Particulars	Office building
Gross amount as at 1 April 2021	260.21
Additions	98.14
Deletions	(33.66)
As at 31 March 2022	324.69
Additions	223.86
Deletions	-
As at 31 March 2023	548.55
Accumulated amortisation	
As at 1 April 2021	162.51
Charge for the year	59.39
Deletions	(14.72)
As at 31 March 2022	207.18
Charge for the year	75.50
Deletions	-
As at 31 March 2023	282.68
Net block	
As at 1 April 2021	97.71
As at 31 March 2022	117.51
As at 31 March 2023	265.87



33 Deferred tax movement related to the following:

1 April 2022 to 31 March 2023

(Amount in Rs. 'Lacs')

Deferred tax assets (net)	As at 31 March 2022	Recognised in Statement of Profit and Loss	Recognised in OCI	Recognized in equity	As at 31 March 2023
Deferred tax asset on account of:					
Provision for impairment of assets	157.99	100.24	-	-	258.23
Provision for employee benefits	44.82	16.76	-	-	61.58
Share issue expenses	4.30	0.35	-	-	4.65
Temporary difference on depreciation on property plant and equipment	16.27	5.50	-	-	21.77
Unearned processing fee	0.94	(0.94)	-	-	0.00
Transaction costs on Loans	258.87	92.51	-	-	351.38
Lease liabilities	0.15	(0.15)	-	-	0.00
	483.34	214.28	-	-	697.62
Deferred tax liability on account of:					
Transaction costs on borrowings	103.45	1.06	-	-	104.51
Modification (restructuring) gain on financial assets	4.64	(0.48)	-	-	4.16
Unearned processing fee	-	0.31	-	-	0.31
Lease liabilities	-	0.22	-	-	0.22
Remeasurement of gains/ (losses) on defined benefit plans	-	(0.38)	0.38	-	-
	108.09	0.73	0.38	-	109.20
	375.25	213.55	(0.38)	-	588.42

1 April 2021 to 31 March 2022

(Amount in Rs. 'Lacs')

Deferred tax assets (net)	As at 31 March 2021	Recognised in Statement of Profit and Loss	Recognised in OCI	Recognized in equity	As at 31 March 2022
Deferred tax asset on account of:					
Provision for impairment of assets	155.46	2.53	-	-	157.99
Provision for employee benefits	36.56	8.26	-	-	44.82
Share issue expenses	6.09	(1.79)	-	-	4.30
Temporary difference on depreciation on property plant and equipment	13.11	3.16	-	-	16.27
Unearned processing fee	6.58	(5.64)	-	-	0.94
Transaction costs on Loans	154.81	104.06	-	-	258.87
Lease liabilities	0.57	(0.42)	-	-	0.15
	373.18	110.16	-	-	483.34
Deferred tax liability on account of:					
Transaction costs on borrowings	100.74	2.71	-	-	103.45
Modification (restructuring) gain on financial assets	4.64	-	-	-	4.64
Remeasurement of gains/ (losses) on defined benefit plans	-	(1.89)	1.89	-	-
	105.38	0.82	1.89	-	108.09
	267.80	109.34	(1.89)	-	375.25



34 Earnings per share

(Amount in Rs. 'Lacs')

Particular	Year ended	Year ended
	31 March 2023	31 March 2022
Net profit attributable to equity holders	1,901.18	869.78
Weighted average number of equity shares outstanding for basic earnings per share	50,732,505	41,491,038
Earning per share (Basic and Diluted) in Rs.	3.75	2.10
Nominal value per share (₹)	10	10

35 Related party disclosures

Related party disclosures as required under Indian Accounting standard (Ind AS) - 24, "Related Party Disclosure" are given below.

35.1 List of related parties

Nature of relationship	Name of related party
Holding Company	Svatantra Holdings Private Limited
Entity having significant influence	Azure Jouel Private Limited
Key Managerial Personnel (KMP)	Ms. Ananyashree Birla, Chairperson Mr. Vineet Chatree, Managing Director Mr. Anil Chirania, Director Mr. Sahil Mehta, Chief Financial Officer Ms. Tasneem Mandsonwala, Company Secretary

35.2 Transactions during the period with related parties :

(Amount in Rs. 'Lacs')

Transactions with	Nature of transactions	Year ended 31 March 2023	Year ended 31 March 2022
Svatantra Holding Private Limited	Equity shares issued	7,500.00	2,000.00
Svatantra Holdings Private Limited	Corporate Guarantee given by holding company to bank for term loan taken by the Company	-	13,000.00
Azure Jouel Private Limited	Loan given	-	2,000.00
Azure Jouel Private Limited	Loan repaid	-	2,000.00
Azure Jouel Private Limited	Interest income	-	13.11
Mr. Sahil Mehta	Remuneration	51.68	37.95
Ms. Tasneem Mandsonwala	Remuneration	12.14	9.83

Note:

1. There is no outstanding balance with related parties except corporate gurantee as at 31 March 2023 of Rs 17,600. (previous year Rs 17,600)

2. Employee benefits in relation to gratuity are calculated at the Company level and hence not considered in above disclosure.

36 Capital management

The Company's capital management strategy is to effectively determine, raise and deploy capital to cover risk inherent in business and is meeting the capital adequacy requirements of National Housing Bank (NHB). The same is done through a mix of either equity and / or combination of short term / long term debt as may be appropriate. The Company determines the amount of capital required on the basis of operations and capital expenditure. The adequacy of the Company's capital is monitored using, among other measures, that includes the regulations issued by NHB.



The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The Tier-I capital, at any point of time, shall not be less than 10 per cent. The total of Tier-II capital, at any point of time, shall not exceed 100 per cent of Tier-I capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 per cent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio. The Company's policy is in line with Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 which currently permits HFCs to borrow up to 12 times of their net owned funds ("NOF").

There is no allocation of capital required as Company is primarily operating in single segment i.e. financing. . The Company's policies in respect of capital management is regularly reviewed by Board of Directors.

Regulatory capital

(Amount in Rs. 'Lacs')

Particulars	As at 31 March 2023	As at 31 March 2022
Equity share capital	6,379.81	4,639.16
Securities premium	15,085.58	9,334.66
Retained earnings	4,701.34	3,373.77
Statutory reserves	2,162.11	1,587.38
Less:		
- Deferred Revenue Expenditure (represent	(132.10)	(118.58)
- Intangible Asset (including under	(11.79)	(2.83)
-Deferred tax Asset	(588.42)	(375.25)
Tier I Capital	27,596.52	18,438.31
- Loss Allowances for loans - Stage -I	232.32	106.36
-Subordinated Liabilities	2,600.00	2,000.00
Tier II Capital	2,832.32	2,106.36
Tier I + Tier II Capital	30,428.84	20,544.67

The Company has complied in full with all its externally imposed capital requirements over the reported period.

Loan covenants

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breach in meeting these financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the current period. Loan covenants mainly include minimum CRAR of 15% (Previous year 14%), ratio of total outstanding liability to total net worth to be less than or equal to 12 times (previous year 13 times) etc.

37 Fair value measurement

37.1 Financial instruments by category

(Amount in Rs. 'Lacs')

Particulars	Category	As at 31 March 2023	As at 31 March 2022
Financial assets:			
Cash and cash equivalents	Amortised Cost	17,399.12	7,849.55
Bank balance other than cash and cash equivalents	Amortised Cost	5,251.33	6,045.33
Loans	Amortised Cost	151,464.11	112,428.87
Other financial assets	Amortised Cost	213.93	166.58
Total financial assets		174,328.49	126,490.33
Financial liabilities:			
Trade payables	Amortised Cost	33.52	29.93
Other payables	Amortised Cost	143.29	92.74
Debt securities	Amortised Cost	10,784.36	11,754.39
Borrowings (other than debt securities)	Amortised Cost	131,398.95	92,914.62
Subordinated Liabilities	Amortised Cost	3,000.00	2,000.00
Lease Liabilities	Amortised Cost	265.00	118.10
Other financial liabilities (excluding lease liabilities)	Amortised Cost	357.94	385.46
Total financial liabilities		145,983.06	107,295.24



37.2 Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting standard. These three levels are defined based on the observability of significant inputs to the measurement, as follows.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

37.3 Financial assets and liabilities measured at amortised cost at each reporting date

The carrying value of cash and cash equivalents, other bank balances, other financial assets, trade payables and other payables and other financial liabilities are considered to be approximately equal to the fair value due to their short term maturities.

(Amount in Rs. 'Lacs')

Particulars	As at 31 March 2023		As at 31 March 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets measured at amortised cost				
Cash and cash equivalent	17,399.12	17,399.12	7,849.55	7,849.55
Bank balance other than cash and cash equivalents	5,251.33	5,251.33	6,045.33	6,045.33
Loans	151,464.11	152,860.26	112,428.87	113,457.44
Other financial assets	213.93	213.93	166.58	166.58
Total financial assets	174,328.49	175,724.64	126,490.33	127,518.90
Financial liabilities:				
Trade payables	33.52	33.52	29.93	29.93
Other payables	143.29	143.29	92.74	92.74
Debt securities	10,784.36	11,190.2	11,754.39	12,266.10
Borrowings (other than debt securities)	131,398.95	131,788.54	92,914.62	93,247.53
Subordinated Liabilities	3,000.00	3,146.62	2,000.00	2,128.96
Lease Liabilities	265.00	265.00	118.10	118.10
Other financial liabilities (excluding lease liabilities)	357.94	357.94	385.46	385.46
Total financial liabilities	145,983.06	146,925.10	107,295.24	108,268.82

i) Loans - All the loans given are at variable rate of interest and hence, the fair value of floating rate loans are deemed to be equivalent to the carrying value.

ii) Borrowings - In case of floating rate borrowings its fair value are deemed to be equivalent to the carrying value adjusted with un-amortize transaction cost.

In case of fixed rate borrowings the fair value are considered equivalent to the carrying value as there is no material difference in interest rates.

iii) Debt securities are fixed liabilities - The fair value of debt securities are determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans (Level 3 inputs).



38 Financial risk management

Risk Management

The Company is exposed to certain financial risks namely credit risk, liquidity risk and market risk i.e. interest risk, foreign currency risk and price risk. The Company's primary focus is to achieve better predictability of financial markets and minimize potential adverse effects on its financial performance by effectively managing the risks on its financial assets and liabilities.

The Principal objective in Company's risk management processes is to measure and monitor the various risks associated with the Company's and to follow policies and procedures to address such risks. The Company's risk management framework is driven by its Board and its sub-committees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. The Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, valuation of collateral, technical and legal verifications, conservative loan to value, and required term cover for insurance.

A Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities –debt securities, borrowing, trade payables and other financial liabilities. The Company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The tables below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities:

As at 31 March 2023 (Amount in Rs. 'Lacs')

	Within 1 year	1 - 5 years	5 - 10 years	Beyond 10 years	Total
Trade payables	33.52	-	-	-	33.52
Other payables	143.29	-	-	-	143.29
Debt securities*	5,716.82	6,355.57	-	-	12,072.39
Borrowings (other than debt securities)*	44,220.38	103,387.04	10,236.58	-	157,843.99
Subordinated Liabilities*	285.39	3,108.90	1,023.95	-	4,418.23
Lease liabilities*	106.85	173.80	-	-	280.65
Other financial liabilities	355.48	-	-	-	355.48
Total	50,861.73	113,025.30	11,260.52	-	175,147.55

*Includes interest payment

As at 31 March 2022 (Amount in Rs. 'Lacs')

	Within 1 year	1 - 5 years	5 - 10 years	Beyond 10 years	Total
Trade payables	29.93	-	-	-	29.93
Other payables	92.74	-	-	-	92.74
Debt securities*	2,099.43	11,897.51	-	-	13,996.94
Borrowings (other than debt securities)*	28,972.62	76,784.52	4,993.45	-	110,750.59
Subordinated Liabilities*	190.00	760.00	2,159.29	-	3,109.29
Lease liabilities	57.77	82.59	-	-	140.37
Other financial liabilities	111.64	-	-	-	111.64
Total	31,554.12	89,524.63	7,152.74	-	128,231.49

*Includes interest payment

B Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company is not exposed to foreign currency exposure.

(ii) Interest rate risk

The Company is subject to interest rate risk, since the rates of loans and borrowing might fluctuate over the tenure of instrument. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seek to optimize borrowing profile between short-term and long-term loans. The liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks. Loans given to customers are at floating rate of interest.



Details of loans and borrowings

(Amount in Rs. 'Lacs')

Particulars	As at 31 March 2023	As at 31 March 2022
Loans (variable)	151,464.11	112,428.87
Total loans (variable)	151,464.11	112,428.87
Borrowings, debt securities and subordinate Liabilities		
Borrowings (variable)	131,398.95	92,914.62
Debt securities and subordinate Liabilities (fixed rate)	13,784.36	13,754.39
Total borrowings	145,183.31	106,669.01

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's Statement of profit and loss:

(Amount in Rs. 'Lacs')

Interest rate sensitivity*	Impact on profit before tax	
	Year ended 31 March 2023	Year ended 31 March 2022
Loans		
Increase by 50 basis points	757.32	562.14
Decrease by 50 basis points	(757.32)	(562.14)
Borrowings		
Increase by 50 basis points	(656.99)	(464.57)
Decrease by 50 basis points	656.99	464.57

* Holding all other variables as constant

(iii) Price risk

Exposure

The Company's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit and loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets. The Company do not have any investment as on balancesheet date either at fair value through other comprehensive income or at fair value through profit and loss.

C Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk management

Credit quality of assets

Credit risk is the single largest risk for the Company's business. Management therefore carefully manages its exposure to credit risk. A centralised risk management function oversees the risk management framework, which periodically presents an overview of credit risk of portfolio to the Risk Management Committee.

Credit-worthiness is checked and documented prior to signing any contracts, based on market information. Management endeavours to improve its underwriting standards to reduce the credit risk the Company is exposed to from time to time.

Expected Credit loss (ECL):

Credit Quality of Loans assets:

The following table sets out information about credit quality of loans measured at amortised cost based on days past due information. The amount represents gross carrying amount.

(Amount in Rs. 'Lacs')

	31-March-23	31-March-22
Gross carrying value		
Stage 1	145,965.05	107,810.74
Stage 2	3,449.41	3,373.03
Stage 3	3,145.79	1,872.84
Total Gross carrying value as at reporting date	152,560.25	113,056.61



Management of credit risk for financial assets

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated deposits from banks and financial institutions across the country.

Other financial assets measured at amortized cost

Other financial assets measured at amortised cost includes loans and advances to employees security deposits insurance claim receivables and other recoverable. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Loans

The Company closely monitors the credit-worthiness of the borrower's through internal systems and appraisal process to assess the credit risk and define credit limits of borrower thereby limiting the credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. These processes include a detailed appraisal methodology identification of risks and suitable structuring and credit risk mitigation measures. The Company assesses increase in credit risk on an ongoing basis for amounts loan receivables that become past due and default is considered to have occurred when amounts receivable become 90 days past due. The Company has restructured or rescheduled in the terms of the certain loan accounts in the current year on account of COVID-19 related restructuring measures prescribed by the Reserve Bank of India. This has resulted in increased management estimation over determination of losses for such restructured loans.

Collective assessment of ECL

Since the Company is into retail lending business to rural and semi-urban areas which are greater in number but lesser in value, there is no significant credit risk of any individual customer that may impact Company adversely, and hence the Company has calculated its ECL allowances on a collective basis. ECL assessment has been done on an individual basis on the Company's insignificant exposure on corporate and builder loans.

Inputs considered in the ECL model

Definition of default

The Company considers a financial instrument as defaulted and considers it as Stage 3 (credit-impaired) for expected credit loss (ECL) calculations, when the assets become more than 90 days past due on its contractual payments and these assets continue to be classified as Stage 3 till the entire overdues are received, in accordance with the RBI guidelines and the ECL Policy.

Exposure at default (EAD)

The EAD represents expected outstanding exposure subject to credit risk at the period/date, when default is considered. The Company does cash flow mapping based on contractual maturity for loans in Stage II, using the exposure at default in future years and the probability of default estimation based on macro variables. For stage I and stage III, as an approximation balance sheet outstanding is used.

Loss given default (LGD)

It is defined as the percentage risk of exposure that is not expected to be recovered in the event of default. Based on an analysis of historical data, the Company has estimated the loss given default, using historical recovery experience, potential sale proceed and recovery cost. This is referred to as the workout method. Such recoveries are discounted using interest rate of the loans. While calculating LGD percentage, 100% recoveries are estimated for the cases where the recoveries are absolutely certain to happen within a short period of time.

Probability of Default (PD)

"Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 asset's a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. Historical DPD data is utilized to calculate through the cycle PD. PD analysis tracks the migration behaviour of a static pool of loans active at the end of each year across different buckets- Current, 1-29 DPD, 30-59 DPD, 60-89 DPD, 90+ DPD for the 12 month and lifetime period.

Forward looking information

Forward looking information is incorporated in the measurement of probability of default and consequently in measurement of ECL. The Vasicek model is used for converting the TTC (Through-the-Cycle) PD into FC (Forecast) PD. The model calculates an AC (Asset Correlation) factor and converts the probability using the macro-economic variable selected which is GDP growth rate. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of GDP growth rate as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

Further, in the global pandemic Covid 19, management overlays are applied in determining forward looking scenarios. It is considered by evaluating all relevant internal and reasonably available external data namely Industrial research by various credit rating agencies.



Significant increase in credit risk

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the loan exposure. However, unless identified at an earlier stage, the Company have determined all assets are deemed to have suffered a significant increase in credit risk when 30 days past due.

The Company have also conducted a quantitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the covid 19 pandemic scenario, based on analysis of percentage increase in probability of default.

Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of Profit or Loss.

Collateral

The Company holds collateral to mitigate credit risk associated with financial assets. The main types of collateral include residential properties. The collateral presented relates to instruments (individual loans) that are measured at amortised cost.

(Amount in Rs. 'Lacs')

Particular	Category of Collateral	As at 31 March 2023	As at 31 March 2022
Financial Assets-Loans*	Properties (amount of collateral)	267,027.12	186,634.55

*Collateral held against Stage 3 Assets of Rs 5,667.30 Lacs (as at 31 March 2022 Rs. 3318.67 Lacs)

Credit Risk exposure

i) Expected credit losses for financial assets other than loans

(Amount in Rs. 'Lacs')

As at 31 March 2023	Estimated gross carrying amt at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	17,399.12	-	17,399.12
Bank balances other than cash and cash equivalents	5,251.33	-	5,251.33
Security deposits	63.11	-	63.11
Other financial assets	108.12	-	108.12

As at 31 March 2022	Estimated gross carrying amt at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalent	7,849.55	-	7,849.55
Bank balances other than cash and cash equivalents	6,045.33	-	6,045.33
Security deposits	56.25	-	56.25
Other financial assets	67.31	-	67.31

ii) Expected credit loss for loans

Changes in the gross carrying amount and the corresponding ECL allowances in relation to loans from beginning to end of reporting period:

(Amount in Rs. 'Lacs')

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at April 1 2021	77,901.28	2,133.78	1,442.69
Assets originated	46,746.58	186.69	38.42
Net transfer between stages			
Transfer to stage 1	909.12	(819.55)	(89.57)
Transfer to stage 2	(2,504.22)	2,552.97	(48.75)
Transfer to stage 3	(666.61)	(309.62)	976.23
Reclassified to other financial assets (also refer note 6)	-	-	(43.02)
Assets derecognised or collected (excluding write offs)	(14,575.41)	(371.24)	(403.16)
Gross carrying amount as at March 31 2022	107,810.74	3,373.03	1,872.84
Assets originated	73,784.53	308.47	432.75
Net transfer between stages			
Transfer to stage 1	2,076.38	(1,940.56)	(135.82)
Transfer to stage 2	(2,935.75)	2,938.06	(2.31)
Transfer to stage 3	(1,166.74)	(449.52)	1,616.26
Reclassified to other financial assets (also refer note 6)	-	-	-
Assets derecognised or collected (excluding write offs)	(33,604.11)	(780.07)	(637.93)
Gross carrying amount as at March 31 2023	145,965.05	3,449.41	3,145.79

Reconciliation of loss allowance provision from beginning to end of reporting period:

Particulars	Stage 1	Stage 2	Stage 3*
Loss allowance as on April 1 2021	263.85	134.76	219.07
Assets originated	47.41	150.39	152.37
Net transfer between stages			
Transfer to stage 1	60.72	(47.12)	(13.60)
Transfer to stage 2	(10.07)	17.47	(7.40)
Transfer to stage 3	(2.63)	(20.75)	23.38
Assets derecognised or collected (excluding write offs)	(252.92)	(31.65)	(55.54)
Loss allowance as on March 31 2022	106.36	203.10	318.28
Assets originated	145.17	118.94	451.84
Net transfer between stages			
Transfer to stage 1	139.01	(115.93)	(23.08)
Transfer to stage 2	(108.67)	109.06	(0.39)
Transfer to stage 3	(2.07)	(28.84)	30.91
Assets derecognised or collected (excluding write offs)	(47.48)	(133.76)	(66.20)
Loss allowance as on March 31 2023	232.32	152.57	711.36

*738 loan accounts in stage 3 as on 31 March 2023.

Concentration of loans

The Company monitors concentration of credit risk on the basis of housing/Non housing in which the borrower operates:

Concentration by type of loan	As at 31 March 2023	As at 31 March 2022
Housing	134,932.68	104,568.52
Non housing	17,590.89	8,454.80
Gross carrying Amount	152,523.57	113,023.32

39 Retirement benefit plans

(A) Defined benefit obligation

The Company has the following defined benefits plans:

Gratuity (non - funded)

As per Ind AS-19 'Employee Benefits', the disclosure of Employee benefits as defined in the Standard are given below:

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:

39.1 Particulars	As at 31 March 2023	As at 31 March 2022
Actuarial assumptions		
Mortality rate	Indian Assured Lives(2012-14) Ultimate Mortality Rates	Indian Assured Lives(2012-14) Ultimate Mortality Rates
Discount rate (per annum)	7.50%	7.25%
Rate of salary increase	7.50%	7.50%
Withdrawal (Rate of employee turnover)	1% at all ages	1% at all ages

(Amount in Rs. 'Lacs')

39.2 Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of the year	147.28	128.89
Interest expense	10.68	8.70
Current service cost	49.68	35.13
(Benefit Paid From the Fund)	(9.20)	(17.96)
(Benefit paid directly by the employer)	-	-
Actuarial (gains) / losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains) / losses on obligations - due to change in financial assumptions	(9.00)	(14.48)
Actuarial (gains) / losses on obligations - due to experience	7.50	7.00
Present value of obligation at the end of the year	196.94	147.28



(Amount in Rs. 'Lacs')

39.3 Particulars	As at 31 March 2023	As at 31 March 2022
Assets and liabilities recognised in the balance sheet		
Present value of the defined benefit obligation at the end of the year	196.94	147.28
Funded status - deficit	-	-
Net (liability) / asset recognised in the balance sheet	196.94	147.28

39.4 Expenses recognised in the Statement of Profit and Loss

(Amount in Rs. 'Lacs')

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current service cost	49.68	35.13
Past service cost	-	-
Net interest (income)/ expense	10.68	8.70
Net gratuity cost recognised in the current year	60.36	43.83

39.5 Expenses recognised in the statement of Other comprehensive income (OCI)

(Amount in Rs. 'Lacs')

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Actuarial loss on post employment benefit obligation	1.50	7.48
Total remeasurement cost for the year recognised in OCI	1.50	7.48

39.6 Reconciliation of net asset / (liability) recognised:

(Amount in Rs. 'Lacs')

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening Net Liability	147.28	128.89
Expenses recognised at the end of period	60.36	43.83
Amount recognised in other comprehensive income	(1.50)	(7.48)
Net Liability / (Asset) Transfer In	-	-
Net (Liability) / Asset Transfer Out	-	-
Benefit paid	(9.20)	(17.96)
Employer's Contribution	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	196.94	147.28

39.7 Sensitivity Analysis:

(Amount in Rs. 'Lacs')

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Delta effect of +1% change in rate of discounting	(165.66)	(122.95)
Delta effect of -1% change in rate of discounting	236.27	178.07
Delta effect of +1% change in rate of salary increase	235.87	177.62
Delta effect of -1% change in rate of salary increase	(165.40)	(122.85)

39.8 Maturity analysis of projected benefit obligation

(Amount in Rs. 'Lacs')

Year	For the year ended 31 March 2023	For the year ended 31 March 2022
1 year	15.98	12.28
Sum of years 2 to 5	9.50	6.57
Sum of years 6 to 10	28.75	16.86
Sum of years 11 and above	914.76	687.97

(B) Defined contribution plan

The Company contributes towards provident fund for employees which is the defined contribution plan for qualifying employees. Under this Scheme, the Company is required to contribute specified percentage of the payroll cost to fund the benefits. The Company has recognised Rs. 136.62 Lacs and Rs.91.54 Lacs towards provident fund contributions in the Statement of Profit and Loss for the year ended 31 March 2023 and 31 March 2022, respectively.



40 Leases

Company as lessee

The Company's leased assets primarily consist of leases for office premises & guest houses. Leases of office premises and guest houses generally have lease term between 1 to 5 years. The Company has applied short term exemption for leases for premises accordingly are excluded from Ind AS 116.

- (i) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

(Amount in Rs. 'Lacs')

Particulars	Total
As at 1 April 2021	97.71
Additions	98.14
Deletion during the year	(33.66)
Depreciation expenses for the year	(44.68)
As at March 31, 2022	117.51
Additions	223.86
Deletion during the year	-
Depreciation expenses for the year	(75.51)
As at March 31, 2023	265.86

- (ii) Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

(Amount in Rs. 'Lacs')

Particulars	Total
As at 1 April 2021	99.99
Additions	95.38
Accretion of interest	10.68
Deduction	(21.41)
Payment	(66.53)
As at March 31, 2022	118.10
Additions	213.09
Accretion of interest	16.69
Deduction	0.46
Payment	(83.34)
As at March 31, 2023	265.00

The maturity analysis of lease liabilities are disclosed in Note 46.

The effective interest rate for lease liabilities is 11%, with maturity between 2021-2026

- (iii) The following are the amounts recognised in profit or loss:

(Amount in Rs. 'Lacs')

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation expense of right-of-use assets	75.50	59.39
Finance cost on lease liabilities	16.69	10.68
Expense relating to short-term leases (included in other expenses)	18.95	11.89
Expense relating to leases of low-value assets (included in other expenses)	-	-
Variable lease payments (if any, included in other expenses)	-	-

The Company had total cash outflows for leases of Rs.83.34 Lacs in FY 2022-23 (Rs 78.42 Lacs in FY 2021-22).

41 Segment information

41.1 Business segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM regularly monitors and reviews the operating result of the whole Company as one segment of "Financing". Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment.

41.2 Entity wide disclosures

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in year ended 31 March 2023 and 31 March 2022.

The Company operates in single geography i.e. India and therefore, geographical information is not required to be disclosed separately.



42 Contingent liabilities and commitments

- I. Contingent Liabilities: Rs. 114.86 Lacs* (as at March 31, 2022 Rs. 113.80 Lacs)
- II. Capital Commitments : Rs. 3.60 Lacs (as at March 31, 2022 Rs. Rs. 7.56 Lacs)
- III. Undrawn Commitment given to Borrowers: Rs. 15,992.09 Lacs (as at March 31, 2022 Rs.14,132.88 Lacs)
- IV. Bank guarantee issued by Banks favoring the NHB for refinance facilities: Rs. 2,175 Lacs (as at March 31, 2022 Rs. 2,972.61 Lacs)

* Includes disputed income tax demand against which the Company has preferred an appeal before Commissioner of Income Tax (Appeals) of Rs 113.80 Lacs (as at March 31, 2022 Rs. 113.80 Lacs)

43 Principal Business Criteria

Principal business criteria RBI vide its circular Number RBI/2020-21/60/DOR/NBFC (HFC) CC No 118/03.10.136/2020-21 dated October 22, 2020 has defined Principal Business Criteria for HFCs. Details of principal business criteria as on March 31, 2023 is as follows.

Particulars	As at 31 March 2023	As at 31 March 2022
% of total asset towards housing finance	76.65%	82.05%
% of total asset towards housing finance for individuals	75.01%	80.40%
Total		

- 44 Following disclosures as required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 has been made to the extent information available with the Company :

(Amount in Rs. 'Lacs')

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-



Svatantra Micro Housing Finance Corporation Limited
Notes to the financial statements for the year ended 31 March 2023

45 Corporate social responsibility (CSR) expenditure

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The areas for CSR activities are eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water, promoting education, promoting gender equality, empowering women and ensuring environmental sustainability.

45.1 Amount spent during the year on:

(Amount in Rs. 'Lacs')

Particulars	31-Mar-23			31-Mar-22		
	Amount spent	Amount unpaid/ provision	Total	Amount spent	Amount unpaid/ provision	Total
Construction /acquisition of any asset	-	-	-	-	-	-
On purpose other than above	7.43	10	17.43	13.14	3.00	16.13

45.2 In case of Section 135(5) unspent amount:

(Amount in Rs. 'Lacs')

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
12.21	Not Applicable	17.43	12.18	17.46

45.3 In case of Section 135(5) excess amount spent

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
Not Applicable			

45.4 In case of Section 135(6) details of ongoing projects

(Amount in Rs. 'Lacs')

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR unspent Account		From Company's Bank Account	In Separate CSR unspent Account	With Company	In Separate CSR unspent Account
2.995	9.21	17.43	7.43	4.75	10.00	7.46

Note: Rs 10.00 lacs available with the Company as of 31 March 2023 has been transferred to the unspent CSR account on 26 April 2023.

(Amount in Rs. 'Lacs')

Nature of Expense on Corporate social responsibility	Year ended 31 March 2023	Year ended 31 March 2022
	Housing Urban Poor	7.43
Mask Distribution	-	-
Promoting preventive health care and sanitation	-	6.14
	7.43	13.14



46 Maturity analysis of assets and liabilities

Assets	As at 31 March 2023			As at 31 March 2022		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Financial assets						
Cash and cash equivalents	17,399.12	-	17,399.12	7,849.55	-	7,849.55
Bank balances other than cash and cash equivalents	5,251.33	-	5,251.33	1,465.09	4,580.24	6,045.33
Loans	12,922.76	138,541.35	151,464.11	10,645.76	101,783.11	112,428.87
Other financial assets	184.78	29.15	213.93	141.56	25.02	166.58
Non financial assets						
Current tax assets (net)	-	-	-	-	11.26	11.26
Deferred tax assets (net)	-	588.42	588.42	-	375.25	375.25
Investment property	-	2.51	2.51	-	2.51	2.51
Property, plant and equipment	-	111.67	111.67	-	86.33	86.33
Intangible assets under development	-	10.18	10.18	-	2.83	2.83
Right of use asset	-	265.87	265.87	-	117.51	117.51
Other intangible assets	-	1.61	1.61	-	-	-
Other non financial assets	133.66	-	133.66	125.25	-	125.25
Total assets	35,891.65	139,550.76	175,442.41	20,227.21	106,984.06	127,211.27
Liabilities						
Financial liabilities						
Trade payables						
- Total outstanding dues of micro enterprises and small enterprises						
- Total outstanding dues of creditors other than micro enterprises and small enterprises	33.52	-	33.52	29.93	-	29.93
Other payables	143.29	-	143.29	92.74	-	92.74
Debt securities	5,000.00	5,784.36	10,784.36	995.29	10,759.10	11,754.39
Borrowings	34,129.72	97,269.23	131,398.95	22,252.22	70,662.40	92,914.62
Subordinated Liabilities	-	3,000.00	3,000.00	-	2,000.00	2,000.00
Other financial liabilities	449.50	173.44	622.94	434.05	69.51	503.56
Non financial liabilities						
Provisions	24.08	226.31	250.39	13.63	164.44	178.07
Other non financial liabilities	189.84	-	189.84	112.71	-	112.71
Total liabilities	39,969.95	106,453.34	146,423.29	23,930.57	83,655.45	107,586.02
Net Equity	(4,078.30)	33,097.42	29,019.12	(3,703.36)	23,328.61	19,625.25



47 Comparison between IRACP and impairment allowance made under IND AS 109 as at 31 March 2023

(Amount is in Rs. 'Lacs')

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms*	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
	Stage 1	145,965.05	232.32	145,732.73	514.93	(282.61)
	Stage 2	3,449.41	152.57	3,296.84	33.23	119.34
Subtotal		149,414.46	384.89	149,029.57	548.16	(163.27)
Non performing assets						
Substandard	Stage 3	1,863.75	406.72	1,457.03	268.64	138.08
Doubtful - upto 1 year	Stage 3	635.01	150.82	484.19	166.53	(15.71)
1 to 3 years	Stage 3	556.94	132.40	424.54	225.66	(93.26)
More than 3 years	Stage 3	90.09	21.42	68.67	90.93	(69.51)
Subtotal of doubtful		3,145.79	711.36	2,434.43	751.76	(40.40)
Loss	Stage 3	-	-	-	-	-
Subtotal of NPA		-	-	-	751.76	(40.40)
Total						
	Stage 1	145,965.05	232.32	145,732.73	514.93	(282.61)
	Stage 2	3,449.41	152.57	3,296.84	33.23	119.34
	Stage 3	3,145.79	711.36	2,434.43	751.76	(40.40)
	Total	152,560.25	1,096.25	151,464.00	1,299.92	(203.67)

* Including addition provision as per RBI guideline

Comparison between IRACP and impairment allowance made under IND AS 109 as on 31 March 2022

(Amount is in Rs. 'Lacs')

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms*	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
	Stage 1	107,810.74	106.36	107,704.38	754.05	(647.69)
	Stage 2	3,373.03	203.10	3,169.93	93.94	109.16
Subtotal		111,183.77	309.46	110,874.31	847.99	(538.53)
Non performing assets						
Substandard	Stage 3	977.38	166.06	811.32	150.10	15.96
Doubtful - upto 1 year	Stage 3	505.06	85.85	419.21	131.01	(45.16)
1 to 3 years	Stage 3	344.58	58.58	286.00	142.69	(84.11)
More than 3 years	Stage 3	45.82	7.79	38.03	46.23	(38.44)
Subtotal of doubtful		1,872.84	318.28	1,554.56	470.03	(151.75)
Loss	Stage 3	-	-	-	-	-
Subtotal of NPA		-	-	-	470.03	(151.75)
Total						
	Stage 1	107,810.74	106.36	107,704.38	754.05	(647.69)
	Stage 2	3,373.03	203.10	3,169.93	93.94	109.16
	Stage 3	1,872.84	318.28	1,554.56	470.03	(151.75)
	Total	113,056.61	627.74	112,428.87	1,318.02	(690.28)

* Including addition provision as per RBI guideline



48.1 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

48.2 Business model assessment

The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. Based on this assessment of current conditions and future business plans of the Company, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (the 'SPPI criterion'). This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Expected credit loss ('ECL')

The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss:

Determining criteria for significant increase in credit risk;

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and

Establishing groups of similar financial assets for the purposes of measuring ECL.

Development of ECL model, including the various formulae and the choice of inputs

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary

Provisions

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Contingencies:

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

48.3 Significant estimates

Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.



48.4 Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses. The assumptions used are disclosed in Note 40.

48.5 Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. For further details about determination of fair value please see Note 37.

48.6 Determining the lease term of contracts with renewal and termination options – Company as lessee

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

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

When it is reasonably certain to exercise extension option and not to exercise termination option, the Company includes such extended term and ignore termination option in determination of lease term.

48.7 Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The Company has taken indicative rates from its bankers and used them for Ind AS 116 calculation purposes.

48.8 Estimation of uncertainty relating to COVID-19 global health pandemic

In assessing the recoverability of loans, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the company's best estimate of the recoverable amounts. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to monitor any changes to the future economic conditions.



- 49 Disclosure pursuant to Reserve Bank of India Circular DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated December, 2021 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies- Housing Finance Companies as on 31 March 2023

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr No.	Number of Significant Counterparties	Amount (Rs. crore)	% of Total deposits	% of Total Liabilities
1	27	1,399.02	-	95.6%

*Note : Total Liabilities has been computed as Total Liabilities less Equity share capital less Other Equity

ii) Top 20 large deposits (amount in Rs. crore and % of total deposits)

Sr No	Number Of Counter Party	Amount In Cr	% of total deposits
Nil			

iii) Top 10 borrowings (amount in Rs. crore and % of total borrowings)

Sr No	Number Of Counter Party	Amount In Cr	% of total Borrowing
1	10	818.41	56.36%

iv) Funding Concentration based on significant instrument/product

Sr No.	Name of the instrument/product	Amount (Rs. crore)	% of Total Liabilities
1	Non Convertible Debenture	137.88	9.42%
2	Bank Loans	1,261.14	86.15%

(v) Stock Ratios:

Particulars	%
(a) Commercial papers as a % of total public funds	0.00%
(b) Commercial papers as a % of total liabilities	0.00%
(c) Commercial papers as a % of total assets	0.00%
(b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds	0.00%
(c) Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0.00%
(d) Non-convertible debentures (original maturity of less than one year) as a % of total assets	0.00%
(c) Other short-term liabilities, if any as a % of total public funds	0.00%
(c) Other short-term liabilities, if any as a % of total liabilities	26.72%
(c) Other short-term liabilities, if any as a % of total assets	22.30%

(vi) Institutional set-up for liquidity risk management

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors has established the Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.



50 Disclosure of details as required by Notification No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 Disclosures in Financial Statements- Notes to Accounts of NBFCs dated April 19, 2022

50.1 Sectoral exposure

Particulars	2022-23			2021-22		
	Total Exposure (includes on balance sheet and off balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and offbalance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services						
i. Commercial Real Estate	3,526.33	258.73	7.34%	2,590.43	-	-
Total of Services	3,526.33			2,590.43		
4. Personal loans						
i. Individual Housing (Including Priority Sector Housing)	146,742.75	2,688.97	1.83%	115,633.51	1,872.84	1.62%
ii. Loan Against Property	18,246.58	198.10	1.09%	8,932.25	55.67	0.62%
iii. Loan to Employees	36.79	-	0.00%	33.29	-	0.00%

50.2 Related Party

i) For the period April 2022 to March 2023

Particulars	Holding Company	Subsidiary	Associate / Joint Ventures	Key Managerial Personnel (KMP)	Relative of KMP	Others	Total	Maximum outstanding during the year
Borrowings	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Purchase of fixed / other assets	-	-	-	-	-	-	-	-
Sale of fixed / other assets	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-
Others								
Inter Corporate Deposit Given	-	-	-	-	-	-	-	-
Inter Corporate Deposit received	-	-	-	-	-	-	-	-

ii) For the period April 2021 to March 2022

Particulars	Holding Company	Subsidiary	Associate / Joint Ventures	Key Managerial Personnel (KMP)	Relative of KMP	Others	Total	Maximum outstanding during the year
Borrowings	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Purchase of fixed / other assets	-	-	-	-	-	-	-	-
Sale of fixed / other assets	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-
Others								
Inter Corporate Deposit Given*	-	-	2,000.00	-	-	-	2,000.00	-
Inter Corporate Deposit received*	-	-	2,000.00	-	-	-	2,000.00	-

50.3 Disclosure of complaints

1. Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Particulars	As at 31 March 2023	As at 31 March 2022
Complaints received by the NBFC from its customers		
1) Number of complaints pending at beginning of the year	0	0
2) Number of complaints received during the year	8	8
3) Number of complaints disposed during the year	8	8
Of which, number of complaints rejected by the NBFC	0	0
4) Number of complaints pending at the end of the year	0	0
Maintainable complaints received by the NBFC from Office of Ombudsman		
5) Number of maintainable complaints received by the NBFC from Office of Ombudsman	NA	NA
Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	NA	NA
Of 5, number of complaints resolved through reconciliation/mediation/agreements issued by Office of Ombudsman	NA	NA
Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	NA	NA
Number of Awards unimplemented within the stipulated time (other than those appealed)	NA	NA



2. Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Rate of Interest	-	3	0%	-	-
CLSS Subsidy not received	-	5	0%	-	-



Disclosure of details as required by Notification No. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17,2021 under Master Direction-Non-Banking Financial Company - Housing Company (Reserve Bank) Directions, 2021.

51 Capital to risk assets ratio ('CRAR')

The following table sets forth, for the periods indicated, the details of capital to risk assets ratio under NHB Guidelines:

Particulars	As at 31 March 2023	As at 31 March 2022
i) CRAR (%)	38.56%	35.66%
ii) CRAR – Tier I Capital (%)	34.97%	32.01%
iii) CRAR – Tier II Capital (%)	3.59%	3.65%
iv) Amount of subordinated debt raised as Tier - II capital	2,600.00	2,000.00
v) Amount raised by issue of Perpetual Debt Instruments	-	-

52 Reserve fund under section 29C of NHB Act, 1987

(Amount in Rs. 'Lacs')

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of NHB Act, 1987	46.88	46.88
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	1,540.49	1,281.32
	1,587.38	1,328.20
Addition/ Appropriation/ Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of NHB Act, 1987	-	-
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	574.73	259.17
Less:		
a) Amount appropriated from 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 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	46.88	46.88
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	2,115.22	1,540.49
c) Total	2,162.11	1,587.38

53 Investments

Particulars	As at 31 March 2023	As at 31 March 2022
Value of investments		
i) Gross value of investments		
(a) In India	-	-
(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 provision held towards depreciation on investments		
i) Opening balance	-	-
ii) Add: Provision made during the year	-	-
iii) Less: write off / written back of excess provision during the year	-	-
iv) Closing balance	-	-



Disclosure of details as required by Notification No. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17,2021 under Master Direction-Non-Banking Financial Company - Housing Company (Reserve Bank) Directions, 2021.

54 Derivatives

54.1 Forward rate agreement (FRA) / Interest rate swap (IRS)

The Company has not entered into any transaction in forward rate agreements and interest rate swaps during the year ended on 31 March 2023 and 31 March 2022.

54.2 Exchange traded interest rate (IR) derivative

The Company has not entered into any transaction in exchange traded interest rate derivatives during year ended on 31 Mar 2023 and 31 Mar 2022.

54.3 Securitisation

The Company has not entered into any Securitisation during year ended on 31 March 2023 and 31 March 2022.

55 Unsecured advances

There are no unsecured advances against intangible securities such as rights, licenses, authority as collateral security during the year ended on 31 March 2023 and 31 March 2022.

56 Disclosures on Risk Exposure in Derivatives

The Company has not entered into any derivative transaction during the year

57 Disclosure of penalties imposed by NHB/RBI and other regulators

During the year ended on 31 March 2023 and 31 March 2022, the Company has not paid any penalty for non-compliance of any provision of the Housing Finance Companies (NHB) Directions, 2010.

58 Rating assigned by credit rating agency and migration of rating

As at 31 March 2023

(i) Date of Rating	08-Jun-22	20-Jun-22	22-Mar-23
(ii) Name of Rating Agency	CRISIL Ratings Limited	CARE Ratings Limited	CARE Ratings Limited
(iii) Rating of Products			
(a) Long term Bank facilities	CRISIL A+/Stable	CARE AA-	CARE AA-/Stable
(b) Debentures	CRISIL A+/Stable	CARE AA-	CARE AA-/Stable
(c) Short term debt			CARE A1+

As at 31 March 2022

(i) Date of Rating	30-Apr-21	20-Sep-21	03-Jan-22
(ii) Name of Rating Agency	CRISIL Ratings Limited	CRISIL Ratings Limited	CRISIL Ratings Limited
(iii) Rating of Products			
(a) Long term Bank facilities	CRISIL A+/Stable	CARE A+/Stable	CARE A+/Stable
(b) Debentures	CRISIL A+/Stable	CARE A+/Stable	CARE A+/Stable
(c) Short term debt	CRISIL A1+	CRISIL A1+ (Withdrawn)	



Disclosure of details as required by Notification No. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17,2021 under Master Direction-Non-Banking Financial Company - Housing Company (Reserve Bank) Directions, 2021.

59 Provisions and contingencies

(Amount in Rs. 'Lacs')

59.1 Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	As at 31	As at 31
	March 2023	March 2022
Impairment on financial Asset		
Provision for Standard Asset - Stage I	125.96	(157.49)
Provision for Standard Asset - Stage II	(50.53)	68.34
Provision for non-performing asset (Stage-III)	524.85	129.81
Provision on Loan commitment	5.72	-
Tax expense:		
- Current tax	664.20	319.04
- Deferred tax	(213.17)	(109.34)
-Earlier year tax adjustment	-	-
Employee benefit		
Gratuity expense	60.36	43.83
Leave encashment	22.08	20.47

59.2 Break up of loan and advances and provisions thereon

(Amount in Rs. 'Lacs')

Particulars	Housing Loan		Non Housing Loan	
	As at 31	As at 31	As at 31	As at 31
	March 2023	March 2022	March 2023	March 2022
Standard assets				
a) Total outstanding amount	131,984.90	102,751.35	17,429.57	8,399.14
b) Provisions made	347.37	294.23	37.52	15.25
Sub - Standard assets				
a) Total outstanding amount	1,711.18	941.73	152.58	35.65
b) Provisions made	370.87	160.05	35.85	6.02
Doubtful assets – Category-I				
a) Total outstanding amount	605.75	494.08	29.26	10.98
b) Provisions made	143.89	83.98	6.93	1.86
Doubtful assets – Category-II				
a) Total outstanding amount	542.54	336.73	14.41	7.85
b) Provisions made	128.97	57.25	3.42	1.33
Doubtful assets – Category-III				
a) Total outstanding amount	88.24	44.63	1.85	1.18
b) Provisions made	20.98	7.57	0.44	0.20
Loss assets				
a) Total outstanding amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total outstanding amount	134,932.60	104,568.52	17,627.67	8,454.80
b) Provisions made	1,012.09	603.08	84.16	24.66

59.3 Contingent liabilities

(Amount in Rs. 'Lacs')

Particulars	As at 31	As at 31
	March 2023	March 2022
Contingent Liabilities*	114.86	113.80
Capital Commitments	3.60	7.56
Undrawn Commitment given to Borrowers	15,992.09	14,132.88
Bank guarantee issued by Bank Limited favoring the NHB for refinance facilities	2,175.00	2,972.61
Total	18,285.55	17,226.85

* Disputed income tax demand against which the Company has preferred an appeal before Commissioner of Income Tax (Appeals)



Disclosure of details as required by Notification No. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17,2021 under Master Direction-Non-Banking Financial Company - Housing Company (Reserve Bank) Directions, 2021.

60 Draw down reserves

The Company has not made any draw down from reserves during year ended 31 March 2023 and 31 March 2022.

61 Concentration of public deposits, advances, exposures and NPA's

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

The Company does not accept any public deposits and hence the same is not applicable.

61.2 Concentration of loans and advances

(Amount in Rs. 'Lacs')

Particulars	As at 31	As at 31
	March 2023	March 2022
Total loans and advances to twenty largest borrowers	3,186.57	2,545.34
Percentage of Loans and Advances to twenty largest borrowers to total advances of the HFC	2.09%	2.25%

61.3 Concentration of all exposures (including off - balance sheet exposure)

(Amount in Rs. 'Lacs')

Particulars	As at 31	As at 31
	March 2023	March 2022
Total exposure to twenty largest borrowers / customers	3,264.31	2,795.94
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on	2.14%	2.47%

61.4 Concentration of Non performing assets (NPA)

(Amount in Rs. 'Lacs')

Particulars	As at 31	As at 31
	March 2023	March 2022
Total exposure to top ten NPA accounts*	469.53	165.28

* The exposure is disclosed at customer level.

61.5 Sectorwise Non performing assets(NPAs)

(Amount in Rs. 'Lacs')

Sectorwise percentage of NPAs to total advances in that sector	As at 31	As at 31
	March 2023	March 2022
A Housing loans :	2.18%	1.61%
1 Individuals	2.04%	1.61%
2 Builders/Project loans	8.84%	Nil
3 Corporates	Nil	Nil
4 Others	Nil	Nil
B Non housing loans :	1.13%	0.05%
1 Individuals	1.13%	0.05%
2 Builders/Project loans	Nil	Nil
3 Corporates	Nil	Nil
4 Others	Nil	Nil



Disclosure of details as required by Notification No. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17,2021 under Master Direction-Non-Banking Financial Company - Housing Company (Reserve Bank) Directions, 2021.

61.6 Movement of Non performing assets(NPAs)

	(Amount in Rs. 'Lacs')	
	As at 31 March 2023	As at 31 March 2022
(I) Net NPAs to net advances (%)	1.61%	1.38%
(II) Movement of NPAs (Gross)		
a) Opening balance	1,872.84	1,442.69
b) Additions during the year (net)	2,049.01	1,014.65
c) Reductions during the year	(776.06)	(584.50)
d) Closing balance	3,145.79	1,872.84
(III) Movement of Net NPAs		
a) Opening balance	1,554.56	1,223.62
b) Additions during the year (net)	1,566.26	838.90
c) Reductions during the year	(686.39)	(507.96)
d) Closing balance	2,434.43	1,554.56
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	318.28	219.07
b) Provision made during the year (net)	482.75	175.75
c) Reductions during the year	(89.67)	(76.54)
d) Closing balance	711.36	318.28

62 Overseas Assets & Off-balance Sheet special purpose vehicle (SPVs) sponsored

The Company does not own any overseas assets as at year ended 31 March 2023 and 31 March 2022.

There are no off-balance sheet SPVs sponsored as at year ended 31 March 2023 and 31 March 2022.

63 Disclosure of complaints

	As at 31 March 2023	As at 31 March 2022
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	8	8
c) No. of complaints redressed during the year	8	8
d) No. of complaints pending at the end of	-	-

64 Asset liability management (Maturity pattern of certain items of assets and liabilities)

	(Amount in Rs. 'Lacs')		
	As at 31 March 2023		
	Borrowings from banks, financial institutions and non- convertible debentures	Loans and Advances	Investments
1 day to 7 days	219.28	1,171.36	-
8 day to 14 days	179.05	-	-
15 days to 30/31 days	5,300.97	87.70	-
Over 1 month and upto 2 months	2,551.18	1,211.26	-
Over 2 months and upto 3 months	3,167.28	1,496.03	-
Over 3 months and upto 6 months	8,336.67	2,976.49	-
Over 6 months and upto 1 year	19,375.29	5,979.92	-
Over 1 year and upto 3 years	64,358.84	23,024.63	-
Over 3 years and upto 5 years	31,180.14	23,302.04	-
Over 5 years	10,514.61	92,214.68	-
Total	145,183.31	151,464.11	-

Above disclosure is given as per RBI Master Directions



Disclosure of details as required by Notification No. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17,2021 under Master Direction-Non-Banking Financial Company - Housing Company (Reserve Bank) Directions, 2021.

(Amount in Rs. 'Lacs')

	As at 31 March 2022		
	Borrowings from banks, financial institutions and non-convertible debentures	Loans and Advances	Investments
1 day to 7 days	200.74	958.82	-
8 day to 14 days	51.99	-	-
15 days to 30/31 days	1,386.47	160.41	-
Over 1 month and upto 2 months	823.41	1,068.35	-
Over 2 months and upto 3 months	2,205.01	1,038.29	-
Over 3 months and upto 6 months	5,893.23	2,829.01	-
Over 6 months and upto 1 year	12,686.66	4,650.31	-
Over 1 year and upto 3 years	54,202.55	19,960.94	-
Over 3 years and upto 5 years	22,598.50	18,782.39	-
Over 5 years	6,620.45	63,608.09	-
Total	106,669.01	113,056.61	-

Above disclosure is given as per NHB Master Circular

Classification of assets and liabilities under different maturity buckets is based on the same estimates and assumptions as used by the Company for compiling the return submitted to NHB.

65 Exposure

65.1 Exposure to Real Estate Sector

(Amount in Rs. 'Lacs')

Category	As at 31 March 2023	As at 31 March 2022
a Direct Exposure		
i Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower that is rented;	132,006.35	102,478.09
ii Commercial Real Estate *	2,926.33	2,090.43
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;		
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)	-	-

*Builder loans given for residential project

65.2 Exposure to Capital Market

The Company does not have any Exposure to Capital Market as on 31 March 2023 and 31 March 2022

65.3 Exposure to group companies engaged in real estate business

Nil



Disclosure of details as required by Notification No. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17,2021 under Master Direction-Non-Banking Financial Company - Housing Company (Reserve Bank) Directions, 2021.

- 66 Disclosure pursuant to Reserve Bank of India notification RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 read with Notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020.

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half year 31 March 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the half end of this year^
Personal Loans*	5,533.17	642.07	-	433.49	4,482.73
Corporate persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others*	-	-	-	-	-
Total	5,533.17	642.07	-	433.49	4,482.73

As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

*Personal loans includes housing loans & non housing loans

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half year 30 September 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year
Personal Loans*	4,482.73	194.27	-	267.58	4,136.98
Corporate persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	4,482.73	194.27	-	267.58	4,136.98

As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

*Personal loans includes housing loans & non housing loans



Disclosure of details as required by Notification No. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17,2021 under Master Direction-Non-Banking Financial Company - Housing Company (Reserve Bank) Directions, 2021.

- 67 Disclosure in terms of in accordance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 issued by the Reserve Bank of India read with RBI Circular No. RBI/DNBS/2016-17/49 Master Direction DNBS. PPD.01/66.15.001/2016-17 on Monitoring of frauds in NBFCs

There were 1 cases (Previous Year Nil cases) of frauds reported during the year where amount involved was 6.38 Lacs (Previous Year 'Nil' Lacs) as on the date of identification of fraud. The entire amount of Rs 6.38 Lacs was received during the year.

- 68 Details of loans transferred / acquired during the quarter ended March 31, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

- (i) The Company has not transferred any non-performing assets (NPAs).
- (ii) The Company has not transferred any Special Mention Account (SMA) and loan not in default.
- (iii) The Company has not acquired loans not in default through assignment
- (iv) The Company has not acquired any stressed loan.

- 69 Details of financing of parent company products

Not applicable

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

The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2023 and 31 March 2022

- 71 Registration obtained from other financial sector regulators

The Company is registered with the Ministry of Corporate Affairs other financial sector regulators.

- 72 Revenue Recognition

There are no such circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

- 73 Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items and change in accounting policies except as reported in the Financial Statements.

- 74 Related party Transactions

- (i) All material transactions with related parties are disclosed in "Note 35" of the Financial Statements.
- (ii) The Company has the policy on dealing with Related Party Transactions on its website and it is disclosed on its website

- 75 Group Structure

The Company is wholly owned subsidiary of Svatantra Holdings Private Limited



- 76 Remuneration of Directors

During the year, the Company has not paid any remuneration to it's directors.

- 77 IND AS 110 -Consolidated Financial Statements (CFS)

The Company does not have any subsidiary company and hence, the CFS is not applicable.

- 78 The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The company will complete its evaluation and will give appropriate impact, if any, in the financial statements following the Code becoming effective and the related rules being framed and notified.



Disclosure of details as required by Notification No. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17,2021 under Master Direction-Non-Banking Financial Company - Housing Company (Reserve Bank) Directions, 2021.

79 Undisclosed income

There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

80 Title deeds of immovable properties not held in name of the Company

The Company does not possess any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the company during the financial year ended March 31, 2023 and March 31, 2022.

81 Details of crypto currency or virtual currency

The Company has not traded or invested in Crypto currency or Virtual currency during the financial years ended March 31,2023 and March 31, 2022.

82 Details of benami property held

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in the financial years ended March 31, 2023 and March 31, 2022.

83 Utilisation of borrowed funds and share premium

During the financial year ended March 31, 2023, other than the transactions undertaken in the normal course of business and in accordance with extant regulatory guidelines as applicable.

(i). No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii). No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

84 Analytical Ratios

	Numerator	Denominator	As at 31 March 2023	As at 31 March 2022	% Variance	Reason for Variance (If above 25%)
i) CRAR (%)	30,428.84	78,932.01	38.56%	35.66%	8.13%	NA
ii) CRAR – Tier I Capital (%)	27,596.52	78,932.01	34.97%	32.01%	9.25%	NA
iii) CRAR – Tier II Capital (%)	2,832.32	78,932.01	3.59%	3.65%	-1.64%	NA
v) Liquidity Coverage Ratio*	17,399.12	9,488.38	183.00%	197.00%	-7.11%	NA

* The Company is not required to comply with the guidelines on Liquidity coverage ratio (LCR) in line with Master Direction - Non Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021 as at 31 March 2023 and 31 March 2022.

85 Wilful defaulter

The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the financial years ended March 31, 2023 and March 31, 2022.

86 Relationship with struck off companies

The Company has not been undertaken any transactions with any company whose name is struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 in the financial years ended March 31, 2023 and March 31, 2022.

87 Registration of charges or satisfaction with Registrar of Companies (ROC)

All charges or satisfaction are registered with ROC within the statutory period for the financial years ended March 31, 2023 and March 31, 2022. No charges or satisfactions are yet to be registered with ROC beyond the statutory period.

88 Compliance with number of layers of companies

The Company does not have any investments and accordingly provision of section 186 (1) is not applicable.



Disclosure of details as required by Notification No. RBI/2020-21/100 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17,2021 under Master Direction-Non-Banking Financial Company - Housing Company (Reserve Bank) Directions, 2021.

89 Capital work in progress (CWIP)

The Company does not have any CWIP during the financial years ended March 31, 2023 and March 31, 2022 except intangible under development (Refer note 10).

89 Additional disclosures pursuant to the RBI/2021-22/112DOR.CRE.REC.No. 60/03.10.001/2021-22 dated October 22, 2021 on Scale Based Regulation (SBR) : A Revised Regulatory Framework for NBFCs

89.1 Corporate Governance report containing composition and category of directors, shareholding of non-executive directors, etc.

The Company is a non-listed NBFC and the Corporate Governance Disclosure is covered under the corporate governance/ Director reports in the Annual Report.

89.2 Breach of covenants

The Company has complied with the covenants under the terms of major borrowing facilities throughout the year ended 31 March 2023 and 31 March 2022.

89.3 Loans to Directors, Senior Officers and relatives of Directors

	As at 31 March 2023	As at 31 March 2022
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior officers and their relatives	-	-

89.4 There has been no divergence in asset classification and provisioning requirements as assessed by NHB during the year ended 31 March 2023 and 31 March 2022.

89.5 Disclosure of modified opinion, if any express by Auditors, its impact on various financial items and views of management on audit qualifications:

The statutory auditors have issued unmodified opinion for FY 2022-23 and FY 2021-22. Hence not applicable

90 Additional information where borrowings are from banks or financial institutions:

- (i) The quarterly returns filed by the company with banks or financial institutions are in agreement with the books of accounts.
- (ii) The Company has used the borrowings from the banks or financial institutions for the purpose for which it was raised as at balance sheet date.

91 Previous year's figures have been re-grouped wherever considered necessary to conform to the current year's presentation.

92 Events after reporting date:

All events subsequent to the date of the financial statements which require adjustment or disclosure as per the applicable accounting standards have been adjusted or disclosed.

Signature 1 to 92

As per our report of even date attached

For S. Bhandari & Co. LLP

Chartered Accountants

Firm's Registration No.: 000560C/C400334

Rupal Kumbhat

Rupal Kumbhat

Partner

Membership No.: 401084

Place: Jaipur

Date: 20.07.2023



For and on behalf of the Board of Directors of

Svatantra Micro Housing Finance Corporation Ltd.

Vineet Chatree

Vineet Chatree

Managing Director

DIN: 07962531

Anil Chirania

Anil Chirania

Director

DIN: 01082719

Jayesh Shah

Jayesh Shah

Chief Executive Officer

Sahil Mehta

Sahil Mehta

Chief Financial Officer

Tasneem

Tasneem Mandorwala

Company Secretary

Membership No: A34613

Place: Mumbai

Date: 20.07.2023



Schedule to the balance Sheet of HFC

		(Rs. in Lacs)	
Particulars			
Liabilities side		Amount outstanding	Amount Overdue
(1)	Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
(a)	Debentures : Secured	11,041.01	-
	Unsecured (other than falling within the meaning of public deposits)	3,016.40	-
(b)	Deferred Credits	-	-
(c)	Term Loans	131,481.38	-
(d)	Inter-corporate loans and borrowing	-	-
(e)	Commercial Paper	-	-
(f)	Public Deposits*	-	-
(g)	Other Loans (specify nature)	-	-
	* Please see Note 1 below		
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a)	In the form of Unsecured debentures	-	-
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c)	Other public deposits	-	-
	* Please see Note 1 below		
Assets side		Amount outstanding	
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a)	Secured	151,464.11	
(b)	Unsecured		-
(4)	Breakup of Leased Assets and stock on hire other assets counting towards asset financing activities		-
(i)	Lease assets including lease rentals under sundry debtors		-
(a)	Financial lease		-
(b)	Operating lease		-
(ii)	Stock on hire including hire charges under sundry debtors		-
(a)	Assets on hire		-
(b)	Repossessed Assets		-
(iii)	Other loans counting towards asset financing activities		-
(a)	Loans where assets have been repossessed		-
(b)	Loans other than (a) above		-



Break-up of Investments
Current Investments

(5)	1.	Quoted	
		(i) Shares	
		(a) Equity	-
		(b) Preference	-
		(ii) Debentures and Bonds	-
		(iii) Units of mutual funds	-
		(iv) Government Securities	-
		(v) Others (please specify)	-
	2.	Unquoted	
		(i) Shares	
		(a) Equity	-
		(b) Preference	-
		(ii) Debentures and Bonds	-
		(iii) Units of mutual funds	-
	(iv) Government Securities	-	
	(v) Others (please specify)	-	
Long Term investments			
	1.	Quoted	
		(i) Share	
		(a) Equity	-
		(b) Preference	-
		(ii) Debentures and Bonds	-
		(iii) Units of mutual funds	-
		(iv) Government Securities	-
		(v) Others (please specify)	-
	2.	Unquoted	
		(i) Shares	
		(a) Equity	-
		(b) Preference	-
		(ii) Debentures and Bonds	-
		(iii) Units of mutual funds	-
	(iv) Government Securities	-	
	(v) Others (Investment Property)	2.51	

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:

(Please see Note 2 below)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. (Related Parties)**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. (Other than related parties)	151,464.11		151,464.11
Total	151,464.11		151,464.11

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Please see Note 3 below)

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties**		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-
Total	-	-

**As per notified Accounting Standard (Please see Note 3)



(8) Other information		
	Particulars	Amount
(i)	(Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	3,145.80
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	2,434.45
(iii)	Assets acquired in satisfaction of debt	-
Notes:		
1	As defined in Paragraph 4.1.30 of these Directions.	
2	Provisioning norms shall be applicable as prescribed in these Directions.	
3.	All notified Accounting Standards are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.	

For and on behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Ltd.


Vineet Chatterjee
Managing Director
DIN: 07962531


Anil Chirania
Director
DIN: 01082719


Jayesh Shah
Chief Executive Officer


Sahil Mehta
Chief Financial Officer


Tasneem Mandorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 20-07-2023

