DIRECTORS' REPORT- FY 2019-20

The Members,
Svatantra Micro Housing Finance Corporation Limited
(*erstwhile* Micro Housing Finance Corporation Limited)

The Board of Directors is pleased to present the Twelfth Annual Report of your Company together with the Audited Accounts and Auditor's Report for the financial year ended 31st March 2020.

Financial Highlights

(Amount in Rs. '000')

PARTICULARS	2019 – 2020	2018-19
Revenue from Operations	7,53,396.13	6,02,962.80
Other Income	6,782.71	685.31
Profit/loss before Depreciation, Finance Costs, Exceptional items, and Tax Expense	**7,60,178.84**	**6,03,648.11**
Less: Depreciation/ Amortisation/ Impairment	8,869.13	7,549.82
Profit /loss before Finance Costs, Exceptional items, and Tax Expense	**7,51,309.71**	**5,96,098.29**
Less: Finance Costs	5,23,384.34	3,89,976.92
Profit /loss before Exceptional items and Tax Expense	**2,27,925.37**	**2,06,121.37**
Add/(less): Exceptional items	1,91,525.70	1,03,057.95
Profit /loss before Tax Expense	**36,399.67**	**1,03,063.42**
Less: Tax Expense (Current & Deferred)	11,493.35	24,515.27
Profit /loss for the year (1)	**24,906.32**	**78,548.15**
Total Comprehensive Income/loss (2)	(1,573.13)	(550.74)
Total (1+2)	**23,333.19**	**77,997.41**
Balance of profit /loss for earlier years	2,78,966.42	2,23,592.42
Less: Transfer to Debenture Redemption Reserve	-	-
Less: Transfer to Statutory Reserves	5,892.97	20,036.90
Less: Transfer to Impairment Reserves	15,537.34	2,586.51
Less: Share issue expenses (net of tax)	1,593.32	-
Less: Dividend paid on Equity Shares	-	-
Less: Dividend paid on Preference Shares	-	-
Less: Dividend Distribution Tax	-	-
Balance carried forward	**2,79,275.98**	**2,78,966.42**

State of Company affairs

Revenues of the Company were up 26% to Rs. 76.01 Cr. (PY Rs. 60.36 Cr.) and PBT decreased 65% to Rs. 3.64 Cr. (PY Rs. 10.31 Cr.) - and after payment of Rs. 1.15 Cr. (PY Rs. 2.45 Cr.) in current and deferred taxes and tax on debenture issue expenses, PAT decreased 68% to Rs. 2.49 Cr. (PY Rs. 7.85 Cr.). Under previous IGAAP regime, the Company had created a Deferred Tax Liability (DTL) (PY Rs. 0.40 Cr.) on the special reserve in line with an opinion from the Expert Advisory Committee (EAC). However, under Ind AS, the same has been considered to be a permanent difference and thus, the deferred tax on the special reserve has been derecognized.

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In terms of lending operations, cumulative housing loan sanctions aggregated Rs. 1330.96 Cr. (up 28% from Rs. 1036.17 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. 691.30 Cr. (growth of 21% over Rs. 571.88 Cr. at end of the previous financial year). The Company currently operates in 7 states – Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, West Bengal, Chhattisgarh, and a recent entry during the year into Tamil Nadu.

In terms of portfolio quality, the Company had 241 (PY 171) loan accounts as on year end - March 31, 2020 - which were classified as non-performing assets ("NPAs") per the prudential guidelines issued by the NHB. The amount of such Gross NPAs was Rs. 11.05Cr. (PY Rs. 8.77 Cr.) which was 1.60% (PY 1.53%) of the total loan portfolio of the Company as at March 31, 2020. The Company has created necessary provisions in accordance with the NHB Directions, after which Net NPAs stood at Rs. 9.10 Cr. (PY Rs. 7.26 Cr.) and 1.27% (PY 1.32%) of the total loan portfolio as at March 31, 2020.

In terms of funding, the Company issued Compulsorily Convertible Preference Shares (CCPS) of Rs. 30 Crs., and with retained profits, net worth increased to Rs. 146.60Cr. (PY Rs. 114.43 Cr.). However, the Company increased its long-term debt to Rs. 570.17 Cr. (PY Rs. 458.11 Cr.) of which approx. 25% continues to be refinance support from the NHB. Other lenders to your Company include the largest nationalized bank, State Bank of India; the leading private sector housing finance provider, HDFC Ltd; commercial banks such as HDFC Bank Ltd., Kotak Mahindra Bank Ltd., DCB Bank Ltd., Yes Bank Limited, ICICI Bank Limited, Federal Bank Limited, Corporation Bank, Karnataka Bank Ltd., United Bank of India, Dhanlaxmi Bank Limited, The South Indian Bank Limited, Andhra Bank Limited and AU Small Finance Bank Limited; NBFCs such as Tata Capital Financial Services Limited 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 36.54% of risk weighted assets, as against the minimum requirement of 13%.

Change in the nature of Business

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

Share Capital

- The Authorised Share Capital of the Company as on 31st March 2020 was Rs. 66 Crores. During the year under review the Company increased the Authorised Capital by addition of 31,00,000 Compulsorily Convertible Preference Shares (CCPS) amounting to Rs. 31 Crores.
- The paid-up share capital of the Company as on 31st March 2020 was Rs. 60.23 Cr. During the year under review, the Company has issued Compulsorily Convertible Preference Shares (CCPS) amounting to Rs. 30 Crores through Rights Issue to its Holding Company, M/s Svatantra Holdings Private Limited details of which are as follows:

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Particulars	1st Tranche	2nd Tranche	3rd Tranche
Amount	Rs. 10 Crores	Rs. 10 Crores	Rs. 10 Crores
Date of issue	09th August 2019	09th December 2019	25th February 2020
Date of allotment	16th October 2019	13th February 2020	27th March 2020
Method of allotment	Rights Issue	Rights Issue	Rights Issue
Issue price	Rs. 100/-	Rs. 100/-	Rs. 100/-
Conversion price	2 CCPS of Rs. 100 each fully paid-up shall be convertible into 5 Equity Shares of Rs. 10 each fully paid up (Face value per Equity Share of Rs. 10/- Plus Premium of Rs. 30/- per share).	2 CCPS of Rs. 100 each fully paid-up shall be convertible into 5 Equity Shares of Rs. 10 each fully paid up (Face value per Equity Share of Rs. 10/- Plus Premium of Rs. 30/- per share).	2 CCPS of Rs. 100 each fully paid-up shall be convertible into 5 Equity Shares of Rs. 10 each fully paid up (Face value per Equity Share of Rs. 10/- Plus Premium of Rs. 30/- per share).
Number of shares allotted or to be allotted in case the right or option is exercised by all the holders of such securities.	The CCPS shall be compulsorily convertible into equity shares of the Company in the ratio of 5:2 i.e. 2 CCPS of Rs. 100 each fully paid-up shall be convertible into 5 Equity Shares.	The CCPS shall be compulsorily convertible into equity shares of the Company in the ratio of 5:2 i.e. 2 CCPS of Rs. 100 each fully paid-up shall be convertible into 5 Equity Shares.	The CCPS shall be compulsorily convertible into equity shares of the Company in the ratio of 5:2 i.e. 2 CCPS of Rs. 100 each fully paid-up shall be convertible into 5 Equity Shares.

- **Variation in the rights of the Preference Shareholders -**

i. **Type of shareholder** – Compulsorily Convertible Preference Shareholder.

ii. **No. of shares held by each shareholder** – 30,00,000 Compulsorily Convertible Preference Shares (CCPS).

iii. **Existing amount per share** – Rs. 100 per CCPS.

iv. **Type of variation** – Variation in the terms of conversion of preference shares into equity shares.

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.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as "Annexure A" and is also available on the Company's website at https://svatantramhfc.com/home.

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 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, 2020, this amount was Rs. 24.22 lakhs, and the Company spent Rs. 11.96 lakhs (details per "Annexure B"), which is a shortfall of Rs. 12.26 lakhs. As per the Companies Act, if the company fails to spend the CSR amount specified, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the stated amount. Thus, this is to report that while your Company increased its CSR spend over last year, it 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. Your Directors believe that this process should be completed in the coming financial year and the CSR amount as stipulated by the Companies Act will be spent on qualifying activities accordingly.

The Directors would also like to take this opportunity to reiterate that CSR through financial inclusion has always been a fundamental part of your Company's business philosophy and culture. The Company takes its social responsibilities extremely seriously and in fact was set up in 2008 with the sole social objective of only helping financially excluded families (typically lower income, informal sector lacking documentation) in urban India own a home.

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

1. Particulars of Employees:
   SMHFC had 281 employees as of March 31, 2020. 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. 3,59,000/-) 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.

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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 2020.

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

Due to the pandemic COVID-19, all the field operations of the Company were suspended during the period of lockdown. In terms of the Reserve Bank of India Circular DOR. No. BP. BC.47/21.04.048/2019-20 dated March 27, 2020, the Company took the measures to mitigate the disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, the borrowers were allowed for moratorium on payment of unpaid instalments, falling due by August 31, 2020.

The management has, at the time of approving the financial statements, assessed the potential impact of the COVID-19 on the Company. Barring any future COVID-19 related escalations, based on the current assessment, the management is of the view that impact of COVID-19 on the operations of the Company and the carrying value of its assets and liabilities is not likely to be material.

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 2019-20 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):

There are no frauds detected by the Auditors which needs to be reported under Section 143(12) of the Act.

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.

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Reserves

The Company proposes to transfer the entire Profit after Tax amounting to Rs. 2,49,06,320/- 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/home.

Directors/Key Managerial Personnel

- **Re-appointments**

Mr. Anil Chirania, Director, retiring by rotation and being eligible, offers himself for reappointment. Mr. Anil Chirania and Ms. Birla have been in office for the same period and by a mutual agreement amongst them have decided to nominate Mr. Anil Chirania to retire by rotation. 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.

- **Change in Designation:**

Ms. Ananyashree Birla and Mr. Anil Chirania were regularised as Directors at the 11th Annual General Meeting of the Company held on September 30, 2019.

- **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 C". The complete Policy can be found at Company's website at https://svatantramhfc.com/home.

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- **Meetings**

During the year, 10 Board Meetings, 6 Audit Committee Meetings, 2 Nomination & Remuneration Committee Meetings and 1 CSR Committee Meeting 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 D".

The 11th Annual General Meeting of the Company was held on 30th September 2019 and the 11th, 12th, 13th, and 14th Extra-Ordinary General Meeting were held on 24th July 2019, 9th August 2019, 9th December 2019, and 25th February 2020, 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 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 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 Chattree
    3. Mr. Anil Chirania

Auditors

M/s Suresh Surana & Associates LLP were appointed as Statutory Auditors of your Company at the previous Annual General Meeting held on 30th September 2019 for a term of five consecutive years from the conclusion of the 11th Annual General Meeting until the conclusion of the 16th 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.

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 2019-20 that:

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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 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 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 Housing Finance Companies (NHB) Directions, 2010 (and updates through 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 NHB 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 2019 was submitted to the Board as well as the District Officer on January 21, 2020 containing the following information:

1.	No. of Complaints received during the year:	NIL
2.	No. of Complaints disposed of during the year:	NIL

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

Disclosure on Non-Convertible Debentures

The Company is pleased to report that 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 Clause 15 of the Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014, 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	A+	Rs. 550 Crores	Stable
Short-Term Debt Issue	CRISIL	A1+	Rs. 100 Crores	Stable
NCD Issue	CRISIL	A+	Rs. 53.10 Cr.	Stable
Long-Term Bank Facilities	CARE	CARE A+	Rs. 350 Cr	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). 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

SVAMITVA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI potential conflict of interests in the implementation of transactions involving such related parties. The Related Party Transactions Policy is given in "Annexure E".

During the year under review the Company has not entered into any transactions/ Contracts with the related parties falling under the provisions of Section 188 of the Companies Act, 2013 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.

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.

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

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Vineet Chattree
Managing Director
(DIN: 07962531)

Anil Chirania
Director
(DIN: 01082719)

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Place: Mumbai
Date: 20th October 2020

"Annexure A"		
FORM NO. MGT 9		
EXTRACT OF ANNUAL RETURN		
as on financial year ended on 31.03.2020		
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.		
I	**REGISTRATION & OTHER DETAILS:**	
i	**CIN**	U67190MH2008PLC182274
ii	**Registration Date**	16th May 2008
iii	**Name of the Company**	SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED (*erstwhile* Micro Housing Finance Corporation Limited)
iv	**Category/Sub-category of the Company**	Company having Share Capital
v	**Address of the Registered office & contact details**	Office no. 1,2,3,4, Ground Floor, Pushpak CHSL, Malaviya Road, Vile Parle (east), Mumbai 400 057 Tel No.: +91 22 26101076/ 77/ 78/ 79
vi	**Whether listed company**	No
vii	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	Link Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000

II	**PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**		
All the business activities contributing 10% or more of the total turnover of the company shall be stated			
SL No	**Name & Description of main products/services**	**NIC Code of the Product/ Service**	**% to total turnover of the company**
1	Non-Deposit taking Housing Finance Company	65922	100%

III	**PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**				
Sl No	**Name & Address of the Company**	**CIN/GLN**	**HOLDING/ SUBSIDIARY/ ASSOCIATE**	**% OF SHARES HELD**	**APPLICABLE SECTION**

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1	Svatantra Holdings Private Limited 213, 2nd Floor, T. V. Industrial Estate, 52, S.K. Ahire Marg, Worli MUMBAI Mumbai City MH 400030 IN	U67200MH2018PTC309327	Holding	100%	2(46)

IV	SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)								
Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL:(A) (1)	0	0	0	0.00	0	0	0	0.00	0.00
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0

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b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others									
- Foreign Trust	0	0	0	0.00	0	0	0	0.00	0.00
- Private Equity Fund	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(1):	0	0	0	0.00	0	0	0	0.00	0.00
(2) Non Institutions									
a) Bodies corporates									
i) Indian	3,02,27,569	0	3,02,27,569	100.00	3,02,27,569	0	3,02,27,569	100.00	0.00
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	6	0	6	0.00	6	0	6	0.00	0.00
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
c) Others									
- Trusts	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(2):	3,02,27,575	0	3,02,27,575	100.00	3,02,27,575	0	3,02,27,575	100.00	0.00
Total Public Shareholding (B)= (B)(1)+(B)(2)	3,02,27,575	0	3,02,27,575	100.00	3,02,27,575	0	3,02,27,575	100.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	**3,02,27,575**	**0**	**3,02,27,575**	**100.00**	**3,02,27,575**	**0**	**3,02,27,575**	**100.00**	**0.00**

(ii)	SHARE HOLDING OF PROMOTERS
Not Applicable. The Company does not have any Promoter.	

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(iii)	CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)
	Not Applicable. The Company does not have any Promoter.

(iv)	SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRs & ADRs)

Sl. No.	Name	Shareholding		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of shares at the beginning of the year	% of total shares of the company				No. of Shares	% of total shares of the Company
1	Svatantra Holdings Private Limited	3,02,27,569	99.99998	No Change			3,02,27,569	99.99998
2	Akshita Sunil Shah (Nominee of SHPL)	1	0.0000033	No Change			1	0.000003
3	Anil Chirania (Nominee of SHPL)	1	0.0000033	No Change			1	0.000003
4	Rohit Pathak (Nominee of SHPL	1	0.0000033	No Change			1	0.000003
5	Suresh Chandra Dad (Nominee of SHPL)	1	0.0000033	No Change			1	0.000003
6	Ananyashree Birla (Nominee of SHPL)	1	0.0000033	No Change			1	0.000003

(v)	SHAREHOLDING OF DIRECTOR & KMP

Sl. No.	Name	Shareholding		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares at the beginning of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Ms. Ananyashree Birla *(As nominee of Svatantra Holdings Pvt.*	1	0.0000033	No Change			1	0.00000331

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	Ltd.)					
2	Mr. Anil Chirania *(As nominee of Svatantra Holdings Pvt. Ltd.)*	1	0.0000033	No Change	1	0.00000331

V	INDEBTEDNESS			
Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtness at the beginning of the financial year				
i) Principal Amount	4,66,93,22,462	0	0	4,66,93,22,462
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	4,47,17,752	0	0	4,47,17,752
Total (i+ii+iii)	4,71,40,40,214	0	0	4,71,40,40,214
Change in Indebtedness during the financial year				
Additions	-	-	0	0
Reduction	-	-	0	0
Net Change	1,15,29,39,457	0	0	1,15,29,39,457
Indebtedness at the end of the financial year				
i) Principal Amount	5,81,26,70,173	0	0	5,81,26,70,173
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	5,43,09,498	0	0	5,43,09,498
Total (i+ii+iii)	**5,86,69,79,671**	**0**	**0**	**5,86,69,79,671**

VI	**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**	
A.	**Remuneration to Managing Director, Whole time director and/or Manager:**	
	Not Applicable. The Company does not pay remuneration to Managing Director	
B.	**Remuneration to other directors:**	
	Not Applicable. The Company does not pay remuneration to the Directors	
C.	**REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD**	
Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

1	Gross Salary	CEO	Tasneem Mandsorwala - Company Secretary	Sahil Mehta - CFO	Total
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NA	9,00,000	33,50,000	42,50,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	NA	0	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NA	0	0	0
2	Stock Option	NA	0	0	0
3	Sweat Equity	NA	0	0	0
4	Commission	NA	0	0	0
	as % of profit		0	0	0
	others, specify	NA	0	0	0
5	Others	NA	0	0	0
	Total	**NA**	**9,00,000**	**33,50,000**	**42,50,000**

VII	PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES				
Type	Section of the Companies Act, 1956/ 2013	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
NIL					
B. DIRECTORS					
NIL					
C. OTHER OFFICERS IN DEFAULT					
NIL					

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

Vineet Chattree
Managing Director
(DIN: 07962531)

Anil Chirania
Director
(DIN: 01082719)

Place: Mumbai
Date: 20th October 2020

"Annexure B"

(1) A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.
CSR Policy is stated herein below:

Web link:
https://svatantramhfc.com/documents/Corporate%20Information/CSR%20Policy%20-%20April%201,%202019.pdf

(2) The Composition of the CSR Committee (w.e.f. 24.09.2018).

1. Ms. Ananyashree Birla
2. Mr. Vineet Chattree
3. Mr. Anil Chirania

(3) Average net profit of the company for last three financial years
Average net profit: Rs. 12.11 Cr.

(4) Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above):
The Company is required to spend Rs. 24.22 Lakhs towards CSR.

(5) Details of CSR spent during the financial year.
(a) Total amount to be spent for the financial year: Rs. 11.96 Lakhs
(b) Amount unspent: Rs. 12.26 Lakhs
(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Projects/ Activities	Sector	Location	Amount Outlay	Amount Spent on the Project	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing Agency
1.	Medical camps	Disaster management, including relief, rehabilitation, and reconstruction activities	Sangli, Maharashtra	Rs. 89,100	Rs.89,100	Rs.89,100	Doctors for you is a pan India humanitarian organization with international presence and is working in various disaster hit zones since last 9 years by providing medical care to the vulnerable communities during crisis and non-crisis situation, emergency medical aid to people affected by natural disaster, conflicts and epidemics.
2.	Therapy sessions for Children with developmental disabilities from low socio-	Enhancing vocation skills among differently abled children	Mumbai, Maharashtra	Rs.2,72,000	Rs. 2,72,000	Rs. 2,72,000	Ummeed Child Development Centre - works with children and their parents in addressing issues concerning developmental disabilities among children

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	economic backgrounds						
3.	Medical camps	Promoting health care	Ahmedabad, Gujarat	Rs.1,35,000	Rs.1,35,000	Rs.1,35,000	The Desai Foundation is now a robust public and programmatic organization working to empower women and children through health and livelihood in India and the U. S
4.	UnATHI Fellowship - Financial education and literacy for lower income families.	Reducing the inequalities faced by socially and economically weaker sections of the society.	Tamil Nadu	Rs.7,00,000	Rs.7,00,000	Rs.7,00,000	UnATHI Fellowship is a program by Indian Housing Federation (IHF), where in, in partnership with implementing agencies of State Governments and other relevant sector stakeholders, IHF's Program Associates co-create and demonstrate innovative and scalable development models in reducing inequalities faced by the socially and economically weaker sections of the society by enabling solutions to resolve the challenges faced by the low-income housing sector.
	TOTAL			**Rs. 11,96,100**	**Rs. 11,96,100**	**Rs. 11,96,100**	

(6) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The implementation and monitoring of SMHFC's CSR Policy is in compliance with CSR objectives and Policy of the Company.

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED
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Vineet Chattree
Managing Director & Chairman - CSR Committee
(DIN: 07962531)

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 stake holders of the company.

OUR RESPONSIBILITIES

A) Towards our Customers

We will build gainful partnerships with the customers to understand their needs and provide right product and solutions. We will adopt and actively encourage best and fair business practices (FPC code already developed but this will be stressed given the limited financial education of most of our customers).

B) Towards our Business Partners

We will support our Business Partners to cultivate ethical and fair business practices and give preference over others to those who demonstrate this.

C) As a Corporate Citizen

We reaffirm our commitment to conduct our business with social and environmental accountability. We will endeavour to adopt energy efficiency in our operations through waste minimization and water and energy conservation.

D) Responsibilities toward our Employees

We will foster a work culture with high ethical principles and standards and encourage our employees to perform with total integrity, commitment, and ownership. We recognise that our employees and investors deserve to work in safe and healthy work environment and will make it our responsibility to ensure zero harm to people.

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

CSR ACTIVITIES

SMHFC shall seek to identify suitable programs / projects / activities as enumerated under Schedule VII of Companies Act, 2013, during the year to ensure its contribution to the community and society at large. Our focus will obviously 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.

CSR SPEND/SOURCES OF FUNDING

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 above.

Any surplus arising out of the contribution made for CSR activities shall not form part of the business profit of the Company and will be redeployed for such activities.

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED
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"Annexure C"

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
- Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:
- Remuneration to Other employees

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

Vineet Chattree
Managing Director
(DIN: 07962531)

Anil Chirania
Director
(DIN: 01082719)

Place: Mumbai
Date: 20th October 2020

"Annexure D"

Disclosures as per the Secretarial Standard - 1

During the Financial Year 2019-20, 10 Board Meetings, 6 Audit Committee, 2 Nomination & Remuneration Committee and 1 CSR Committee Meeting were convened and held on the following dates:

Sr. No.	Board
1	26.06.2019
2	24.07.2019
3	09.08.2019
4	18.09.2019
5	18.11.2019
6	09.12.2019
7	17.01.2020
8	25.02.2020
9	21.03.2020
10	30.03.2020

Sr. No.	Audit Committee
1	26.06.2019
2	18.09.2019
3	18.11.2019
4	17.01.2020
5	25.02.2020
6	21.03.2020

Sr. No.	Nomination & Remuneration Committee
1	30.04.2019
2	18.09.2019

Sr. No.	CSR Committee
1	26.06.2019

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	2	0	0	0
2	Anil Chirania	10	6	2	1
3	Vineet Chattree	10	6	2	1

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

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

Vineet Chattree
Managing Director
(DIN: 07962531)

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

Anil Chirania
Director
(DIN: 01082719)

Place: Mumbai
Date: 20th October 2020

"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:

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

Audit Committee Approval	Board Approval	Shareholder's Approval
• All Related Party Transactions	• Related Party Transactions referred by Audit Committee for approval of the Board. • Related Party Transactions as required under the statute applicable to SMHFC.	• Approval by resolution for: ➢ 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 ARM'S 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

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

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 will be uploaded on the website of SMHFC at https://svatantramhfc.com/home.php.

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

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

Vineet Chattree
Managing Director
(DIN: 07962531)

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

Anil Chirania
Director
(DIN: 01082719)

Place: Mumbai
Date: 20th October 2020

"Annexure F"

Management Discussion and Analysis Report - FY 2019-20

a) Economy and Housing Finance Sector

The Affordable housing sector in India is supported by factors which are combination of both Market led aspects as well as Regulatory aspects.

Market Led Aspects and market size

1. In the light of the above factors India is the second most populous country with current population close to 1.33 bn and is urbanizing faster than probably any other large country. This coupled with declining family size (creation of nuclear families) has catalyzed housing demand. The urban India has moved from 20% in 1950s to about 35% in 2015 and is likely to reach 50% by 2050, it is projected that India will have added 416 million urban dwellers compared to 255 million in China by 2050. Further, the family size has reduced from about 5.5 to 4.8 over last decade.
2. As per the report of the Household Finance Committee, published by the RBI in July 2017, the average Indian household holds 78% of its total assets in real estate, which is significantly higher than other countries such as the US (44%) and Germany (37%) where households hold substantially more financial assets than their Indian counterparts. This indicates the tendency of Indian households to own houses.
3. About 41% of the households in India were living in less than 1-room houses and only 53% of the households were in a good condition. Both these factors imply the significant need for home improvement and home extension, given the average family size of 4.8.

Driven by the above factors, India faces a significant challenge in terms of creating adequate infrastructure including housing for all. To put in perspective there is a significant shortage of homes already in urban India where about 33% of population resides is close to 18.7 million with about 17% population living in slums. At the same time rural India where majority of 66% resides, the shortage of housing is close to 44 million. About 20 million rural inhabitants staying in thatched roof and 65 million without any permanent roof.

Of this shortage, economically weaker section (income p.a. upto Rs. 3 Lakh) accounts for close to 50% in Urban and about 85% in rural and Low-Income group (income p.a. between 3 Lakh to 6 Lakh) account for 45% in Urban and about 15% in rural India. Given the housing shortage and assuming an average house price of Rs. 5 Lakh to Rs. 8 Lakh per house and the average housing loan amount at a loan-to-value (LTV) of 60-80%, the overall potential market for housing finance in the affordable segment would be Rs. 5.6 trillion to Rs. 12 trillion in the urban segment alone.

Government incentives

- By FY21, the beneficiary under CLSS scheme were close to 1.05 mn., of which about 0.7 mn were in EWS/LIG and 0.35 mn in MIG segment with interest subsidy release of close to 24,306 Crores.
- Housing sector has been key focus for the current government, which in its previous term launched many initiatives under its mission of 'Housing for all by 2022'.
- Enhanced deduction from taxable income on account of interest payment on home loans from Rs. 2 Lakh to Rs. 3.5 Lakh for purchase of home upto Rs. 45 lakhs (before March 20) aim to build 1.95 crore rural houses under PMAY-Gramin.
- Reduction in GST rate on under-construction properties from 8% to 1% in affordable housing projects (and 12% to 5% in non-affordable) in last fiscal there has been renewed focus on the sector.

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

- All these initiatives combined with implementation of RERA Act 2016 and CLSS (credit linked savings scheme) started in 2015 for EWS & LIG and 2017 for MIG has provided significant boom to the housing sector and mortgage finance providers. The CLSS scheme has already been extended to March 2020 and it is expected to extend till 2022 to fulfill the mission of Housing for all by 2022. Further, in order to provide liquidity to financial sector serving the mortgage market Reserve bank of India (RBI) revised housing loan limit in metropolitan cities from Rs. 28 lakhs to Rs. 35 lakh and Rs. 20 to Rs. 25 lakhs in other cities under PSL (priority sector lending).

Pandemic Impact

The pandemic scenario, ensuing lockdown followed by moratorium period and reverse migration has had impact on the incomes impacting demand, availability of labour impacting supply and also liquidity crunch impacting the availability of housing finance.

However, slew of support from the government during the pandemic besides providing liquidity support through NHB, Partial guarantee schemes and TLTRO there have been some structural reliefs too that were provided:

1. Relief to Contractors

Contractors have been provided with the extension up to 6 months by all the Central Agencies to fulfill their obligations of the contracts and agreements. It has also been announced by the Finance Ministry that there will be a release of the bank guarantees partially by the Government agencies.

This step has been taken by the Government to provide relief to the Contractors who are under strict obligation to complete their projects, construction work etc.

2. Support to Real Estate projects under RERA

The Finance Ministry has announced the Extension of Registration and Completion date of the Real Estate projects under RERA by 6 months. There is a huge risk that the timelines might be extended for the completion of the Projects which would in turn result in the default of the Projects.

Therefore, in view of the same, it has been decided to extend the Registration and Completion date of the all the registered projects ending on or after 25th March 2020 by 6 months. Furthermore, the regulatory authorities have the power to extend this time period by extra 3 months.

Also, it has been announced that Ministry of housing and urban Affairs will advise the regulatory authorities in States/UTs to consider the Covid-19 situation as Force Majeure under RERA.

b) Change in control

100% ownership of Svatantra Micro Housing Finance Corporation (SMHFC) was acquired by Svatantra Holding Private Limited through a secondary sale of stake by Promoters and investors in September 2018. The capital has been invested by Group investment companies in Svatantra Holding Private Limited. The company is now a wholly owned subsidiary of Svatantra Holdings Private Limited. Through this transaction Ms. Ananyashree Birla is the Chairman of the company.

This change ushers a new chapter providing the patient capital required to continue the vision of company i.e. to serve the housing finance needs of the underserved/ informal sector in the EWS and LIG segment.

The Management team, processes and product remains same post acquisition. The company post acquisition had undertaken following key initiatives in FY20:

- Strengthen the Financial control and Internal Audit through dedicated in-house resources.

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

- Deepened the existing market in *Affordable Housing Purchase* (AHP) and successfully launched *Beneficiary Led Construction* (BLC) product / LAP (Loan against property) / NRP (commercial property).
    - The disbursements have been 10% to 20% of the total disbursements.
- Focus on Turnaround time and productivity across the organization.
    - Reduced the TAT from about 25 days to 14 days across the system.
- Opened office in one more state i.e. Tamil Nadu.

c) Segment–wise or product-wise performance.

SMHFC primarily deals in the segment of providing housing loans for the financially excluded families. In terms of lending operations, cumulative housing loan sanctions aggregated Rs. 1330.96 Cr (up 28% from Rs. 1036.17 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. 692.36 Cr. (growth of 21% over Rs. 572.70 Cr. at end of the previous financial year). The Company currently operates in 7 states – Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, West Bengal, Tamil Nadu, and Chhattisgarh.

In terms of portfolio quality, the Company had 241 (PY 171) loan accounts as on year end - March 31, 2020 - which were classified as non-performing assets ("NPAs") per the prudential guidelines issued by the NHB. The amount of such Gross NPAs was Rs. 11.05 Cr. (PY Rs. 8.77 Cr.) which was 1.60 % (PY 1.53%) of the total loan portfolio of the Company as at March 31, 2020. The Company has created necessary provisions in accordance with the NHB Directions, after which Net NPAs stood at Rs. 9.10 Cr. (PY Rs. 7.26 Cr.) and 1.27% (PY 1.32%) of the total loan portfolio as at March 31, 2019.

In terms of funding, the Company raised fresh equity during the year of Rs. 30 Cr. and with retained profits, net worth increased to Rs. 146.60 Cr. (PY Rs. 114.43 Cr.). However, the Company increased its long-term debt to Rs. 570.17 Cr. (PY Rs. 458.11 Cr.) of which approx. 25% continues to be refinance support from the NHB. Other lenders to your Company include the largest nationalized bank, State Bank of India; the leading private sector housing finance provider, HDFC Ltd; commercial banks such as HDFC Bank Ltd., Kotak Mahindra Bank Ltd., DCB Bank Ltd., Yes Bank Limited, ICICI Bank Limited, Corporation Bank and Federal Bank Limited; NBFCs such as Tata Capital Financial Services Limited 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 36.54% of risk weighted assets, as against the minimum requirement of 13%.

Customer segment break up:

Customer Segment	No. of Loans	Principal O/S	%
Salaried	7,807	249.02	35.97%
Self Employed	7,220	270.63	39.09%
Both	4,125	171.76	24.81%
Builder Loan	3	0.95	0.14%
Grand Total	**19,155**	**692.36**	**100.00%**

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

d) Improvement in 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.

e) Outlook

Given the pandemic scenario and likely lockdown and ensuing impact on demand, supply of housing units coupled with liquidity challenge - Next year in terms of growth remains a challenge on many fronts:

(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 and limited

(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.

f) 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 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 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.

g) Accounting Policy Changes

The company has adopted Ind AS accounting methodology as per the required statute for the Fiscal 2019-20. In line with the requirement while adopting the change in accounting standards, the company had recast the financial statements of the Fiscal 2018-19 as the opening year while adopting the same for the Fiscal 2019-20

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h) Discussion on financial performance with respect to operational performance.

During the year, the sanctions in number terms were 5352 (PY 4007) in value terms were Rs. 294.78 Crores (PY Rs. 235.00 Crores). The disbursements grew by 4.5 % to Rs. 237.10 Crores (PY Rs. 226.82 Crores). This led to an increase in the loan book by 20.89% to Rs. 692.36 Crores. (PY 572.70 Crores).

Revenues of the Company were up 26 % to Rs. 76.01 Cr. (PY Rs. 60.36 Cr.) and PBT decreased 65% to Rs. 3.64 Cr. (PY Rs. 10.31 Cr.) - and after payment of Rs. 1.15 Cr. (PY Rs. 2.45 Cr.) in current and deferred taxes and tax on debenture issue expenses, PAT decreased 68% to Rs. 2.49 Cr. (PY Rs. 7.85 Cr.). Under previous IGAAP regime, the Company had created a Deferred Tax Liability (DTL) (PY Rs. 0.40 Cr.) on the special reserve in line with an opinion from the Expert Advisory Committee (EAC). However, under Ind AS, the same has been considered to be a permanent difference and thus, the deferred tax on the special reserve has been derecognized

i) Human Resource Development

The company believes that Human resource development is vital for effective implementation of business plans and philosophy of the Company. The company has enhanced its human resource base accompanied by creating a new Training department to institutionalize induction as well as refresher training programmes.

Employees were also nominated for training programmes conducted by the NHB and other institutions. The manpower requirement in the company is assessed continuously and recruitment is conducted through campus placements and lateral hires. The Company has a dedicated team of 281 employees as of March 31, 2020, who have been contributing to the progress and growth of the Company.

j) Values of Svatantra 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 281 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
Svatantra Micro Housing Finance Corporation Limited

Vineet Chattree	**Anil Chirania**
Managing Director	Director
(DIN: 07962531)	(DIN: 01082719)

Place: Mumbai
Date: 20th October 2020

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Suresh Surana & Associates LLP
Chartered Accountants

Suresh Surana & Associates LLP

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)

Report on the audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Svatantra Micro Housing Finance Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, 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 Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as " Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 2020, the profit including 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 39 of the Ind AS financial statements which describe the management's assessment of the impact of the COVID-19 pandemic on the financial result of the Company and estimates related to impairment of assets, which are dependent on future developments regarding the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

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Registered Office:

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS 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.

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Transition to Indian Accounting Standards ("Ind AS")** The Company has adopted Ind AS notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, from 01 April 2019 and the effective date of such transition is 01 April 2018. Ind AS is new and complex accounting standards which require considerable judgment and interpretation in its implementation. Further, Ind AS 101 ("First-time Adoption of Indian Accounting Standards") allows two categories of exceptions to the first-time adopters which mainly include prohibition to retrospective application of certain requirements of Ind AS and exemption from some requirements of Ind AS. We consider this transition and the required disclosure to be a key audit matter because new accounting policies have been developed by the Company to comply with these standards and judgment. Note 2 "Significant Accounting Policies", Note 43 First-time adoption of Ind AS, Note 37.2 "Fair value hierarchy" and Note 38 "Risk management" to the Ind AS financial statements provide detailed information on the significant policies, critical judgment and estimation along with details of exemptions applied from certain requirements under Ind AS based on which these Ind AS financial statements are prepared. Accordingly, it was determined to be a key audit matter in our audit of the Ind AS financial statements.	**Principal Audit Procedures** We have performed the following audit procedures in order to obtain sufficient audit evidence: - Assessed the Company's process to identify the impact of adoption and transition to the new accounting standards; - Evaluated the design of internal controls and tested the operating effectiveness of key internal controls around the process of preparation of Ind AS financial statements; - Reviewed the exemptions availed by the Company from certain requirements under Ind AS; - Obtained an understanding of the governance over the determination of key judgments; - Evaluated and tested the key assumptions and judgments adopted by management; - Assessed the disclosures made against the relevant Ind AS; and - Determined the appropriateness of the methodologies and models used along with the responsibility of the outputs.
2	**Impairment of loans**	
	Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default	**Principal Audit Procedures** Our key audit procedures included: - 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.

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	and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Staging of loans (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories); -Grouping of borrowers based on homogeneity by using appropriate statistical techniques; - Determination of exposure at default - Calculation of probability of default / loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors. The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. **Additional considerations on account of COVID-19** On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of: - Short and long term macro economic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities. - Impact of the pandemic on the Company's customers and their ability to repay dues; and - Application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning. Management has conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic scenarios and the	- Understanding management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package. - Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. - Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. - Using our modelling specialist to test the model methodology and reasonableness of assumptions used, including management overlays. - Testing of review controls over measurement of impairment allowances and disclosures in Ind AS financial statements. - Assessing the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of the RBI / Government financial relief package. - Assessing the appropriateness of changes made in macro economic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. - Corroborate through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. - Focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. - Test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.

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	use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.	- Model calculations testing through re-performance where possible. - The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets. - Assessing the factual accuracy and appropriateness of the additional Ind AS financial statements disclosures made by the Company regarding impact of COVID-19.
3	**IT systems and controls**	
	Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	**Principal Audit Procedures** Our key audit procedures included: - We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. - We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. - We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorisation. - In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

Information Other than the Ind AS 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 Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind

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AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Ind AS 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 Ind AS 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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.

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- 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 Ind AS 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 Ind AS financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS 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 Ind AS 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 Ind AS 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.

Other Matter

The comparative financial information of the Company for the year ended 31 March 2019 and the transition date opening balance sheet as at 01 April 2018 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Accounting Standards Specified under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India audited by predecessor auditor whose report for the year ended 31 March 2019 and 31 March 2018 dated 26 June 2019 and 6 June 2018, respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the 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

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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 Ind AS 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 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and 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.

h) 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:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (Refer Note 32 to the Ind AS financial statements);

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Suresh Surana & Associates & LLP
Chartered Accountants
Firm's Registration No. 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 20102306AAAACX1625

Place: Mumbai
Date: 19 August 2020

SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
MUMBAI

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property plant and equipment.

(b) The Property plant and equipment have been physical verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the erstwhile name of the Company.

(ii) The Company is a Housing Finance Company, primarily engaged in the business of lending activities for housing purpose and does not hold any inventory. Accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction covered under Section 185 and 186 of Companies Act 2013. Accordingly. The provisions of Clause 3(iv) of the Order are not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and any other relevant provisions of the Act and the rules framed thereunder apply.

(vi) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Sub-section (1) of Section 148 of the Act.

(vii) (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, and any other statutory dues with the appropriate authorities with slight delays in certain cases. There are no arrears of outstanding statutory dues as at the 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us, there are no dues on account of sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (Rs.'000)	Forum where dispute is pending
Income Tax Act, 1961	Demand of income tax	Assessment Year 2017-2018	11,380	Commissioner of Income Tax (Appeals)

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(viii) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks, financial institutions or debentures holders. Further, the Company has not taken any loan or borrowing from government.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including Debt Instruments). Based on the information and explanations given to us, the term loans obtained during the year have been applied for the purposes for which they were obtained except in one case having the facts that pending utilization of the funds of Rs. 2.94 crores (out of Rs. 30 crores) raised through term loans for the stipulated purpose and stipulated timelines, the idle funds which were not required for immediate utilization have been temporarily invested in liquid investments, payable on demand but were ultimately utilized for the stated end use.

(x) To the best of knowledge and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees have been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.

(xii) In our opinion and 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) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(vii) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(viii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(ix) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. However, the Company has registered with Reserve Bank of India as housing finance company.

For Suresh Surana & Associates & LLP
Chartered Accountants
Firm's Registration No. 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 20102306AAAACX1625

SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
MUMBAI

Place: Mumbai
Date: 19 August 2020

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 Svatantra Micro Housing Finance Corporation Limited as of 31 March 2020 in conjunction with our audit of the Ind AS 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 Act, 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 Ind AS Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
MUMBAI

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 2020, 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 Suresh Surana & Associates & LLP
Chartered Accountants
Firm's Registration No. 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 20102306AAAACX1625

Place: Mumbai
Date: 19 August 2020

SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
MUMBAI

To,
The Board of Directors
Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)
Office No. 1,2,3,4, Ground Floor,
Malviya Road, Vile Parle (East)
Mumbai - 400057

Independent Auditor's Additional Report for the year ended 31 March 2020, pursuant to the requirements of the Master Circular-Housing Finance Companies–Auditor's Report (National Housing Bank) Directions, 2016 issued by the National Housing Bank

1. This report has been issued in accordance with our terms of engagement letter dated 10 October 2019 with Svatantra Micro Housing Finance Corporation Limited ("the Company") and in accordance with the requirements of the Master Circular- Housing Finance Companies –Auditor's Report (National Housing Bank) Directions, 2016 (the Auditor's Report Directions') issued by the National Housing Bank ('NHB').

2. We have audited the accompanying audited Ind AS financial statements of the Company which comprise the Balance Sheet as at 31 March 2020, 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 Ind AS financials statements including a summary of significant accounting policies and other explanatory information and have issued an unqualified opinion vide our Audit report dated 19 August 2020.

   In addition to the said report made under Section 143 of the Companies Act, 2013 ('the Act') on the Ind AS financial statements of the Company for the year ended 31 March 2020 and as required by the requirements of the Master Circular- Housing Finance Companies –Auditor's Report (National Housing Bank) Directions, 2016 (the Auditor's Report Directions') issued by the National Housing Bank ('NHB'), we report on the matters specified in paragraphs 3 and 4 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 Ind AS 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

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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'), Master Circular –The Housing Finance Companies Directions, 2010 ('the NHB Directions'), and other circulars and directions issued by the NHB there under and for providing all the required information to the NHB. Further, the Company is responsible for compliance of RBI circular or guidelines, wherever applicable.

Auditors Responsibility

5. Pursuant to the requirements of the Auditor's Report Directions, it is our responsibility to provide reasonable assurance on the matters specified in paras 3 and 4 of the Auditor's Report 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 2020 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

Based on our audit of the financial statements for the year ended 31 March 2020 and examination as above, evidences obtained and the information and explanations, along with the representations provided by the Management, we report that

1. Para 3 (A)

a. The Company has obtained Certificate of Registration No. 02.0071.09 dated 9 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 in lieu of aforesaid registration issued by NHB;

b. The Company is meeting the required Net Owned Fund Requirements during the year ended 31 March 2020 as prescribed under section 29A of the NHB Act;

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2. Para 3 (B)

As indicated in Clause (1) above, since the Company has Certificate of Registration as Housing Finance Company and not accepting /holding public deposits, the matters referred to in Para 3(B) of the Directions are not applicable to the Company.

3. Para 3 (C)

i) 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 2020;

ii) 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;

Iii) The Company has not accepted any public deposits during the year ended 31 March 2020;

iv) The total borrowings of the Company are within the limits prescribed under paragraph 3(2) of the NHB directions during the year;

v) The Company has complied with the prudential norms relating to the income recognition, accounting standards, assets classification, disclosure on balance sheet, provisioning norms, 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 NHB Directions as may be applicable for the year ended 31 March 2020;

vi) The Capital Adequacy Ratio as at 31 March 2020 as disclosed in the Schedule II return submitted to NHB in terms of the NHB Directions on 15 June 2020 was correctly determined and this ratio is in compliance with the minimum capital to risk weighted assets ratio ('CRAR') prescribed therein;

vii) The Company has furnished to the NHB the Schedule-II return during the year ended 31 March 2020 within the stipulated period as specified in the NHB Directions except for Schedule II return for the half year ended 31 March 2020. This return was submitted 3 days later than due date on account of technical difficulties with NHB portal and the same was informed to the NHB on the due date of filling of return.;

viii) The Company has furnished to the NHB the Schedule –III Return on Statutory Liquidity Assets to the NHB for the year ended 31 March 2020 within the stipulated period as specified in the NHB Directions;

ix) 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 NHB Directions for the year ended 31 March 2020; and

x) The Company has complied with the provisions contained in paragraph 38 and 38A of the NHB Directions for the year ended 31 March 2020;

Restrictions on Distribution or Use

8. Our work was performed solely to assist you for compliance with Auditor's Report Directions by the Company. 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.

SURESH SURANA & ASSOCIATES LLP * MUMBAI * Chartered Accountants

9. This certificate is addressed to and provided to the Board of Directors of the Company pursuant to our obligations under the Auditor's Report 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 Suresh Surana & Associates & LLP
Chartered Accountants
Firm's Registration No. 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 20102306AAAACX1625

SURESH SURANA & ASSOCIATES LLP * MUMBAI * Chartered Accountants

Place: Mumbai
Date: 19 August 2020

Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)

Balance sheet as at 31 March 2020

(Amount in Rs. '000')

	Note no.	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Assets				
Financial assets				
Cash and cash equivalents	3	103,923.76	48,370.22	203,111.64
Bank balances other than cash and cash equivalents	4	209,814.41	10,423.37	10,640.58
Loans	5	6,883,227.09	5,689,074.00	4,526,941.04
Other financial assets	6	5,321.11	3,305.53	2,873.94
Total financial assets		**7,202,286.37**	**5,751,173.12**	**4,743,567.20**
Non-financial assets				
Current tax assets (net)	7	3,511.65	5,563.54	7,062.89
Deferred tax assets (net)	8	27,829.65	27,051.31	22,635.75
Investment property	9	250.71	250.71	250.71
Property, plant and equipment	10	3,166.25	4,455.55	1,481.82
Other Intangible assets	10	116.77	315.61	-
Right of use asset	11	5,505.63	10,020.36	11,655.96
Other non-financial assets	12	8,132.39	4,646.93	7,501.47
Total non-financial assets		**48,513.05**	**52,304.01**	**50,588.60**
Total assets		**7,250,799.42**	**5,803,477.13**	**4,794,155.80**
Liabilities and equity				
Liabilities				
Financial liabilities				
Payables				
Trade payables				
- Total outstanding dues of micro enterprises and small enterprises	13	82.08	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13	4,021.13	888.63	1,078.28
Other payables				
- Total outstanding dues of micro enterprises and small enterprises				
- Total outstanding dues of creditors other than micro enterprises and small enterprises	14	2,539.35	1,194.41	1,293.27
Debt securities	15	526,300.97	525,540.72	262,447.98
Borrowings (other than debt securities)	16	5,175,419.99	4,055,574.03	3,458,533.29
Other financial liabilities	17	60,952.40	66,803.20	58,398.15
Total financial liabilities		**5,769,315.92**	**4,650,000.99**	**3,781,750.97**
Non-financial liabilities				
Provisions	18	10,973.18	5,607.27	4,599.87
Other non-financial liabilities	19	4,460.86	3,559.27	5,484.12
Total non-financial liabilities		**15,434.04**	**9,166.54**	**10,083.99**
Total liabilities		**5,784,749.96**	**4,659,167.53**	**3,791,834.96**
Equity				
Equity share capital	20	302,275.75	302,275.75	251,784.40
Non-Cumulative Compulsorily Convertible Preference shares	21	300,000.00	-	-
Other equity	22	863,773.71	842,033.85	750,536.44
Total equity		**1,466,049.46**	**1,144,309.60**	**1,002,320.84**
Total liabilities and equity		**7,250,799.42**	**5,803,477.13**	**4,794,155.80**

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 SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
Firm Registration No.: 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai
Date: 19 August 2020

SURESH SURANA & ASSOCIATES LLP MUMBAI Chartered Accountants

On behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Limited

Vineet Chattree
Managing Director
DIN: 07962531

Anil Chirania
Director
DIN: 01082719

Tasneem Mandsorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 19 August 2020

Sahil Mehta
Chief Financial Officer

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)

Statement of Profit and Loss for the year ended 31 March 2020

(Amount in Rs. '000')

	Note no.	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations			
Interest income	23	737,893.15	586,405.70
Fees and commission income	24	-	374.29
Net gain on fair value changes	25	15,502.98	16,182.81
Total revenue from operations		**753,396.13**	**602,962.80**
Other income	26	6,782.71	685.31
Total income		**760,178.84**	**603,648.11**
Expenses			
Finance costs	27	523,384.34	389,976.92
Impairment on financial instruments	28	5,671.42	(10,380.97)
Employee benefits expense	29	130,347.76	75,183.52
Depreciation and amortisation	30	8,869.13	7,549.82
Other expenses	31	55,506.52	38,255.40
Total expenses		**723,779.17**	**500,584.69**
Profit before tax		**36,399.67**	**103,063.42**
Tax expense:			
- Current tax	33	11,340.92	28,704.56
- Deferred tax	33	152.43	(4,189.29)
		11,493.35	**24,515.27**
Profit after tax		**24,906.32**	**78,548.15**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans (cost)		(2,102.22)	(777.01)
(ii) Income tax relating to items that will not be reclassified to profit or loss		529.09	226.27
Other comprehensive income, net of income tax		**(1,573.13)**	**(550.74)**
Total comprehensive income		**23,333.19**	**77,997.41**
Earnings per share	34		
Basic earnings per share (Rs.) (Nominal Value - Rs. 10)		0.78	2.60
Diluted earnings per share (Rs.) (Nominal Value - Rs. 10)		0.78	2.60
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 SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
Firm Registration No.: 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai
Date: 19 August 2020

SURESH SURANA & ASSOCIATES LLP * MUMBAI * Chartered Accountants

On behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Limited

Vineet Chattree
Managing Director
DIN: 07962531

Anil Chirania
Director
DIN: 01082719

Tasneem Mandsorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 19 August 2020

Sahil Mehta
Chief Financial Officer

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED * MUMBAI

Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)

Statement of Cash Flows for the year ended 31 Mar 2020

(Amount in Rs. '000')

	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax	36,399.67	103,063.42
Cash flow from operating activities		
Adjusted for:		
Finance costs on lease liabilities	841.12	1,081.53
Transaction costs on borrowings	(1,914.03)	2,103.77
Gain on sale of mutual fund units held as current investments	(15,502.98)	(16,182.81)
Depreciation, amortisation and impairment	8,869.13	7,549.82
Interest on fixed deposits and Inter Corporate deposits	(15,170.61)	(3,677.32)
Impairment on financial instruments	(5,671.42)	10,380.97
Transaction costs on Loans	14,886.50	21,398.79
Unwinding interest income	(198.59)	(198.35)
Loss on sale of property, plant and equipment	5.22	30.29
Operating profit before working capital changes	**22,544.01**	**125,550.11**
Changes in working capital		
- (Increase) / decrease in loans	(1,203,368.17)	(1,129,921.37)
- (Increase) / decrease in other financial Assets	(1,816.99)	(233.24)
- (Increase) / decrease in other non financial Assets	(8,642.72)	(4,380.80)
- Increase / (decrease) in trade payables	4,559.52	(288.51)
- (Increase) / decrease in other financial Liabilities	(1,516.22)	9,319.50
- (Increase) / decrease in other non financial Liabilities	901.59	(1,924.85)
- Increase / (decrease) in provisions	3,263.69	230.39
Cash generated from operating activities	**(1,184,075.29)**	**(1,001,648.77)**
Income tax paid (net)	(9,289.03)	(27,205.21)
Net cash used in operating activities	**(1,193,364.32)**	**(1,028,853.98)**
Cash flows from investing activities:		
Purchase of property, plant and equipment, right of use asset and intangibles	(1,822.39)	(5,700.52)
Proceeds from sale of property, plant and equipment	15.08	23.82
Purchase of mutual funds	(33,856,300.00)	(44,885,800.00)
Proceeds of sale of mutual funds	33,871,802.98	44,901,982.81
Interest received on fixed deposits and Inter Corporate deposits	3,279.57	3,340.95
Maturity /(investments) of /in fixed deposits	(187,500.00)	553.58
Net cash generated from / (used in) investing activities	**(170,524.76)**	**14,400.64**
Cash flows from financing activities:		
Proceeds from issuance of Compulsorily convertible preference shares	300,000.00	-
Share issue expenses	(1,995.00)	-
Proceeds from issue of debentures	-	266,000.00
Proceeds from long term borrowings	2,350,000.01	1,187,500.00
Repayment of long term borrowings	(1,321,722.51)	(588,234.96)
Proceeds from short borrowings (net)	99,400.00	-
Repayment of lease liabilities	(5,398.76)	(4,471.59)
Interest paid on lease liabilities	(841.12)	(1,081.53)
Net cash generated from financing activities	**1,419,442.62**	**859,711.92**
Net increase in cash and cash equivalents	55,553.54	(154,741.42)
Cash and cash equivalents as at the beginning of the year	48,370.22	203,111.64
Closing balance of cash and cash equivalents	**103,923.76**	**48,370.22**
Components of cash and cash equivalents		
Cash in hand	195.36	1,078.41
Balances with banks		
- With banks in current accounts	103,728.40	47,291.81
Cash and cash equivalents	**103,923.76**	**48,370.22**

SURESH SURANA & ASSOCIATES LLP * MUMBAI * Chartered Accountants

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED * MUMBAI

Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)

Statement of Cash Flows for the year ended 31 Mar 2020
Cash Flow Statement (Contd..)

Changes in liabilities arising from financing activities

	As at 31 March 2020	As at 31 March 2019
Opening balance (Borrowings + debt securities +lease liabilities)	4,591,088.94	3,731,869.98
Proceeds from long-term borrowings	2,350,000.01	1,187,500.00
Rapyment /(addition) in lease liabilities (net)	(3,493.00)	167.00
Finance costs on lease liabilities	(841.12)	(1,081.52)
Proceeds from debt securities	-	266,000.00
Proceeds from short borrowings (net)	99,400.00	-
Repayments of long-term borrowings	(1,321,722.51)	(588,234.96)
Transaction costs on borrowings	(7,071.29)	(5,131.56)
Closing balance (Borrowings)	**5,707,361.03**	**4,591,088.94**

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 SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
Firm Registration No.: 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai
Date: 19 August 2020

SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
MUMBAI

On behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Limited

Vineet Chattree
Managing Director
DIN: 07962531

Anil Chirania
Director
DIN: 01082719

Tasneem Mandsorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 19 August 2020

Sahil Mehta
Chief Financial Officer

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED
MUMBAI

Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)

Statement of Changes in Equity for the year ended 31 March 2020

Equity share capital (Amount in Rs. '000')

Particulars	No of shares	Amount
Balance as at 1 April 2018	**25,179,414**	**251,784.40**
Adjustments related to Company's Employees Trust	5,048,161	50,491.35
Balance at 31 March 2019	**30,227,575**	**302,275.75**
Addition during the year	-	-
Balance at 31 March 2020	**30,227,575**	**302,275.75**

Non-Cumulative Compulsorily Convertible Preference shares (Amount in Rs. '000')

Particulars	No of shares	Amount
Balance as at 1 April 2018	-	-
Addition during the year	-	-
Balance at 31 March 2019	-	-
Addition during the year	3,000,000	300,000.00
Balance at 31 March 2020	**3,000,000**	**300,000.00**

Other equity (Amount in Rs. '000')

Particulars	Reserves and Surplus				Total
	Securities premium	Statutory reserves	Impairment reserve	Retained earnings	
Balance as at 1 April 2018	**431,605.51**	**95,338.51**	-	**223,592.42**	**750,536.44**
Profit for the year	-	-	-	78,548.15	78,548.15
Other comprehensive income for the year	-	-	-	(550.74)	(550.74)
Adjustments related to Company's Employees Trust	13,500.00	-	-	-	13,500.00
Transfer from / to retained earnings	-	20.04	2,586.51	(2,606.55)	-
Balance as at 31 March 2019	**445,105.51**	**95,358.55**	**2,586.51**	**298,983.28**	**842,033.85**
Profit for the year	-	-	-	24,906.32	24,906.32
Other comprehensive income for the year	-	-	-	(1,573.13)	(1,573.13)
Transfer from / to retained earnings	-	5,892.97	15,537.34	(21,430.31)	-
Share issue expenses	-	-	-	(1,593.32)	(1,593.32)
Balance at 31 March 2020	**445,105.51**	**101,251.52**	**18,123.85**	**299,292.84**	**863,773.72**

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 SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
Firm Registration No.: 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai
Date: 19 August 2020

SURESH SURANA & ASSOCIATES LLP Chartered Accountants MUMBAI

On behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Limited

Vineet Chattree
Managing Director
DIN: 07962531

Anil Chirania
Director
DIN: 01082719

Tasneem Mandsorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 19 August 2020

Sahil Mehta
Chief Financial Officer

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)

Notes to the financial statements for the year ended 31 March 2020

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 Februry 2020, the Company is 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 for the year ended March 31, 2020 are the first financial statements which has been prepared in accordance with Ind AS and other applicable guidelines issued by the Reserve Bank of India ('RBI') and National Housing bank (NHB), wherever applicable.

The financial statements upto and for the year ended March 31, 2019 were prepared in accordance with the accounting standard notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) and other applicable guidelines issued by the RBI or /and NHB, which have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS.

As these are the Company's first financial statements prepared in accordance with Ind AS, the Company has applied, First-time Adoption Standard (Ind AS 101) of Indian Accounting Standards. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 43

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 for the year ended 31 March 2020 were authorised and approved for issue by the Board of Directors on 19 August 2020

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 thousands and decimals thereof, 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.

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Notes to the financial statements for the year ended 31 March 2020

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.

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 satisfactorly completion of service delivery.

d. Financial instruments

A 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

a 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 Statment 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.

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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	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.

Transition to Ind AS

The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount as its deemed cost on the date of transition of Ind AS i.e. April 1, 2018.

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 tax

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 tax

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.

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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. Compensated absenses recognised in Statement of Profit and Loss and unutilized leave balances, if any expires at the end of year.

i. Borrowing costs:
Borrowing cost of financial liabilities is recognised using the Effective Intrest 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 cash Flow Statement.

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.

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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.

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3 Cash and cash equivalents

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Cash on hand	195.36	1,078.41	806.33
Balances with banks - in current accounts*	103,728.40	47,291.81	202,305.31
Total	**103,923.76**	**48,370.22**	**203,111.64**
* Includes amounts received towards NHB subsidy pending transfer to customers	241.63	11,251.26	17,527.06

4 Bank balances other than cash and cash equivalents

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Deposits with maturity of more than 3 months but less than 12 months*	209,814.41	10,423.37	10,640.58
Total	**209,814.41**	**10,423.37**	**10,640.58**

* Bank deposit held as security against the bank guarantee

5 Loans

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At amortised cost			
(i) Term loans			
(a) Housing loans	6,700,743.64	5,616,108.58	4,370,336.28
(b) Non Housing loans	215,259.46	102,673.92	193,370.37
(c) Loan to employees	936.09	511.01	260.17
Total (i) - Gross	**6,916,939.19**	**5,719,293.51**	**4,563,966.82**
Less: Impairment loss allowance	(33,712.10)	(30,219.51)	(37,025.78)
Total (i) - Net	**6,883,227.09**	**5,689,074.00**	**4,526,941.04**
(ii) Secured/unsecured			
(a) Secured by tangible assets	6,916,003.10	5,718,782.50	4,563,706.65
(b) Unsecured	936.09	511.01	260.17
Total (ii) - Gross	**6,916,939.19**	**5,719,293.51**	**4,563,966.82**
Less: Impairment loss allowance	(33,712.10)	(30,219.51)	(37,025.78)
Total (ii) - Net	**6,883,227.09**	**5,689,074.00**	**4,526,941.04**
(iii) Loans in India			
(a) Public sector	-	-	-
(b) Others	6,916,939.19	5,719,293.51	4,563,966.82
Total (iii) - Gross	6,916,939.19	5,719,293.51	4,563,966.82
Less: Impairment loss allowance	(33,712.10)	(30,219.51)	(37,025.78)
Total (iii) - Net	**6,883,227.09**	**5,689,074.00**	**4,526,941.04**
(iv) Loans outside India			
(a) Loan outside India	-	-	-
Total (iv)	-	-	-

6 Other financial assets

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At amortised cost			
Security deposits	3,795.34	3,116.43	2,542.23
Staff advances	445.77	189.10	331.71
Others receivables	1,080.00	-	-
Total	**5,321.11**	**3,305.53**	**2,873.94**

7 Current tax assets (net)

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Advance tax*	3,511.65	5,563.54	7,062.89
Total	**3,511.65**	**5,563.54**	**7,062.89**

*(net of provision for tax 31 March 2020 Rs 40,045.48 thousands , 31 March 2019: Rs 28,704.56 thousands , 1 April 2018: Rs. 60,292.00 thousands)

8 Deferred Tax Assets/ Liabilities (net)

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Deferred Tax assets			
Provision for impairment of assets	8,484.66	8,799.92	10,781.91
Provision for employee benefits	2,761.73	1,632.84	1,339.48
Timing difference on PPE depreciation/amortisation	1,146.66	766.41	377.54
Share issue expenses	401.68	-	-
Transaction cost on loans	19,800.72	18,570.37	12,543.06
Lease liabilities	162.34	182.63	-
Total deferred Tax assets	**32,757.79**	**29,952.17**	**25,041.99**
Deferred Tax liabilities			
Amortisation of borrowing costs	(4,928.14)	(2,900.86)	(2,406.24)
Total deferred Tax liabilities	**(4,928.14)**	**(2,900.86)**	**(2,406.24)**
Net deferred Tax assets/(liabilities)	**27,829.65**	**27,051.31**	**22,635.75**

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SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED ★ MUMBAI

Svatantra Micro Housing Finance Corporation Limited
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Notes to the financial statements for the year ended 31 March 2020

9 Investment property

(Amount in Rs '000')

Particulars	Freehold land	Total
Gross block		
Deemed cost at 1 April 2018 (Refer note below)	250.71	250.71
Additions	-	-
Deletions	-	-
As at 31 March 2019	250.71	250.71
Additions	-	-
Deletions	-	-
As at 31 March 2020	250.71	250.71
Accumulated depreciation		
As at 1 April 2018	-	-
Charge for the year	-	-
Deletions	-	-
As at 31 March 2019	-	-
Charge for the year	-	-
Deletions	-	-
As at 31 March 2020	-	-
Net block		
As at 31 March 2020	250.71	250.71
As at 31 March 2019	250.71	250.71
As at 1 April 2018	250.71	250.71

Notes:

The Company's investment property is a piece of land in India, currently held 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.

(a) Fair value of investment property

(Amount in Rs '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Freehold land	148.78	148.78	148.78

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.

The Company used carrying amount of Rs. 250.71 thousands as per previous GAAP as on 1 April 2018 in its opening IND AS statement of financial position as deemed cost for an Investment Property.

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10 Property, plant and equipment

(Amount in Rs '000')

Particulars	Office equipment	Furniture and fixtures	Computer and data processing equipment	Leasehold improvements	Total
Gross block					
Deemed cost at 1 April 2018 (Refer note below)	**524.03**	**642.04**	**315.75**	-	**1,481.82**
Additions	1,134.12	288.89	836.86	3,066.04	**5,325.91**
Deletion	(79.00)	(135.61)	(10.78)	-	**(225.39)**
As at 31 March 2019	**1,579.15**	**795.32**	**1,141.83**	**3,066.04**	**6,582.34**
Additions	715.02	53.38	725.50	328.49	**1,822.39**
Deletion	(44.05)	-	-	-	**(44.05)**
As at 31 March 2020	**2,250.12**	**848.70**	**1,867.33**	**3,394.53**	**8,360.68**
Accumulated depreciation / amortisation					
As at 1 April 2018	-	-	-	-	-
Charge for the year	580.90	360.35	319.57	1,037.26	**2,298.08**
Deletions	(29.39)	(131.11)	(10.79)	-	**(171.29)**
As at 31 March 2019	**551.51**	**229.24**	**308.78**	**1,037.26**	**2,126.79**
Charge for the year	850.67	156.78	791.40	1,292.53	3,091.38
Deletions	(23.74)	-	-	-	(23.74)
As at 31 March 2020	**1,378.44**	**386.02**	**1,100.18**	**2,329.79**	**5,194.43**
Net block					
As at 1 April 2018	**524.03**	**642.04**	**315.75**	-	**1,481.82**
As at 31 March 2019	**1,027.64**	**566.08**	**833.05**	**2,028.78**	**4,455.55**
As at 31 March 2020	**871.68**	**462.68**	**767.15**	**1,064.74**	**3,166.25**

The Company used carrying amount as per previous GAAP as on 1 April, 2018 in its opening IND AS statement of financial position as deemed cost for the item of property, plant and equipment

Following are the disclosures with regard to its gross block value, accumulated depreciation and net block value as per previous GAAP as on 1 April 2018:

Particulars	Original Cost	Accumulated depreciation	Net Block
Office equipment	2,992.77	2,468.74	524.03
Furniture and fixtures	1,074.89	432.85	642.04
Computer and data processing equipment	2,523.51	2,207.76	315.75
Leasehold improvements	-	-	-
Total	**6,591.17**	**5,109.35**	**1,481.82**

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10 Other Intangible assets (Amount in Rs. '000')

Particulars	Computer software
Gross block	
Cost at 1 April 2018	-
Additions	374.61
Deletions	-
As at 31 March 2019	**374.61**
Additions	-
Deletions	-
As at 31 March 2020	**374.61**
Accumulated depreciation / amortisation	
As at 1 April 2018	-
Charge for the year	59.00
Deletions	-
As at 31 March 2019	**59.00**
Charge for the year	198.84
Deletions	-
As at 31 March 2020	**257.84**
Net block	
As at 1 April 2018	-
As at 31 March 2019	**315.61**
As at 31 March 2020	**116.77**

11 Right of use Asset (Amount in Rs. '000')

Particulars	Office building
Gross amount as at 1 April 2018	**11,655.96**
Additions	3,557.14
Deletions	-
As at 31 March 2019	**15,213.10**
Additions	1,064.18
Deletions	-
As at 31 March 2020	**16,277.28**
Accumulated depreciation / amortisation	
As at 1 April 2018	-
Charge for the year	5,192.74
Deletions	-
As at 31 March 2019	**5,192.74**
Charge for the year	5,578.91
Deletions	-
As at 31 March 2020	**10,771.65**
Net block	
As at 1 April 2018	**11,655.96**
As at 31 March 2019	**10,020.36**
As at 31 March 2020	**5,505.63**

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Notes to the financial statements for the year ended 31 March 2020

12 Other non-financial assets

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Prepaid expenses	7,983.41	4,570.33	6,701.47
Capital advances	-	-	800.00
Other assets	148.98	76.60	-
Total	**8,132.39**	**4,646.93**	**7,501.47**

13 Trade payables

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Total outstanding dues of micro enterprises and small enterprises (Refer note 45)	82.08	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,021.13	888.63	1,078.28
Total	**4,103.21**	**888.63**	**1,078.28**

14 Other payables

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Total outstanding dues of micro enterprises and small enterprises (Refer note 45)	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,539.35	1,194.41	1,293.27
Total	**2,539.35**	**1,194.41**	**1,293.27**

15 Debt securities

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Secured			
At amortised cost			
Redeemable non-convertible debentures*	526,300.97	525,540.72	262,447.98
Total	**526,300.97**	**525,540.72**	**262,447.98**
Debt securities in India	526,300.97	525,540.72	262,447.98
Debt securities outside India	-	-	-
Total	**526,300.97**	**525,540.72**	**262,447.98**

* The unlisted secured redeemable non-convertible debentures were issued by the Company via private placement and it has been fully subscribed by International Finance Corporation, Washington which are secured by first ranking and exclusive charge on the standard portfolio and the receivables of the Company as created initially and future loans which are required for the purpose of maintaining the security cover as per the agreement entered into between the Company and International Finance Corporation, Washington.

Debentures issued by Company has a maturity of 5 years (as at March, 2019 and as at 1 April 2018 more than 5 years) from the date of debentures issued and will be redeemed on 18 November 2024. Rate of interest payable on debentures is 9.45% to 10.60% (as at March 31, 2019 9.45% to 10.60%, as at April 1, 2018 9.45% to 10.60%)

The payment of interest half yearly and Principle payable at maturity

(Amount in Rs. '000')

Rate of interest	Maturity	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
		Secured	Secured	Secured
9.45% - 10.60%	Within 1-5 years	531,000.00	-	-
9.45% - 10.60%	More than 5 years	-	531,000.00	265,000.00
Total Debt securities		**531,000.00**	**531,000.00**	**265,000.00**
Adjustments of unamortised processing fee based on EIR		(4,699.03)	(5,459.28)	(2,552.02)
Total adjusted Debt securities		526,300.97	525,540.72	262,447.98

16 Borrowings (other than debt securities)

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
At amortised cost			
Secured			
Term loans			
- from banks	3,089,740.32	1,977,449.87	1,768,288.22
- from National Housing Bank (NHB)	1,439,821.00	1,239,623.90	1,365,305.70
- from Financial Institution (FI)	546,458.67	838,500.26	174,939.37
Loans Repayable on Demand			
- from a Bank	99,400.00	-	-
Unsecured			
Term loans			
- from other party	-	-	150,000.00
Total	**5,175,419.99**	**4,055,574.03**	**3,458,533.29**
Borrowings in India	5,175,419.99	4,055,574.03	3,458,533.29
Borrowings outside India	-	-	-
Total	**5,175,419.99**	**4,055,574.03**	**3,458,533.29**

Notes:

(i) Term loans and loans repayable on demand 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.

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

(Amount in Rs '000')

Rate of interest	Category	Maturity	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
			Secured/ unsecured	Secured/ unsecured	Secured/ unsecured
8%-9%	Banks	Within 1 year	21,428.57	21,428.57	75,314.29
9%-10%	Banks		71,142.86	185,352.39	134,133.34
10%-11%	Banks		390,925.90	167,778.57	104,268.53
11%-12%	Banks		79,999.99	21,739.14	-
10%-11%	FI		-	200,000.00	-
11%-12%	FI		162,863.70	93,006.76	34,179.91
10%	Other parties		-	-	150,000.00
4%-10%	NHB		155,273.46	127,534.58	131,430.18
8%-9%	Banks	Within 1-5 years	64,285.71	85,714.29	301,257.15
9%-10%	Banks		251,761.90	608,476.19	415,666.66
10%-11%	Banks		1,647,514.13	467,124.29	277,687.39
11%-12%	Banks		253,333.93	86,956.54	-
11%-12%	FI		385,460.83	548,411.49	141,027.04
4%-10%	NHB		899,703.00	667,073.00	683,214.90
8%-9%	Banks	More than 5 years	-	-	234,957.13
9%-10%	Banks		85,714.28	290,042.86	180,800.00
10%-11%	Banks		328,017.35	35,711.00	109,945.60
11%-12%	Banks		-	86,956.49	-
4%-10%	NHB		296,826.00	372,668.00	492,827.00
Total borrowings (excluding loans repayable on demand)			**5,094,251.61**	**4,065,974.16**	**3,466,709.12**
Adjustments of unamortised processing fee based on EIR			(18,231.65)	(10,400.11)	(8,175.81)
Total adjusted borrowings (excluding loans repayable on demand)		-	**5,076,019.96**	**4,055,574.05**	**3,458,533.31**

17 **Other financial liabilities**

(Amount in Rs '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Interest accrued but not due on borrowings	54,309.50	44,717.75	29,982.38
Subsidy received from NHB pending transfer to customer *	241.63	11,251.26	17,527.06
Lease liabilities	5,639.68	9,974.26	10,888.71
Employee benefits payable	761.59	859.93	-
Total	**60,952.40**	**66,803.20**	**58,398.15**

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

18 **Provisions**

(Amount in Rs '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Unfunded			
Provision for employee benefits - Gratuity (also refer note 40)	10,973.18	5,607.27	4,599.87
Total	**10,973.18**	**5,607.27**	**4,599.87**

19 **Other non-financial liabilities**

(Amount in Rs '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Statutory dues	3,083.54	3,067.74	2,661.06
Advances from customers	1,377.32	491.53	2,823.06
Total	**4,460.86**	**3,559.27**	**5,484.12**

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20 Share capital

Details of authorised, issued, subscribed and paid up share capital

(Amount in Rs. '000')

Particulars	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Authorised share capital						
Equity shares of Rs 10 each	35,000,000	350,000.00	35,000,000	350,000.00	35,000,000	350,000.00
Non-Cumulative Compulsorily Convertible Preference shares of Rs. 100 each	3,000,000	300,000.00	-	-	-	-
		650,000.00		**350,000.00**		**350,000.00**
Issued, subscribed and paid up						
Equity shares of Rs 10 each, fully paid up	30,227,575	302,275.75	30,227,575	302,275.75	25,179,414	251,784.40
5% Non-Cumulative Compulsorily Convertible Preference shares of Rs. 100 each, fully paid up	3,000,000	300,000.00	-	-	-	-
Total		**602,275.75**		**302,275.75**		**251,784.40**

i. The reconciliation of the number of shares outstanding and the amount of share capital as at 31 March 2020 and 31 March 2019 is set out below:
Equity Shares

(Amount in Rs. '000')

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	30,227,575	302,266.02	25,179,413	251,784.40
Adjustments related to Company's Employees Trust	-	-	5,048,162	50,481.62
Shares outstanding at the end of the year	**30,227,575**	**302,266.02**	**30,227,575**	**302,266.02**

Non-Cumulative Compulsorily Convertible Preference shares

(Amount in Rs. '000')

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	-	-	-	-
Issued during the year	3,000,000	300,000.00	-	-
Shares outstanding at the end of the year	**3,000,000**	**300,000.00**	-	-

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

Equity shares	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Svatantra Holdings Private Limited *	30,227,569	100%	30,227,569	100%	11,060,255	44%
Ananyashree Birla	-	0%	-	0%	5,049,135	20%
Mr. Nachiket Shelgikar	-	0%	-	0%	4,605,268	18%
Michael and Susan Dell Foundation	-	0%	-	0%	3,020,512	12%
Unilazer Alternative Ventures LLP	-	0%	-	0%	2,230,770	9%

* Svatantra Holdings Private Limited acquired the 99.99% fully paid equity shares from previous shareholder on 15th September 2018 as approved by the Board of Directors on the Board meeting held on 15th September, 2018. No objection certificate was issued by National Housing Board (NHB) vide letter dated 24th July, 2018.

Non-Cumulative Compulsorily Convertible Preference shares	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Svatantra Holdings Private Limited	3,000,000	100%	-	-	-	-

iii. 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.

iv. Right, preferences and restrictions attached to Non-Cumulative Compulsorily Convertible Preference shares

The Company has issued of 3,000,000 5% Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 100 each ('CCPS') for cash at par aggregating to Rs.300,000 thousands in three tranches as detailed below. The CCPS shall carry a fixed rate of dividend of 5% (Five Percent) on the capital paid up thereon calculated on a proportionate basis from the date of allotment. The CCPS shall be compulsorily convertible into such number of Equity Shares on expiry of 10 years from date of allotment (Refer below) at price valued by a Chartered Accountant having minimum 10 years' of experience at that point of time and shall be non-cumulative. The CCPS shall rank pari passu in all respects, subject to the provisions of the Memorandum and Articles of Association of the Company and that the CCPS shall qualify for dividend, if any, declared by the Company for the current year on a pro rata basis from the date of allotment.

Allotment details	Allotment date	No. of shares	Amount (₹)
1,000,000 CCPS of Rs. 100 each (Tranche I)	16-Oct-19	1,000,000	100,000,000.00
1,000,000 CCPS of Rs. 100 each (Trache II)	13-Feb-20	1,000,000	100,000,000.00
1,000,000 CCPS of Rs. 100 each (Tranche III)	27-Mar-20	1,000,000	100,000,000.00

Pursuant to the Consent letter dated 31 March 2020, the aforesaid conversion term are revised as follows:
CCPS shall be compulsorily convertible into equity shares of the Company after expiry of six months but on or before the expiry of ten years from the date of allotment (Refer note above) of CCPS in the ratio of 2:5 i.e. 2 CCPS of Rs. 100 each fully paid-up shall be convertible into 5 equity shares of Rs. 10 each fully paid up (face value per Equity share of Rs. 10 Plus premium of Rs. 30 per share). If the CCPS are not converted within 10 years from the allotment, then the CCPS shall be automatically converted into equity shares.

All other terms and conditions of CCPS shall remain in full force and effect.

v. 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 2020.

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21 Other equity

(Amount in Rs '000')

Particulars	Notes	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Securities premium	22.2	445,105.51	445,105.51	431,605.51
Statutory reserve under Section 29C of the NHB Act, 1987	22.3	121,268.37	115,375.41	95,338.51
Impairment reserves	22.4	18,123.85	2,586.51	-
Retained earnings	22.5	279,275.98	278,966.42	223,592.42
		863,773.71	**842,033.85**	**750,536.44**

(Amount in Rs '000')

22.1 Particulars	As at 31 March 2020	As at 31 March 2019
Securities premium		
Opening balance	445,105.51	431,605.51
Add: Premium received on issue of shares (Adjustments related to Company's Employees Trust)	-	13,500.00
Closing balance	**445,105.51**	**445,105.51**
Statutory reserves under Section 29C of the NHB Act, 1987		
Opening balance	115,375.41	95,338.51
Add: Current year transfer	5,892.97	20,036.90
Closing balance	**121,268.38**	**115,375.41**
Impairment reserves		
Opening balance	2,586.51	-
Add: Current year transfer	15,537.34	2,586.51
Closing balance	**18,123.85**	**2,586.51**
Retained earnings		
Opening balance	278,966.42	223,592.42
Add: Transferred from Statement of profit and loss	24,906.32	78,548.15
Less: Transfer to statutory reserves	(5,892.97)	(20,036.90)
Less: Transfer to Impairment reserves	(15,537.34)	(2,586.51)
Less: Share issue expenses (net of tax)	(1,593.32)	-
Items of other comprehensive income recognised directly in retained earnings		
Add: Other comprehensive (loss)/income for the year	(1,573.13)	(550.74)
Closing balance	**279,275.98**	**278,966.42**

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 2019 and year ended 31 March 2020, 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 notification

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.

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23 Interest income

(Amount in Rs '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
On financial assets measured at amortised cost		
Interest on loans	716,839.84	573,938.74
Interest on deposits with banks	14,169.92	759.51
Interest of corporate deposit	1,000.69	2,917.81
Other interest income	5,882.70	8,789.64
Total	**737,893.15**	**586,405.70**

24 Fees and commission income

(Amount in Rs '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Service fees and facilitation charges	-	374.29
Total	**-**	**374.29**

25 Net gain on fair value changes

(Amount in Rs '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net gain on financial instruments at fair value through profit or loss		
- Investments in mutual funds	15,502.98	16,182.81
	15,502.98	**16,182.81**
Total net gain on fair value changes		
Fair Value changes		
-Realised	15,502.98	16,182.81
-Unrealised	-	-
Total net gain on fair value changes	**15,502.98**	**16,182.81**

26 Other income

(Amount in Rs '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Income from advertisment	6,000.00	-
Unwinding interest income	198.59	198.35
Miscellaneous income	584.12	486.96
Total	**6,782.71**	**685.31**

27 Finance costs

(Amount in Rs '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
On financial liabilities measured at amortised costs		
Interest on borrowings (other than debt securities)	465,700.55	338,746.11
Interest on debt securities	53,348.09	46,517.81
Finanace costs on lease liabilities	841.12	1,081.53
Bank charges and others	3,494.58	3,631.47
Total	**523,384.34**	**389,976.92**

28 Impairment on financial instruments

(Amount in Rs '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
On financial instrument measured at amortised cost		
Loans		
Impairment loss allowance	4,101.85	(10,454.82)
Write offs	1,569.57	73.85
Total	**5,671.42**	**(10,380.97)**

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29 Employee benefits expense

(Amount in Rs '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	113,239.75	65,780.61
Gratuity expenses (refer note 40)	3,356.12	1,585.70
Contribution to provident and other funds	7,229.43	3,968.67
Staff welfare expenses	6,522.46	3,848.54
Total	**130,347.76**	**75,183.52**

30 Depreciation and amortisation

(Amount in Rs '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of plant, property and equipment	3,091.38	2,298.08
Depriciation of Right of use assets	5,578.91	5,192.74
Amortisation of Intangible asset	198.84	59.00
Total	**8,869.13**	**7,549.82**

31 Other expenses

(Amount in Rs '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Electricity expenses	799.37	658.34
Rent	128.05	667.02
Repairs and maintenance		
- Others	214.74	146.98
Insurance*	3,009.24	2,477.17
Rates and taxes	1,714.84	2,113.32
Payments to auditors (Refer Note below)	1,820.00	1,294.96
Computer and software expenses	2,099.26	2,366.55
Communication expenses	2,277.52	1,853.45
Professional, legal and consultancy fees	14,983.55	6,522.04
Printing and stationery*	1,616.84	1,190.98
Travelling, conveyance and boarding expenses*	16,709.08	12,186.29
Advertising and marketing expenses	635.10	309.80
Corporate social responsibility (Refer Note 44)	1,196.10	1,122.00
Brokerage and commission	14.52	-
Miscellaneous expenses*	8,288.31	5,346.50
Total	**55,506.52**	**38,255.40**

*Net of reimbursement from customers towards expenses incurred in connection with disbursement of loan under credit linked subsidy scheme as follows

Insurance	-	407.07
Printing and stationery	-	383.13
Travelling, conveyance and boarding expenses	-	1,221.21
Miscellaneous expenses	-	383.13
	-	**2,394.54**

Note: Payments to auditors

Audit fees	1,300.00	1,100.00
Tax Audit fees	240.00	-
Certification work	280.00	161.50
Reimbursement of expenses	-	33.46
	1,820.00	**1,294.96**

32 Contingent liabilities and commitments

I. Contingent Liabilities: Rs 1,1380.15 thousands* (as at March 31, 2019 Rs Nil, as at April 1, 2018 Rs Nil)

II. Capital Commitments : Rs Nil (as at March 31, 2019 Rs Nil, as at April 1, 2018 Rs 1,035.00 thousands)

III. Undrawn Commitment given to Borrowers: Rs 1,105,534.79 thousands (as at March 31, 2019 Rs 791,906.32 thousands)

III. Bank guarantee issued by Banks favoring the NHB for refinance facilities: Rs 187,500.00 thousands (as at March 31, 2019 Rs 100,000.00 thousands, as at April 1, 2018 Rs 100,000.00 thousands)

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

33 Tax expense

(Amount in Rs '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current tax expense		
Current tax for the year	11,340.92	28,704.56
Total	**11,340.92**	**28,704.56**
Deferred taxes		
Relating to origination and reversal of temporary differences	152.43	(4,189.29)
Net deferred tax expense	**152.43**	**(4,189.29)**
Total income tax expense	**11,493.35**	**24,515.27**

33.1 Tax reconciliation

(Amount in Rs '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before income tax expense	**36,399.67**	**103,063.42**
Statutory income tax rate	25.17%	29.12%
Tax at statutory income tax rate	9,161.07	30,012.07
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Tax impact on expenses which is non deductible	204.74	337.94
Tax impact on deduction under Section 36(1)(viii) of the Income Tax Act, 1961	(1,483.14)	(5,834.74)
Impact of difference in tax rate on certain items	3,610.68	-
Income tax expense	**11,493.35**	**24,515.27**

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33.2 Deferred tax movement related to the following:

31 March 2019 to 30 March 2020

(Amount in Rs. '000')

Deferred tax assets (net)	As at 31 March 2019	Recognised in Statement of Profit and Loss	Recognised in OCI	Recognized in equity	As at 31 March 2020
Deferred tax asset on account of:					
Provision for impairment of assets	8,799.92	(315.26)	-	-	8,484.66
Provision for employee benefits	1,632.84	1,128.89	-	-	2,761.73
Share issue expenses	-	-	-	401.68	401.68
Timing difference on depreciation on property plant and equipment	766.41	380.25	-	-	1,146.66
Transaction costs on Loans	18,570.37	1,230.35	-	-	19,800.72
Lease liabilities	182.63	(20.29)	-	-	162.34
	29,952.17	**2,403.94**	**-**	**401.68**	**32,757.79**
Deferred tax liability on account of:					
Transaction costs on borrowings	2,900.86	2,027.28	-	-	4,928.14
Transaction costs on debt securities	-	-	-	-	-
Remeasurement of gains/ (losses) on defined benefit plans	-	529.09	(529.09)	-	-
	2,900.86	**2,556.37**	**(529.09)**	**-**	**4,928.14**
	27,051.31	**(152.43)**	**529.09**	**401.68**	**27,829.65**

1 April 2018 to 31 March 2019

(Amount in Rs. '000')

Deferred tax assets (net)	As at 1 April 2018	Recognised in Statement of Profit and Loss	Recognised in OCI	Recognized in equity	As at 31 March 2019
Deferred tax asset on account of:					
Provision for impairment of assets	10,781.91	(1,981.99)	-	-	8,799.92
Provision for employee benefits	1,339.48	293.36	-	-	1,632.84
Timing difference on depreciation on property plant and equipment	377.54	388.87	-	-	766.41
Transaction costs on Loans	12,543.06	6,027.31	-	-	18,570.37
Lease liabilities	-	182.63	-	-	182.63
	25,041.99	**4,910.18**	**-**	**-**	**29,952.17**
Deferred tax liability on account of:					
Transaction costs on debt securities	-				
Transaction costs on borrowings	2,406.24	494.62	-	-	2,900.86
Remeasurement of gains/ (losses) on defined benefit plans	-	226.27	(226.27)	-	-
	2,406.24	**720.89**	**(226.27)**	**-**	**2,900.86**
	22,635.75	**4,189.29**	**226.27**	**-**	**27,051.31**

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34 Earnings per share

(Amount in Rs. '000')

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net profit attributable to equity holders	24,906.32	78,548.15
Weighted average number of equity shares outstanding for basic earnings per share*	31,737,138	30,227,575

Earnings per share		
Basic earning per share (₹)	0.78	2.60
Diluted earning per share (₹)	0.78	2.60
Nominal value per share (₹)	10	10

* Weighted average number of equity shares outstanding includes non cumulative compulsorily convertible preference shares

35 Related party disclosures

Related party disclosures as required under Indian Accounting standard 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 (w.e.f. 15 September 2018)
Key Managerial Personnel (KMP)	Mr. Madhusudhan Padath Pulloot, Director (upto 15 September 2018) Mr. Rajnish Dhall, Managing Director (upto 15 September 2018) Mr. Nachiket Shelgikar, Director and Chief Financial Officer (upto 15 September 2018) Ms. Avani Shah, Company Secretary (upto 24 December 2018) Ms. Ananyashree Birla, Chairperson (w.e.f. 15 September 2018) Mr. Vineet Chattree, Managing Director (w.e.f. 15 September 2018) Mr. Anil Chirania, Director (w.e.f. 15 September 2018) Mr. Sahil Mehta, Chief Financial Officer (w.e.f. 15 September 2018) Ms. Tasneem Mandsorwala, Company Secretary (w.e.f. 24 December 2018)
Relative of KMP	Ms. Madhura Shelgikar (upto 15 September 2018)
Other Related Parties (Parties on which KMP's of the Company are able to exercise control)	Classapart Technologies Private Limited (upto 15 September 2018) NRS Micro Systems Private Limited (upto 15 September 2018) Mobile Search Engine Private Limited (upto 15 September 2018)

35.2 Transactions during the period with related parties :

(Amount in Rs. '000')

Transactions with	Nature of transactions	For the period 1 April 2019 to 31 March 2020	For the period 1 April 2018 to 31 March 2019
Svatantra Holding Private Limited	Compulsorily convertible preference shares	300,000.00	-
Mr. Madhusudhan Padath Pulloot (upto 15.09.2018)	Remunration	-	550.00
Mr. Rajnish Dhall (upto 15.09.2018)	Remunration	-	550.00
Mr. Nachiket Shelgikar (upto 15.09.2018)	Remunration	-	550.90
Ms. Avani Shah (upto 24.12.2018)	Remunration	-	1,080.00
Mr. Sahil Mehta (w.e.f. 15.09.2018)	Remunration	3,349.99	1,524.45
Ms. Tasneem Mandsorwala (w.e.f. 24.12.2018)	Remunration	900.00	156.00
Ms. Madhura Shelgikar (upto 15.09.2018)	Salaries and benefits	-	770.90

Note:
1. There is no outstanding balance as at 31 March 2020, 31 March 2019 and 1 April 2018 with related parties, other than CCPS of Rs. 30,000.00 thousands
2. Employee benefits in relation to gratuity are calculated at the Company level and hence not considered in above disclosure

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Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)

Notes to the financial statements for the year ended 31 March 2020

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 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 Housing finance Companies (National Housing Bank) Directions, 2010 (the "NHB Directions") which currently permits HFCs to borrow up to 14 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

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Equity share capital	302,266.02	302,266.02	251,784.40
Non-Cumulative compulsorily convertible preference shares capital	300,000.00	-	-
Securities premium	445,105.51	445,105.51	431,605.51
Retained earnings	299,292.84	298,983.28	223,592.42
Statutory reserves	101,251.52	95,358.55	95,338.51
Less:			
- Deferred revenue expenditure (represent prepaid expenses)	(7,983.41)	(4,570.32)	(6,701.47)
- Intangible Asset	(116.77)	(315.61)	-
-Deferred tax Asset	(27,829.65)	(27,051.31)	(22,635.75)
Tier I Capital	1,411,986.06	1,109,776.12	972,983.62
- Loss Allowances for loans - Stage -I	7,292.88	3,966.18	4,433.66
Tier II Capital	7,292.88	3,966.18	4,433.66
Tier I + Tier II Capital	1,419,278.94	1,113,742.30	977,417.28

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 13%, ratio of total outstanding liability to total net worth to be less than or equal to 14 times etc.

37 Fair value measurement

37.1 Financial instruments by category

(Amount in Rs. '000')

Particulars	Category	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Financial assets:				
Cash and cash equivalents	Amortised Cost	103,923.76	48,370.22	203,111.64
Bank balance other than cash and cash equivalents	Amortised Cost	209,814.41	10,423.37	10,640.58
Loans	Amortised Cost	6,883,227.09	5,689,074.00	4,526,941.04
Other financial assets	Amortised Cost	5,321.11	3,305.53	2,873.94
Total financial assets		**7,202,286.37**	**5,751,173.12**	**4,743,567.20**
Financial liabilities:				
Trade payables	Amortised Cost	4,103.21	888.63	1,078.28
Other payables	Amortised Cost	2,539.35	1,194.41	1,293.27
Debt securities	Amortised Cost	526,300.97	525,540.72	262,447.98
Borrowings (other than debt securities)	Amortised Cost	5,175,419.99	4,055,574.03	3,458,533.29
Other financial liabilities*	Amortised Cost	60,952.40	66,803.20	58,398.15
Total financial liabilities		**5,769,315.92**	**4,650,000.99**	**3,781,750.97**

* Other financial liabilities includes liability pertaining to lease liabilities covered under Indian accounting standard - 116 (31 March 2020 Rs 5,640 , 31 March 2019 Rs 9,974 , 1 April 2018 Rs 10,888.71)

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. '000')

Particulars	As at 31 March 2020		As at 31 March 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets measured at amortised cost				
Cash and cash equivalent	103,923.76	103,923.76	48,370.22	48,370.22
Bank balance other than cash and cash equivalents	209,814.41	209,814.41	10,423.37	10,423.37
Loans	6,883,227.09	6,961,856.39	5,689,074.00	5,752,816.80
Other financial assets	5,321.11	5,321.11	3,305.53	3,305.53
Total financial assets	**7,202,286.37**	**7,280,915.67**	**5,751,173.12**	**5,814,915.92**
Financial liabilities:				
Trade payables	4,021.13	4,021.13	888.63	888.63
Other payables	2,539.35	2,539.35	1,194.41	1,194.41
Debt securities	526,300.97	528,152.22	525,540.72	526,041.18
Borrowings (other than debt securities)	5,175,419.99	5,193,651.64	4,055,574.03	4,065,974.14
Other financial liabilities	60,952.40	60,952.40	66,803.20	66,803.20
Total financial liabilities	**5,769,233.84**	**5,789,316.74**	**4,650,000.99**	**4,660,901.56**

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(Amount in Rs. '000')

Particulars	As at 1 April 2018	
	Carrying Value	Fair Value
Financial assets measured at amortised cost		
Cash and cash equivalent	203,111.64	203,111.64
Other bank balances	10,640.58	10,640.58
Loans	4,526,941.04	4,570,014.75
Other financial assets	2,873.94	2,873.94
Total financial assets	**4,743,567.20**	**4,786,640.91**
Financial liabilities:		
Trade payables	1,078.28	1,078.28
Other payables	1,293.27	1,293.27
Debt securities	262,447.98	241,495.18
Borrowings (other than debt securities)	3,458,533.29	3,466,709.10
Other financial liabilities	58,398.15	58,398.15
Total financial liabilities	**3,781,750.97**	**3,768,973.98**

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 - All the borrowing taken are at floating rate of interest and hence, its fair value are deemed to be equivalent to the carrying value adjusted with un-amortize transaction cost.

iii) Debt securities are lease 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.
During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.

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 2020 (Amount in Rs. '000')

Particulars	Within 1 year	1 - 5 years	5 - 10 years	Beyond 10 years	Total
Trade payables	4,103.21	-	-	-	**4,103.21**
Other payables	2,539.35	-	-	-	**2,539.35**
Debt securities	53,238.50	690,715.50	-	-	**743,954.00**
Borrowings (other than debt securities)	1,568,596.67	4,556,348.75	759,855.32	28,137.59	**6,912,938.32**
Lease liabilities	4,598.19	1,436.30	-	-	**6,034.49**
Other financial liabilities	55,312.72	-	-	-	**55,312.72**
Total	**1,688,388.64**	**5,248,500.55**	**759,855.32**	**28,137.59**	**7,724,882.09**

As at 31 March 2019 (Amount in Rs. '000')

Particulars	Within 1 year	1 - 5 years	5 - 10 years	Beyond 10 years	Total
Trade payables	888.63	-	-	-	**888.63**
Other payables	1,194.41	-	-	-	**1,194.41**
Debt securities	53,238.50	743,954.00	-	-	**797,192.50**
Borrowings (other than debt securities)	1,224,712.83	3,179,510.58	835,890.32	-	**5,240,113.73**
Lease liabilities	5,978.81	5,052.89	-	-	**11,031.70**
Other financial liabilities	56,828.94	-	-	-	**56,828.94**
Total	**1,342,842.12**	**3,928,517.47**	**835,890.32**	-	**6,107,249.91**

As at 1 April 2018 (Amount in Rs. '000')

Particulars	Within 1 year	1 - 5 years	5 - 10 years	Beyond 10 years	Total
Trade payables	1,078.28	-	-	-	**1,078.28**
Other payables	1,293.27	-	-	-	**1,293.27**
Debt securities	25,042.50	100,170.00	290,042.50	-	**415,255.00**
Borrowings (other than debt securities)	964,627.88	2,433,805.67	1,144,412.10	1,405.74	**4,544,251.39**
Lease liabilities	4,841.65	7,650.95	-	-	**12,492.60**
Other financial liabilities	47,509.44	-	-	-	**47,509.44**
Total	**1,044,393.02**	**2,541,626.62**	**1,434,454.60**	**1,405.74**	**5,021,879.98**

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. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1st April 2018
Loans (variable)	6,883,227.09	5,689,074.00	4,526,941.04
Total loans (variable)	**6,883,227.09**	**5,689,074.00**	**4,526,941.04**
Borrowings and debt securities			
Borrowings (variable)	5,175,419.99	4,055,574.03	3,458,533.29
Borrowings (fixed rate)	526,300.97	525,540.72	262,447.98
Total borrowings	**5,701,720.96**	**4,581,114.75**	**3,720,981.27**

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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 '000')

Interest rate sensitivity*	Impact on profit before tax	
	For the period 1 April 2019 to 31 March 2020	For the period 1 April 2018 to 31 March 2019
Loans		
Increase by 50 basis points	34,416.14	28,445.37
Decrease by 50 basis points	(34,416.14)	(28,445.37)
Borrowings		
Increase by 50 basis points	(25,877.10)	(20,277.87)
Decrease by 50 basis points	25,877.10	20,277.87

* *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. '000')

Particulars	31-Mar-20	31-Mar-19	01-Apr-18
Gross carrying value			
Stage 1	6,691,477.01	5,478,341.84	4,007,598.10
Stage 2	114,075.79	152,789.58	426,882.72
Stage 3	110,450.31	87,651.08	129,225.83
Total Gross carrying value as at reporting date	**6,916,003.11**	**5,718,782.50**	**4,563,706.65**

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.

Collective assessment of ECL
Since the Company is into retail lending business to rural and semi-urban areas which are 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
A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Non-payment on another obligation of the same customer is also considered as a stage III.

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 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.

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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 that are measured at amortised cost.

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Properties (amount of collateral)	13,165,371.84	10,582,293.61	8,125,053.16

Credit Risk exposure

i) Expected credit losses for financial assets other than loans

(Amount in Rs. '000')

As at 31 March 2020	Estimated gross carrying amt at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	103,923.76	-	103,923.76
Bank balances other than cash and cash equivalents	209,814.41	-	209,814.41
Security deposits	3,795.34	-	3,795.34
Other financial assets	445.77	-	445.77

As at 31 March 2019	Estimated gross carrying amt at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalent	48,370.22	-	48,370.22
Bank balances other than cash and cash equivalents	10,423.37	-	10,423.37
Security deposits	3,116.43	-	3,116.43
Other financial assets	189.10	-	189.10

As at 1 April 2018	Estimated gross carrying amt at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalent	203,111.64	-	203,111.64
Bank balances other than cash and cash equivalents	10,640.58	-	10,640.58
Security deposits	2,542.23	-	2,542.23
Other financial assets	331.71	-	331.71

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. '000')

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at April 1 2018	4,007,598.10	426,882.72	129,225.83
Assets originated	2,092,583.07	12,155.69	3,335.61
Net transfer between stages			
Transfer to stage 1	189,642.74	(153,552.71)	(36,090.03)
Transfer to stage 2	(54,468.45)	84,123.43	(29,654.98)
Transfer to stage 3	(11,044.74)	(28,512.60)	39,557.35
Assets derecognised or collected (excluding write offs)	(745,968.88)	(188,306.95)	(18,722.70)
Gross carrying amount as at March 31 2019	**5,478,341.84**	**152,789.58**	**87,651.08**
Assets originated	2,180,887.79	7,499.09	316.12
Net transfer between stages			
Transfer to stage 1	62,045.02	(59,174.94)	(2,870.08)
Transfer to stage 2	(68,941.56)	70,178.90	(1,237.34)
Transfer to stage 3	(35,555.65)	(32,072.92)	67,628.57
Assets derecognised or collected (excluding write offs)	(925,300.43)	(25,143.92)	(41,038.04)
Gross carrying amount as at March 31 2020	**6,691,477.01**	**114,075.79**	**110,450.31**

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 2018	4,433.66	19,988.89	12,603.23
Assets originated	1,579.02	5,589.60	9,005.99
Net transfer between stages			
Transfer to stage 1	11,878.21	(8,599.03)	(3,279.18)
Transfer to stage 2	(143.64)	3,009.42	(2,865.78)
Transfer to stage 3	(33.69)	(1,436.24)	1,469.93
Assets derecognised or collected (excluding write offs)	(13,747.38)	(7,332.29)	(1,901.21)
Loss allowance as on March 31 2019	**3,966.18**	**11,220.35**	**15,032.98**
Assets originated	3,876.18	4,548.06	9,976.28
Net transfer between stages			
Transfer to stage 1	4,265.90	(3,868.74)	(397.16)
Transfer to stage 2	(118.08)	289.30	(171.22)
Transfer to stage 3	(66.46)	(2,678.78)	2,745.24
Assets derecognised or collected (excluding write offs)	(4,630.84)	(2,529.34)	(7,747.74)
Loss allowance as on March 31 2020	**7,292.88**	**6,980.85**	**19,438.38**

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 2020	As at 31 March 2019	As at 1 April 2018
Housing	6,700,743.64	5,616,108.58	4,369,606.58
Non housing	216,195.55	103,184.93	194,360.24
Gross carrying Amount	**6,916,939.19**	**5,719,293.51**	**4,563,966.82**

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39 Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The outbreak of Covid-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Company through it's financial services offers home loans to affordable housing segment. In accordance with Reserve Bank of India (RBI) guidelines, the Company has proposed a moratorium benefit on the payment of all principal instalments and / or interest, to all eligible borrowers classified as standard, even if overdue as on February 29, 2020. However, impact of the pandemic was negligible till announcement of lockdown.

Further, the Company has, based on current available information estimated and applied management overlays, for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts up to the date of approval of these financial statement.

40 Retirement benefit plans

(A) Defined benefit obligation

The Company has the following defined benefits plans:

Particulars

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:

	Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
40.1	**Actuarial assumptions**			
	Mortality rate	Indian Assured Lives(2006-08) Ultimate Mortality Rates	Indian Assured Lives(2006-08) Ultimate Mortality Rates	Indian Assured Lives(2006-08) Ultimate Mortality Rates
	Discount rate (per annum)	6.50%	7.75%	7.75%
	Rate of salary increase	7.50%	7.50%	7.50%
	Withdrawal (Rate of employee turnover)	1% at all ages	1% at all ages	1% at all ages

(Amount in Rs. '000')

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
40.2	**Changes in the present value of defined benefit obligation**		
	Present value of obligation at the beginning of the year	5,607.27	4,599.87
	Interest expense	434.56	356.49
	Current service cost	2,921.56	1,229.21
	(Benefit Paid From the Fund)	(92.42)	(1,355.32)
	(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	1,518.26	759.26
	Actuarial (gains) / losses on obligations - due to experience	583.96	17.75
	Present value of obligation at the end of the year	**10,973.19**	**5,607.26**

	Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
40.3	**Assets and liabilities recognised in the balance sheet**			
	Present value of the defined benefit obligation at the end of the year	10,973.19	5,607.26	4,599.87
	Funded status - deficit	-	-	-
	Net (liability) / asset recognised in the balance sheet	**10,973.19**	**5,607.26**	**4,599.87**

40.4 Expenses recognised in the Statement of Profit and Loss

(Amount in Rs. '000')

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	2,921.56	1,229.21
Past service cost	-	-
Net interest (income)/ expense	434.56	356.49
Net gratuity cost recognised in the current year	**3,357.12**	**1,584.70**

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

(Amount in Rs. '000')

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial loss on post employment benefit obligation	2,102.22	777.01
Total remeasurement cost for the year recognised in OCI	**2,102.22**	**777.01**

40.6 Reconciliation of net asset / (liability) recognised:

(Amount in Rs. '000')

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening Net Liability	5,607.27	4,599.87
Expenses recognised at the end of period	3,356.12	1,585.70
Amount recognised in other comprehensive income	2,102.22	777.01
Net Liability / (Asset) Transfer In	-	-
Net (Liability) / Asset Transfer Out	-	-
Benefit paid	(92.42)	(1,355.32)
Employer's Contribution	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	**10,973.19**	**5,607.26**

40.7 Sensitivity Analysis:

(Amount in Rs. '000')

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Delta effect of +1% change in rate of discounting	(1,794.63)	(794.54)
Delta effect of -1% change in rate of discounting	2,294.73	1,008.79
Delta effect of +1% change in rate of salary increase	2,247.04	1,000.95
Delta effect of -1% change in rate of salary increase	(1,794.63)	(802.80)

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40.8 Maturity analysis of projected benefit obligation

(Amount in Rs '000')

Year	For the year ended 31 March 2020	For the year ended 31 March 2019
1 year	761.54	692.31
Sum of years 2 to 5	1,204.07	1,343.22
Sum of years 6 to 10	614.35	113.55
Sum of years 11 and above	613,288.90	495,454.00

(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. 6,683 thousands and Rs 3,684 thousands towards provident fund contributions in the Statement of Profit and Loss for the year ended 31 March 2020 and 31 March 2019, respectively.

41 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 '000')

Particulars	Total
As at April 2018	**11,655.96**
Additions	3,557.14
Depreciation expenses for the year	5,192.74
As at March 2019	**10,020.36**
Additions	1,064.18
Depreciation expenses for the year	5,578.91
As at March 31, 2020	**5,505.63**

(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 '000')

Particulars	Total
As at April 2018	**10,888.71**
Additions	3,423.68
Accretion of interest	1,081.52
Payment	5,419.65
As at March 2019	**9,974.26**
Additions	1,013.12
Accretion of interest	841.12
Payment	6,188.81
As at March 31, 2020	**5,639.69**

The maturity analysis of lease liabilities are disclosed in Note 41.
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 '000')

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation expense of right-of-use assets	5,193.03	3,656.40
Interest expense on lease liabilities	1,541.25	1,081.52
Expense relating to short-term leases (included in other expenses)	127.05	667.02
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 ₹6,315.86 thousands in FY 2019-20 (₹6,086.76 thousands in FY 2018-19).

42 Segment information

42.1 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.

42.2 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 2020 and 31 March 2019.

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

43 First time adoption of Ind AS

A First Ind AS Financial statements

These Financial Statement of the Company is the first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2020, the comparative information presented in these financial statements for the year ended 31 March 2019 and in the preparation of an opening Ind AS balance sheet at 1 April 2018 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is as follows:

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemption and mandatory exemption applied in the transition from Indian GAAP to Ind AS. The Company has applied the following exemptions/ exceptions.

(i) Optional exemptions availed

Application of Effective interest rate -

As per Ind AS 101 if it is impractical to apply the effective interest method in Ind AS 109 retrospectively, the fair value of financial assets or financial liability at the date of transition to Ind AS is the new gross carrying amount of that financial asset or the new amortised cost of that financial liability.
Accordingly, the Company has elected the above exemption of fair value measurement of financial assets or financial liabilities.

Deemed cost for property, plant and equipment and investment property -

The Company has elected to measure property, plant and equipment and investment property at its Previous GAAP carrying amount and use that Previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS.

Leases -

The Company has availed the exemption to assess whether an arrangement contains a lease based on facts and circumstances existing on date of transition to Ind AS.

(ii) Mandatory exceptions applied

Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as on 1 April 2018 are consistent with the estimates as at the same date made in conformity with Indian GAAP, other than estimates for Expected Credit Loss model in accordance with Ind AS at the date of transition as these were not required under Indian GAAP.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has complied with the same.

Impairment of financial assets

Ind AS 101 provides relaxation from applying the impairment related requirements of Ind AS 109 retrospectively. At the date of transition, it requires an entity to use reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised and compare that to the credit risk at the date of transition to Ind AS or recognise a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is de-recognised, if at the date of transition to Ind AS, determination of credit risk involves undue cost or effort. The Company has elected to apply Ind AS 109 prospectively from the date of transition to Ind AS.

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Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)

Notes to the financial statements for the year ended 31 March 2020

B First time adoption reconciliations

I Reconciliation of Balance Sheet as at March 31, 2019

(Amount in Rs '000')

Particulars	Previous GAAP	Ind AS Adjustments	Ind AS
Assets			
Cash and cash equivalents	48,370.22	-	48,370.22
Bank balances other than cash and cash equivalents	10,423.37	-	10,423.37
Loans	5,750,230.27	(61,156.28)	5,689,073.99
Other financial assets	4,007.90	(702.37)	3,305.53
	5,813,031.76	**(61,858.65)**	**5,751,173.11**
Non-financial assets			
Current tax assets (net)	5,563.54	-	5,563.54
Investment Property	-	250.71	250.71
Property, plant and equipment	4,706.27	(250.71)	4,455.16
Other intangible assets	315.62	-	315.62
Right of Use assets	-	10,019.37	10,019.37
Other non-financial assets	13,981.70	(9,333.77)	4,647.93
	24,567.13	**685.60**	**25,252.33**
Total	**5,837,598.89**	**(61,173.05)**	**5,776,425.84**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Trade Payable	2,083.04	-	2,083.04
Debt securities	531,000.00	(5,459.28)	525,540.72
Borrowings (other than debt securities)	4,065,974.14	(10,400.11)	4,055,574.03
Other financial liabilities	56,828.95	9,974.25	66,803.20
	4,655,886.13	**(5,885.14)**	**4,650,000.99**
Non Financial liabilities			
Current tax liabilities (net)			
Deferred tax liabilities (net)	23,991.39	(51,042.69)	(27,051.30)
Provisions	5,607.00	-	5,607.00
Other non financial liabilities	3,559.28	-	3,559.28
	33,157.67	**(51,042.69)**	**(17,885.02)**
Equity			
Equity share capital	302,275.75	-	302,275.75
Other equity	846,279.07	(4,245.22)	842,033.85
	1,148,554.82	**(4,245.22)**	**1,144,309.60**
Total	**5,837,598.62**	**(61,173.05)**	**5,776,425.57**

II Reconciliation of Balance Sheet as at March 31, 2018

(Amount in Rs '000')

Particulars	Previous GAAP	Ind AS Adjustments	Ind AS
Assets			
Cash and cash equivalents	203,111.64	-	203,111.64
Bank balances other than cash and cash equivalents	10,640.58	-	10,640.58
Trade receivables	4,645,892.40	(118,951.36)	4,526,941.04
Loans	3,641.20	(767.26)	2,873.94
	4,863,285.82	**(119,718.62)**	**4,743,567.20**
Non-financial assets			
Current tax assets (net)	7,062.89	-	7,062.89
Deferred tax assets (net)	-	-	-
Investment Property	-	250.71	250.71
Property, plant and equipment	1,732.54	(250.71)	1,481.83
Right of Use assets	-	11,655.96	11,655.96
Other non-financial assets	9,600.90	(2,099.43)	7,501.47
	18,396.33	**9,556.53**	**27,952.86**
Total	**4,881,682.15**	**(110,162.09)**	**4,771,520.06**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Trade payable	2,371.55	-	2,371.55
Debt securities	265,000.00	(2,552.02)	262,447.98
Borrowings (other than debt securities)	3,466,709.10	(8,175.81)	3,458,533.29
Other financial liabilities	47,509.44	10,888.71	58,398.15
	3,781,590.09	**160.88**	**3,781,750.97**
Non Financial liabilities			
Provision	4,599.87	-	4,599.87
Deferred tax liabilities (net)	19,966.96	(42,602.71)	(22,635.75)
Other non financial liabilities	5,484.12	-	5,484.12
	30,050.95	**(42,602.71)**	**(12,551.76)**
Equity			
Equity share capital	302,275.75	(50,491.35)	251,784.40
Other equity	767,765.35	(17,228.91)	750,536.44
	1,070,041.10	**(67,720.26)**	**1,002,320.84**
Total	**4,881,682.14**	**(110,162.09)**	**4,771,520.05**

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SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED * MUMBAI

Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)

Notes to the financial statements for the year ended 31 March 2020

III Reconciliation of Statement of Profit and loss for the year ended 31 March 2019

(Amount in Rs '000')

Particulars	Previous GAAP	Ind AS Adjustments	Ind AS
Revenue from operations			
Interest income	568,960.78	17,444.92	586,405.70
Fee and commission income	46,788.45	(46,414.16)	374.29
Net gain on fair value changes	16,182.81	-	16,182.81
Total revenue from operations	**631,932.04**	**(28,969.24)**	**602,962.80**
Other income	486.96	198.35	685.31
Total income	**632,419.00**	**(28,770.89)**	**603,648.11**
Expenses			
Finance costs	386,791.62	3,185.29	389,976.91
Impairment on financial instruments	7,750.13	(18,131.10)	(10,380.97)
Employee benefits expenses	75,960.54	(777.01)	75,183.53
Depreciation and amortisation expense	2,357.08	5,192.73	7,549.81
Other expenses	48,316.91	(10,061.51)	38,255.40
Total expenses	**521,176.28**	**(20,591.60)**	**500,584.68**
	111,242.72	**(8,179.29)**	**103,063.43**
Tax expense			
Current tax	28,704.56	-	28,704.56
Deferred tax	4,024.44	(8,213.71)	(4,189.27)
Profit/(loss) for the year (A)	**78,513.72**	**34.42**	**78,548.14**
Other Comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit (liability)/asset	-	(777.01)	(777.01)
Income tax relating to the above	-	226.27	226.27
Other comprehensive income/(loss) for the year, net of tax (B)	-	**(777.01)**	**(550.74)**
Total comprehensive income/(loss) for the year (A+B)	**78,513.72**	**(742.59)**	**77,997.40**

IV Equity reconciliation:

(Amount in Rs. '000')

Particulars	Note	Equity as at 31 March 2019	Equity as at 1 April 2018
Equity as per Indian GAAP (A)		**1,148,554.82**	**1,070,041.10**
Ind AS Adjustments			
Impact of Financial liabilities & Debt securities measured at amortised cost	C 1	6,524.62	8,628.39
Impact of EIR of loans measured at amortised cost	C 1	(63,742.80)	(43,073.71)
Impact of reversal of deferred tax on special reserve	B 5	33,225.46	27,390.72
Impact on account of provision for expected credit loss on financial assets	C 2	2,586.51	(11,896.03)
Financial assets measured at amortised cost	C 3	(29.09)	-
Impact on account of lease accounting as per Ind AS 116	C 5	(627.17)	-
Related to Company's employee trust	B 8	-	(63,981.62)
Equity contribution from parent			
Deferred tax on above adjustments	C 7	17,817.23	15,211.99
Total adjustments		**(4,245.24)**	**(67,720.26)**
Equity as per Ind AS (A)		**1,144,309.58**	**1,002,320.84**

V Reconciliation of total comprehensive income

Particulars	Note	For the period 1 April 2018 to 31 March 2019
Total net profit after tax as per Indian GAAP		**78,513.73**
Ind AS Adjustments		
Impact of Financial liabilities & Debt securities measured at amortised cost	C 1	(2,103.77)
Impact of EIR of loans measured at amortised cost	C 1	(20,669.08)
Impact on account of provision for expected credit loss on financial assets	C 2	14,482.54
Financial assets measured at amortised cost	C 3	(29.09)
Impact of reversal of deferred tax on special reserve	C 4	5,834.74
Impact on account of lease accounting as per Ind AS 116	C 5	(627.17)
Remeasurement of gains/ (losses) on defined benefit plans	C 6	777.01
Adjustments related to Company's Employees Trust		(9.74)
Deferred tax on above adjustments	C 7	2,378.97
Total adjustments		**34.41**
Profit after tax as per Ind AS		**78,548.14**
Other Comprehensive income		
Remeasurement of gains/ (losses) on defined benefit plans		(777.01)
Deferred tax on above adjustment		226.27
Total		**(550.74)**
Total comprehensive income under Ind AS		**77,997.40**

VI Reconcilation of Cash flow for the year ended on 31 March 2019

(Amount in Rs. '000')

Particulars	Previous GAAP for the year ended 31 March 2019	Ind-AS for the year 31 March 2019	Change
Cash flow from operating activities	(1,025,280.04)	(1,028,853.98)	3,573.94
Cash flow from financing activities	859,478.94	859,711.92	(232.98)
Cash flow from investing activities	11,059.68	14,400.64	(3,340.96)

Explanations to reconciliations

C.1 Interest income and expense measured using effective interest method

Impact of Financial liabilities & Debt securities measured at amortised cost

Under previous GAAP, the transaction costs related to borrowings were amortised on straight line basis over tenure of the loan from the date of disbursment in the Statement of Profit and Loss and Debenture issue expenses are adjusted against security premium. Under Ind AS, such costs are amortised over the contractual term of the borrowings & debt securities and recognised as interest expense using effective interest method in the Statement of Profit and Loss.

Impact of EIR of loans measured at amortised cost

Under previous GAAP, origination fees was recognised on cash basis and transaction cost was recognised on accrual basis upfront. Under Ind AS, such fees and costs is amortised over the expected life of the loan assets and recognised as interest income using effective interest method.

C.2 Impact on account of provision for expected credit loss on financial assets

Under previous GAAP, the Company has created provision for loans and advances based on the Guidelines on prudential norms issued by National Housing Bank. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL).

C.3 Financial assets measured at amortised cost

Under previous GAAP, interest free security deposit given to landlord for premises rented, is recorded as an asset. Under Ind AS, such deposits given are financial assets and are initially recognised at fair value. The difference between the fair value and transaction value of the deposits has been recognised as Right of use asset and depreciated over the lease term. Subsequently, the deposit will be measured at amortised cost resulting into accrual of finance income in the Statement of Profit and Loss.

C.4 Impact of reversal of deferred tax on special reserve

Under previous GAAP, the Company has created a Deferred Tax Liability (DTL) on the special reserve in line with an opinion from the Expert Advisory Committee (EAC). However, under Ind AS, the same has been considered to be the permanent difference and thus, the deferred tax on the special reserved has been derecognised.

C.5 Impact on account of lease accounting as per Ind AS 116

Under the previous GAAP, lease rentals related to operating lease were accounted as expense in Statement of Profit and Loss. Under Ind AS, lease liability and right of use is recorded at present value of future contractual rent payment on initial date of lease. Subsequently, finance cost is accrued on lease liability and lease payments are recorded by way of reduction in lease liability. ROU is depreciated over the period of lease term.

C.6 Remeasurement of gains/ (losses) on defined benefit plans

Under the previous GAAP, actuarial gains / losses on defined benefit obligations were recognised in Statement of Profit and Loss. Under Ind AS, remeasurements i.e. actuarial gains and losses are recognised in other comprehensive income.

C.7 Deferred tax

Under the previous GAAP, deferred tax was accounted as per the income statement approach which required creation of deferred tax asset/ liability on timing differences between taxable income and accounting income. Under Ind AS, deferred tax is accounted as per the balance sheet approach which requires creation of deferred tax asset/ liability on temporary differences between the carrying amount of an asset/ liability in the Balance Sheet and its corresponding tax base. The adjustments in equity and net profit, as discussed above, resulted in additional temporary differences on which deferred taxes are calculated.

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MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

44 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.

(Amount in Rs '000')

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
(a) Total amount to be spent for the financial year (including amount unspent in previous year)	3,521.44	3,692.17
(b) Total amount spent during the year	1,196.10	1,122.00
(c) Amount unspent, if any	2,325.34	2,570.17

Nature of Expense on Corporate social responsibility	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Donation for halth camp	89.10	-
Epowering Women	-	400.00
Reducing the inequalities faced by socially and economically weaker sections of the society	700.00	-
Promating education	-	300.00
Enhancing vocational skill among diffrently abled children	272.00	136.00
Promoting preventive health care and sanitation	135.00	136.00
Ensuring Animal welfare	-	150.00
Total	**1,196.10**	**1,122.00**

45 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 '000')

Particulars	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	82.08	-	-
(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	-	-	-

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Notes to the financial statements for the year ended 31 March 2020

46 Maturity analysis of assets and liabilities

(Amount in Rs. '000')

Assets	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Financial qssets									
Cash and cash equivalents	103,923.76	-	103,923.76	48,370.22	-	48,370.22	203,111.64	-	203,111.64
Bank balances other than cash and cash equivalents	209,814.41	-	209,814.41	10,423.37	-	10,423.37	10,640.58	-	10,640.58
Loans	655,424.19	6,227,802.90	6,883,227.09	570,517.45	5,118,556.54	5,689,073.99	505,378.56	4,021,562.49	4,526,941.05
Other financial assets	1,525.76	3,795.34	5,321.10	189.10	3,116.43	3,305.33	331.72	2,542.23	2,873.95
Non financial assets									
Current tax assets (net)	-	3,511.65	3,511.65	-	5,563.54	5,563.54	-	7,062.89	7,062.89
Deferred tax assets (net)	-	27,829.65	27,829.65	-	27,051.31	27,051.31	-	22,635.75	22,635.75
Investment property	-	0.25	0.25	-	250.71	250.71	-	250.71	250.71
Property, plant and equipment	-	3,416.72	3,416.72	-	4,455.56	4,455.56	-	1,481.83	1,481.83
Right of use asset	-	5,505.63	5,505.63	-	10,019.37	10,019.37	-	11,655.96	11,655.96
Other intangible assets	-	116.78	116.78	-	315.62	315.62	-	-	-
Other non financial assets	7,186.08	946.31	8,132.39	4,647.93	-	4,647.93	6,701.47	800.00	7,501.47
Total assets	**977,874.20**	**6,272,925.23**	**7,250,799.43**	**634,148.07**	**5,169,329.08**	**5,803,476.95**	**726,164.57**	**4,067,991.86**	**4,794,155.83**
Liabilities									
Financial liabilities									
Trade payables									
- Total outstanding dues of micro enterprises and small enterprises	82.08	-	82.08	-	-	-	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	4,021.13	-	4,021.13	888.63	-	888.63	1,078.28	-	1,078.28
Other payables	2,539.35	-	2,539.35	1,194.41	-	1,194.41	1,293.27	-	1,293.27
Debt securities	-	526,300.97	526,300.97	-	525,540.72	525,540.72	-	262,447.98	262,447.98
Borrowings	957,440.82	4,217,979.16	5,175,419.98	886,730.89	3,168,843.14	4,055,574.03	685,754.93	2,772,778.37	3,458,533.30
Other financial liabilities	58,972.25	1,218.56	60,190.81	61,325.25	5,477.95	66,803.20	50,758.34	7,639.80	58,398.14
Non financial liabilities									
Provisions	860.74	10,112.44	10,973.18	2,121.81	3,485.45	5,607.26	2,337.73	2,262.14	4,599.87
Other non financial liabilities	5,222.45	-	5,222.45	3,559.28	-	3,559.28	5,484.12	-	5,484.12
Total liabilities	**1,029,138.82**	**4,755,611.13**	**5,784,749.95**	**955,820.27**	**3,703,347.26**	**4,659,167.53**	**746,706.67**	**3,045,128.29**	**3,791,834.96**
Net Equity	**(51,264.62)**	**1,517,314.10**	**1,466,049.48**	**(321,672.20)**	**1,465,981.82**	**1,144,309.42**	**(20,542.10)**	**1,022,863.57**	**1,002,320.87**

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47 Comparision between IRACP and impairment allowance made under IND AS 109

(Amount is in Rs. '000')

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	6,692,413.10	7,292.88	6,685,120.22	21,444.00	(14,151.12)
	Stage 2	114,075.79	6,980.85	107,094.94	5,824.35	1,156.50
Subtotal		6,806,488.89	14,273.73	6,792,215.16	27,268.35	(12,994.62)
Non performing assets						
Substandard	Stage 3	66,636.07	11,805.72	54,830.35	10,110.39	1,695.33
Doubtful - upto 1 year	Stage 3	27,639.38	4,767.00	22,872.38	6,804.07	(2,037.07)
1 to 3 years	Stage 3	15,813.28	2,801.59	13,011.69	7,287.41	(4,485.82)
More than 3 years	Stage 3	361.57	64.06	297.51	365.73	(301.67)
Subtotal of doubtful		110,450.30	19,438.37	91,011.93	24,567.60	(5,129.23)
Loss	Stage 3	-	-	-	-	-
Subtotal of NPA		-	-	-	24,567.60	(5,129.23)
Total	Stage 1	6,692,413.10	7,292.88	6,685,120.22	21,444.00	(14,151.12)
	Stage 2	114,075.79	6,980.85	107,094.94	5,824.35	1,156.50
	Stage 3	110,450.30	19,438.37	91,011.93	24,567.60	(5,129.23)
	Total	6,916,939.19	33,712.10	6,883,227.09	51,835.95	(18,123.85)

* Including additional provision as per RBI guideline

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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.

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

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. 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. 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 35.

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 33.

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.

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Disclosures as required in terms of Housing Finance Companies – Corporate Governance
(National Housing Bank) Directions, 2016 as amended, pursuant to the NHB circular no. NHB(ND)/DRS/REG/MC-07/2019 dated July 1, 2019 *:
* Amounts included herein are based on current and previous year financials as per Ind AS

49 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 2020	As at 31 March 2019
i) CRAR (%)	36.54%	36.46%
ii) CRAR – Tier I Capital (%)	36.35%	36.33%
iii) CRAR – Tier II Capital (%)	0.19%	0.13%
iv) Amount of subordinated debt raised as Tier - II debt	Nil	Nil
v) Amount raised by issue of Perpetual	Nil	Nil

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

(Amount in Rs. '000')

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of NHB Act, 1987	1,276.98	1,276.98
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	114,098.43	94,061.53
	115,375.41	**95,338.51**
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	5,892.97	20,036.90
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	1,276.98	1,276.98
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	119,991.40	114,098.43
c) Total	**121,268.38**	**115,375.41**

51 Investments

Particulars	As at 31 March 2020	As at 31 March 2019
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	-	-

The following table sets forth, for the periods indicated, the details of investment under NHB Guidelines:

Particulars	As at 31 March 2020	As at 31 March 2019
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	-	-

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(National Housing Bank) Directions, 2016 as amended, pursuant to the NHB circular no. NHB(ND)/DRS/REG/MC-07/2019 dated July 1, 2019 *:

52 Derivatives

52.1 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 yaer ended on 31 March 2020 and 31 March 2019

52.2 Exchange traded interest rate (IR) derivative

The Company does not have any exposure to exchange traded interest rate (IR) derivatives as at 31 March 2020 and 31 March 2019

52.3 Securitisation

The Company has not entered into any Securitisation and assignment transaction during year ended on 31 March 2020 and 31 March 2019

53 Unsecured advances

The Company has not given any unsecured advances against intangible securities such as charge over the rights, licenses, authority, etc during the financial year ended 31 March 2020 and 31 March 2019

54 Disclosure of penalties imposed by NHB and other regulators

No penalties has been imposed by NHB and other regulators on the Company during the financial year ended 31 March 2020 and 31 March 2019

55 Rating assigned by credit rating agency and migration of rating

As at 31 March 2020

(i) Date of Rating	08-Jul-19	05-Sep-19	31-Mar-20
(ii) Name of Rating Agency	CRISIL Ratings Limited		CARE Ratings Limited
(iv) Rating of Products			
(a) Long term Bank facilities	CRISIL A+/Stable		CARE A+/Stable
(b) Debentures		CRISIL A+	
(c) Short term debt	CRISIL A1+		

As at 31 March 2019

(i) Date of Rating	24 July 2018
(ii) Name of Rating Agency	CARE Ratings Limited
(iv) Rating of Products	
(a) Long term Bank facilities	CARE A-
(b) Debentures	CARE A-

56 Provisions and contingencies

(Amount in Rs '000')

56.1

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	**For the Year ended 31 March 2020**	**For the Year ended 31 March 2019**
Impairment on financial instruments		
Provision for Standard Asset - Stage I	3,326.70	(467.48)
Provision for Standard Asset - Stage II	(4,239.50)	(8,768.54)
Provision for non-performing asset (Stage-III)	5,014.66	(1,218.81)
Tax expense:		
- Current tax	11,340.92	28,704.56
- Deferred tax	152.43	(4,189.29)
Employee benefits expense		
Gratuity Expenses	3,356.12	1,585.70

56.2 Break up of loan and advances and provisions thereon

(Amount in Rs '000')

Particulars	**Housing Loan**		**Non-housing**	
	As at 31 March 2020	**As at 31 March 2019**	**As at 31 March 2020**	**As at 31 March 2019**
Standard assets				
a) Total outstanding amount	6,593,158.23	5,530,607.76	213,127.17	101,053.23
b) Provisions made	14,064.30	15,047.63	209.43	138.83
Sub - Standard assets				
a) Total outstanding amount	65,638.51	61,039.23	997.56	1,265.79
b) Provisions made	11,766.32	11,494.41	39.40	132.55
Doubtful assets – Category-I				
a) Total outstanding amount	26,048.06	13,398.14	858.73	202.46
b) Provisions made	4,683.94	1,854.04	83.06	-
Doubtful assets – Category-II				
a) Total outstanding amount	15,537.97	11,063.45	275.31	152.43
b) Provisions made	2,801.59	1,552.06	-	-
Doubtful assets – Category-III				
a) Total outstanding amount	360.87	-	0.69	-
b) Provisions made	64.06	-	-	-
Loss assets				
a) Total outstanding amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total outstanding amount	**6,700,743.64**	**5,616,108.58**	**215,259.46**	**102,673.91**
b) Provisions made	**33,380.21**	**29,948.14**	**331.89**	**271.38**

SURESH SURANA & ASSOCIATES LLP * MUMBAI * Chartered Accountants

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED * MUMBAI

Svatantra Micro Housing Finance Corporation Limited
(Formerly known as Micro Housing Finance Corporation Limited)

Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 as amended, pursuant to the NHB circular no. NHB(ND)/DRS/REG/MC-07/2019 dated July 1, 2019 *:

57 Contingent liabilities

(Amount is in Rs '000')

Particulars	As at 31 March 2020	As at 31 March 2019
Contingent Liabilities*	11,380.15	-
Undrawn Commitment given to Borrowers	1,105,534.79	791,906.32
Bank guarantee issued by Bank Limited favoring the NHB for refinance facilities	187,500.00	100,000.00
Total	**1,304,414.94**	**891,906.32**

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

Also, refer note 32 for the details of contingent liabilities

58 Draw down reserves

The Company has not made any draw down from reserves during year ended 31 March 2020 and 31 March 2019

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

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

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

59.2 Concentration of loans and advances

(Amount is in Rs '000')

Particulars	As at 31 March 2020	As at 31 March 2019
Total loans and advances to twenty largest borrowers	69,315.62	67,954.47
Percentage of Loans and Advances to twenty largest borrowers to total advances of the HFC	1.00%	1.19%

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

(Amount is in Rs '000')

Particulars	As at 31 March 2020	As at 31 March 2019
Total exposure to twenty largest borrowers / customers	69,692.79	68,965.69
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	0.87%	1.06%

59.4 Concentration of Non performing assets (NPA)

(Amount is in Rs '000')

Particulars	As at 31 March 2020	As at 31 March 2019
Total exposure to top ten NPA accounts*	14,834.06	25,484.09

* The exposure is disclosed at customer level

59.5 Sectorwise Non performing assets(NPAs)

Sectorwise percentage of NPAs to total advances in that sector	As at 31 March 2020	As at 31 March 2019
A Housing loans :	**1.61%**	**1.28%**
1 Individuals	1.61%	1.28%
2 Builders/Project loans	Nil	100%
3 Corporates	Nil	Nil
4 Others	Nil	Nil
B Non housing loans :	**0.99%**	**1.72%**
1 Individuals	0.99%	1.72%
2 Builders/Project loans	Nil	Nil
3 Corporates	Nil	Nil
4 Others	Nil	Nil

59.6 Movement of Non performing assets(NPAs)

Particulars	As at 31 March 2020	As at 31 March 2019
(I) Net NPAs to net advances (%)	1.32%	1.27%
(II) Movement of NPAs (Gross)		
a) Opening balance	87,651.12	129,225.83
b) Additions during the year (net)	67,944.68	42,893.00
c) Reductions during the year	(45,145.46)	(84,467.71)
d) Closing balance	110,450.34	87,651.12
(III) Movement of Net NPAs		
a) Opening balance	72,618.14	116,622.60
b) Additions during the year (net)	55,223.16	32,417.08
c) Reductions during the year	(36,829.33)	(76,421.54)
d) Closing balance	91,011.97	72,618.14
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	15,032.98	12,603.23
b) Provision made during the year (net)	12,721.52	10,475.92
c) Reductions during the year	(8,316.13)	(8,046.17)
d) Closing balance	19,438.37	15,032.98

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

The Company does not own any assets overseas during year ended 31 March 2020 and 31 March 2019.
There are no off-balance sheet SPVs sponsored during year ended 31 March 2020 and 31 March 2019.

61 Disclosure of complaints

Particulars	As at 31 March 2020	As at 31 March 2019
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	13	12
c) No. of complaints redressed during the year	13	12
d) No. of complaints pending at the end of the year	-	-

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

(Amounts in '0000')

Particulars	As at 31 March 2020		
	Liabilities	Assets	
	Borrowings from banks, financial institutions and non-convertible debentures	Loans and Advances	Investments
Upto one month	62,965.63	138,734.51	-
Over 1 month and upto 2 months	45,251.80	57,044.50	-
Over 2 months and upto 3 months	43,474.07	57,046.78	-
Over 3 months and upto 6 months	283,127.45	161,909.98	-
Over 6 months and upto 1 year	542,323.76	291,286.98	-
Over 1 year and upto 3 years	2,088,436.47	1,336,799.96	-
Over 3 years and upto 5 years	1,928,436.02	1,290,687.03	-
Over 5 years and upto 7 years	503,152.97	1,129,713.10	-
Over 7 years and upto 10 years	171,705.15	1,237,899.01	-
Over 10 years	32,847.63	1,215,817.33	-
Total	**5,701,720.95**	**6,916,939.68**	-

Particulars	As at 31 March 2019		
	Liabilities	Assets	
	Borrowings from banks, financial institutions and non-convertible debentures	Loans and Advances	Investments
Upto one month	16,150.97	138,446.39	-
Over 1 month and upto 2 months	29,832.83	45,013.60	-
Over 2 months and upto 3 months	129,555.39	41,083.81	-
Over 3 months and upto 6 months	247,068.36	114,903.21	-
Over 6 months and upto 1 year	391,212.31	231,845.73	-
Over 1 year and upto 3 years	1,451,631.91	1,073,376.36	-
Over 3 years and upto 5 years	1,003,755.72	1,049,552.21	-
Over 5 years and upto 7 years	1,065,572.56	923,028.24	-
Over 7 years and upto 10 years	246,334.69	1,075,400.38	-
Over 10 years	-	1,026,643.58	-
Total	**4,581,114.74**	**5,719,293.51**	-

63 Exposure

63.1 Exposure to Real Estate Sector

(Amounts in '0000')

	Category	Current Year	Previous Year
a	**Direct Exposure**		
i	**Residential Mortgages -** Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	6,690,024.55	5,664,675.37
ii	**Commercial Real Estate -** 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	-	-

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63.2 Exposure to Capital Market

The Company does not have any Exposure to Capital Market as on 31 March 2020 and 31 March 2019

64 Details of financing of parent company products

Not applicable

65 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 2020 and 31 March 2019

66 Registration obtained from other financial sector regulators

The Company is registered with the following other financial sector regulators:
(i) Ministry of Corporate Affairs
(ii) Reserve Bank of India

67 Revenue Recognition

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

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

The financial statements for the year ended March 31, 2020 are the first financial statements which has been prepared in accordance with Ind AS and other applicable guidelines issued by the Reserve Bank of India ('RBI') and National Housing bank (NHB), wherever applicable. Refer note 43 to the financial statements for an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company

69 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

70 There were no instances of fraud reported during the year ended 31 March 2020 and 31 March 2019

71 Remuneration of Directors

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

72 IND AS 110 -Consolidated Financial Statements (CFS)

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

73 Comparative Financial Information

The comparative financial information of the Company for the year ended 31 March 2019 and the transition date opening balance sheet as at 1 April 2018 included in these financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Accounting Standards Specified under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India audited by Walker Chandiok & Co LLP, predecessor auditor whose report for the year ended 31 March 2019 and 31 March 2018 dated 26 June 2019 and 6 June 2018, respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by Suresh Surana & Associates, LLP, incoming auditor

74 Events after reporting date:

There have been no events after the reporting date that require adjustment/disclosure in these financial statements

Signiture to note 1 to 74

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
Firm Registration No : 121750W/W-100010

Ramesh Gupta
Partner
Membership No : 102306
Place: Mumbai
Date 19 August 2020

SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
MUMBAI

On behalf of the Board of Directors of
Svatantra Micro Housing Finance Corporation Limited

Vineet Chattree
Managing Director
DIN: 07962531

Tasneem Mandsorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 19 August 2020

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED
MUMBAI

Anil Chirania
Director
DIN: 01082719

Sahil Mehta
Chief Financial Officer