DIRECTORS' REPORT- FY 2020-21

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

The Board of Directors is pleased to present the Thirteenth Annual Report of your Company together with the Audited Accounts and Auditor's Report for the financial year ended 31st March 2021.

Financial Highlights

(Amount in Rs. '000')

PARTICULARS	2020-2021	2019 – 2020
Revenue from Operations	**9,11,449**	**7,53,396**
Other Income	**11,569**	**6,783**
Profit/loss before Depreciation, Finance Costs, Exceptional items, and Tax Expense	**7,01,007**	**5,68,653**
Less: Depreciation/ Amortisation/ Impairment	7,840	8,869
Profit /loss before Finance Costs, Exceptional items, and Tax Expense	**6,93,166**	**5,59,784**
Less: Finance Costs	6,16,239	5,23,384
Profit /loss before Exceptional items and Tax Expense	**76,927**	**36,400**
Add/(less): Exceptional items	-	-
Profit /loss before Tax Expense	**76,927**	**36,400**
Less: Tax Expense (Current & Deferred)	19,167	11,493
Profit /loss for the year (1)	**57,760**	**24,906**
Total Comprehensive Income/loss (2)	1,177	-1,573
Total (1+2)	**58,937**	**23,333**
Balance of profit /loss for earlier years	2,79,276	2,78,966
Less: Transfer to Debenture Redemption Reserve	-	-
Less: Transfer to Statutory Reserves	11,552	5,893
Less: Transfer to Impairment Reserves	35,978	15,537
Less: Share Issue Expenses (net of tax)	-	1,593
Less: Dividend paid on Equity Shares	-	-
Less: Dividend paid on Preference Shares	-	-
Less: Dividend Distribution Tax	-	-
Balance carried forward	**2,90,683**	**2,79,276**

State of Company affairs

During the year under review, your Company increased most of the operating and financial parameters. Revenues of the Company were up 21% to Rs. 91.14 Cr. (PY Rs. 75.34 Cr.) and PBT substantially increased by 111% to Rs. 7.69 Cr. (PY Rs. 3.64 Cr.) - and after payment of Rs 1.92 Cr. (PY Rs. 1.15 Cr.) in current and deferred taxes and tax on debenture issue expenses, PAT increased 132% to Rs. 5.78 Cr. (PY Rs. 2.49 Cr.).

In terms of lending operations, cumulative housing loan sanctions aggregated Rs. 1573.55 Cr. (up 18% from Rs. 1330.96 Cr. at end of the previous financial year) – all to lower income, urban families who are

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generally excluded from the mainstream banking sector. The total loans outstanding figure was Rs. 814.88 Cr. (growth of 18% over Rs. 691.60 Cr. at end of the previous financial year). The Company currently operates in 8 states – Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, West Bengal, Chhattisgarh, Tamil Nadu, and a recent entry during the year into Orissa.

In terms of portfolio quality, the Company had 334 (PY 241) loan accounts as on year end - March 31, 2021 - which were classified as non-performing assets ("NPAs") per the prudential guidelines issued by the RBI / NHB. The amount of such Gross NPAs was Rs. 14.43 Cr. (PY Rs. 11.05 Cr.) which was 1.77% (PY 1.60%) of the total loan portfolio of the Company as at March 31, 2021. The Company has created necessary provisions in accordance with the RBI & NHB Directions, after which Net NPAs stood at Rs. 12.24 Cr. (PY Rs. 9.10 Cr.) and 1.50% (PY 1.32%) of the total loan portfolio as at March 31, 2021.

In terms of funding, the Company issued Equity Shares of Rs. 15 Crores and converted 30,00,000 Compulsorily Convertible Preference Shares (CCPS) amounting to Rs. 30 Crores to 75,00,000 Equity Shares of Rs. 10 each at a Premium of Rs. 30/- per share, and with retained profits, net worth increased to Rs. 167.50 Cr. (PY Rs. 146.60 Cr.). However, the Company increased its long-term debt to Rs. 758.03 Cr. (PY Rs. 570.17 Cr.) of which approx. 20% 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, AU Small Finance Bank Limited, IndusInd Bank Limited, Canara Bank and Utkarsh 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 36.57% of risk weighted assets, as against the minimum requirement of 14%.

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 2021 was Rs. 85 Crores. During the year under review, the Company increased the Authorised Capital by addition of 1,90,00,000 Equity Shares of Rs. 10 each amounting to Rs. 19 Crores.
- The paid-up share capital of the Company as on 31st March 2021 was Rs. 41.48 Cr. During the year under review, the Company has issued 37,50,000 Equity Shares and also converted 30,00,000 Compulsorily Convertible Preference Shares (CCPS) amounting to Rs. 30 Crores to 75,00,000 Equity Shares.

The details are as follows:

Particulars	Issue of Equity Shares	Conversion of CCPS
Amount	Rs. 15 Crores	Rs. 30 Crores
Date of issue	08.09.2020	NA
Date of allotment	07.10.2020	30.01.2021
Method of allotment	Rights Issue	Conversion of CCPS to Equity

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Issue price	Rs. 40/-	Rs. 40/-
Conversion price	NA	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).

Your company has issued and allotted 400 rated, unlisted, senior, redeemable, taxable, non-convertible debentures denominated each having a face value of Rs. 10,00,000 (Indian Rupees Ten Lakh) aggregating to a face value of Rs. 40,00,00,000 (Indian Rupees Forty Crore) to State Bank of India under the Targeted Long-Term Repo Operations (TLTRO) Scheme of the Reserve Bank of India, the details of which are as follows:

Amount raised	Rs. 40,00,00,000 (Indian Rupees Forty Crore)
Date of issue	July 30, 2020
Date of allotment	July 30, 2020
Method of allotment	Private Placement
Issue price	Rs. 10,00,000 (Indian Rupees Ten Lakh) per debenture
Coupon Rate	9.65% Coupon per annum
Maturity Date	21st April , 2023

Fixed Deposits

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

Business Risk Management

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

Annual Return

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

Corporate Social Responsibility Initiatives

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

However, while the CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of your Company, it is to be noted that the Company has not spent the required amount 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, 2021, this

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amount was Rs. 18.49 lakhs, and the Company spent Rs. 9.29 lakhs (details per "Annexure A"), which is a shortfall of Rs. 9.21 lakhs. As per the new CSR Rules under the Companies Act, if the company fails to spend the CSR amount specified and has identified any CSR Initiatives as "Ongoing Projects" as defined the CSR Rules, then it has to transfer the said unspent CSR Amount in a separate Bank Account. Consequently , the Company had identified two CSR Initiatives as Ongoing Project and transferred the unspent amount of Rs. 9.25 lakhs to a separate Bank Account on April 28, 2021.

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

1. Particulars of Employees:

   SMHFC had 310 employees as of March 31, 2021. 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. 3,72,750/-) as a monitoring fee to the International Finance Corporation (IFC) the holders of Non-Convertible Debentures ("NCDs") amounting to Rs. 53.10 Crores issued by the Company.

Dividend

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31st March 2021.

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 second wave of the pandemic COVID-19, all the field operations of the Company were suspended during the period of lockdown imposed in the various states in which the Company operates. In terms of the Reserve Bank of India Circular No.s RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 and RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021, the Company took the measures to mitigate the same by providing a special window for resolution of assets undergoing stress due to COVID-19 disruption under its Board Approved Resolution Framework 2.0 for COVID-19 Related Stress of Individuals and Small Businesses and COVID-19 Related Stress of MSMEs, respectively.

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 2020-21 that, in the opinion of the Board, have an impact on the going concern status and

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the operations of the Company in the future.

Compliance of Applicable Laws and Secretarial Standards

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

Particulars of Loans, Guarantees or Investments

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

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

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

Details of subsidiary/joint venture/associate company

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

Reserves

The Company proposes to transfer the entire Profit after Tax amounting to Rs. 5,77,60,350/- to General Reserves, out of which further statutory appropriations will be made.

Vigil Mechanism / Whistle Blower Policy

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

Directors/Key Managerial Personnel

- **Re-appointments**
  Ms. Ananyashree Birla, Director, retiring by rotation and being eligible, offers herself for reappointment. The Board recommends her reappointment for your approval.

- **Resignations:**
  There were no resignations during the year under review.

- **Appointments:**
  There were no appointments during the year under review.

- **Board Evaluation**

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

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The reports were scrutinized by the Nomination & Remuneration Committee.

- **Remuneration Policy**

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

- **Meetings**

During the year, 10 Board Meetings, 5 Audit Committee Meetings, 2 Nomination & Remuneration Committee Meetings and 2 CSR Committee Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The details of the same are given in the "Annexure C".

The 12th Annual General Meeting of the Company was held on 18th December 2020 and the 15th and 16th Extra-Ordinary General Meeting were held on 13th August 2020 and 8th September 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

➢ Statutory Auditor:

M/s Suresh Surana & Associates LLP were appointed as Statutory Auditors of your Company at the 11th 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.

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➢ Secretarial Auditor:

Ms. Jyotsana Bhatia, Practicing Company Secretary, (FCS No.: 8867 and Certificate of Practice No. 7985) has been appointed as the Secretarial Auditor of the Company for the FY 2020-21, in terms of Section 204 of the Companies Act, 2013 and the Rules made thereunder.

Secretarial Audit Report

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

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

Directors' Responsibility Statement

In terms of Section 134 (3)(c) of the Companies Act, 2013, we, the Directors of Svatantra Micro Housing Finance Corporation Limited, state in respect of Financial Year 2020-21 that:

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

Adequacy of Internal Financial Controls

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational efficiency. The Company also has an internal auditor to conduct the testing of the Internal Financial Control along with the ongoing internal audits, covering all aspects of operations, and adherence to internal policies and procedures as well as to regulatory and legal requirements. The Internal Financial Controls Testing Report dated May 28, 2021, as submitted by the Internal Auditor of the Company was reviewed by the Audit Committee and the Board of Directors of the Company at their meeting held on June 14, 2021. The internal audit reports are reviewed regularly by the Audit Committee of the Board, and wherever necessary, internal control systems are strengthened, and corrective actions are immediately taken.

Regulations

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

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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 2020 was submitted to the Board as well as the District Officer on January 28, 2021, containing the following information:

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

Disclosure on Non-Convertible Debentures

The Company is pleased to report that, during the year under review, the largest nationalized bank - State Bank of India under the Targeted Long-Term Repo Operations (TLTRO) Scheme of the Reserve Bank of India, has subscribed to and been allotted 400 rated, unlisted, senior, redeemable, taxable, non-convertible debentures denominated in Indian Rupees each having a face value of Rs. 10,00,000 (Indian Rupees Ten Lakh) aggregating to a face value of Rs. 40,00,00,000 (Indian Rupees Forty Crore).

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

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

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

Credit Rating

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

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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. 128.10 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 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.

d) Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

e) The Company, in the capacity of Financial Creditor, has not filed any applications with National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 during the financial year 2020-21 for recovery of outstanding loans against any customer.

f) The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable to your Company.

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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

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

Place: Mumbai
Date: 03rd August, 2021

"Annexure A"

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIALYEAR 2020-21

1. Brief outline on CSR Policy of the Company.

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

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

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

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Ananyashree Birla	Chairman & Director	2	0
2.	Mr. Vineet Chattree	Managing Director	2	2
3.	Mr. Anil Chirania	Director	2	2

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company.

https://svatantramhfc.com/

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8of the Companies (Corporate Social responsibilityPolicy) Rules, 2014, if applicable (attach the report).

Not Applicable

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

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

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

   Rs. 9,24,86,852/-

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

   Rs. 18,49,737/-

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

   NIL

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

   NIL

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

   Rs. 18,49,737/-

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs. 9,29,000/-	Rs. 9,25,000/-	28-04-2021	N.A.	NIL	N.A.

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration number

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1.	Vocational Training	Promoting employment enhancing vocation skills and undertaking livelihood enhancement projects	Yes	MH, GJ, MP, RJ, WB, CG, TN, OR	TBD	24 months	Rs. 4,50,000	NIL	Rs. 4,50,000	No	Habitat for Humanity India Trust	NA
2.	Vocational Training	Promoting employment enhancing vocation skills and undertaking livelihood enhancement projects	Yes	GJ	TBD	24 months	Rs. 4,75,000	NIL	Rs. 4,75,000	No	Saath Livelihood Services	NA
	TOTAL						Rs.9,25,000	NIL	Rs. 9,25,000			

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act.**	**Local area (Yes / No).**	**Location of the project.**	**Amount spent forthe project (in Rs.).**	**Mode of implementation - Direct (Yes/No).**	**Mode of implementation – Through implementing agency.**	
				State - District			**Name**	**CSR registration number**
1.	Mask Distribution	Preventive Healthcare	Yes	**Rajasthan** - Jaipur, Ajmer, Alwar, Jodhpur, and Nagaur. **Chhattisgarh**- Raipur, Durg, Rajnandgaon, Mahasamund, Barmer, Raigarh, Bilaspur, Mungeli, Korba, Surguja, Bemetara and Kabirdham **Gujarat** - Ahmedabad, Surat and Valsad	Rs. 7,29,000/-	No	Desai Foundation	N.A.
2.	Training for Financial Literacy	Employment enhancing vocational skills and livelihood enhancement projects	No	**Andhra Pradesh -** Visakhapatnam	Rs. 2,00,000	No	Habitat for Humanity India Trust	NA
	TOTAL				Rs. 9,29,000/-			

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(c) **Amount spent in Administrative Overheads:**
NIL

(d) **Amount spent on Impact Assessment, if applicable:**
N.A.

(e) **Total amount spent for the Financial Year (8b+8c+8d+8e):**
Rs. 9,29,000/-

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

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs. 18,49,737/-
(ii)	Total amount spent for the Financial Year	Rs. 9,29,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

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

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6)(in Rs.)	Amount spent in the reporting Financial Year(in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	TOTAL	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project inthe reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	TOTAL	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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

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

(b) Amount of CSR spent for creation or acquisition of capitalasset.
NIL

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

N.A.

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

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

The Company has approved CSR expenditure of Rs. 18,49,737 (i.e. two percent of the average net profit of the last three financial years) for the financial year 2020-21.

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

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

Vineet Chattree
Managing Director & Chairman - CSR Committee
(DIN: 07962531)
Place: Mumbai
Date: 03rd August, 2021

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.

CSR AMOUNT AND EXPENDITURE

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

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

GUIDING PRINCIPLES FOR SELECTION OF CSR ACTIVITIES

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

GUIDING PRINCIPLES FOR IMPLEMENTATION OF CSR ACTIVITIES

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

CSR COMMITTEE

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

- Review and recommend the CSR Policy to the Board of Directors
- Recommend the amount of annual expenditure to be incurred on the CSR activities;

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- Review and recommend to the Board, certain CSR projects/programmes as ongoing projects in accordance with the CSR Rules;
- Formulate and recommend to the Board the Annual Action Plan of the Company in pursuance of this Policy;
- Annually report to the Board, the status of the CSR activities and contributions made by the Company;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

ANNUAL ACTION PLAN

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

PROCESS FOR IMPLEMENTING CSR ACTIVITIES / PROJECTS

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

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

MONITORING AND EVALUATION FRAMEWORK

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

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

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

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

REPORTING

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

SVATANTRA MICRO HOUSING FINANCE CORPORATION LTD.
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"Annexure B"

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED

Salient Features of the Nomination and Remuneration Policy

1. Objective of the Policy:

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

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

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

- Appointment criteria and qualifications of Director, KMP and Senior Management;
- Term / Tenure of the Directors;
- Evaluation of Director, KMP and Senior Management Personnel;
- Removal of Director, KMP and Senior Management Personnel;
- Retirement of Director, KMP and Senior Management Personnel
- 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

SVATANTRA MICRO HOUSING FINANCE CORPORATION LTD. MUMBAI

Vineet Chattree
Managing Director
(DIN: 07962531)

SVATANTRA MICRO HOUSING FINANCE CORPORATION LTD. MUMBAI

Anil Chirania
Director
(DIN: 01082719)

Place: Mumbai
Date: 03rd August, 2021

"Annexure C"

Disclosures as per the Secretarial Standard - 1

During the Financial Year 2020-21, 10 Board Meetings, 5 Audit Committee, 2 Nomination & Remuneration Committee and 1 CSR Committee Meeting were convened and held on the following dates:

Sr. No.	Board
1	22.05.2020
2	19.06.2020
3	28.07.2020
4	19.08.2020
5	08.09.2020
6	20.10.2020
7	14.12.2020
8	21.12.2020
9	30.01.2021
10	25.03.2021

Sr. No.	Audit Committee
1	19.06.2020
2	19.08.2020
3	14.12.2020
4	21.12.2020
5	30.01.2021

Sr. No.	Nomination & Remuneration Committee
1	22.05.2020
2	25.03.2021

Sr. No.	CSR Committee
1	19.06.2020
2	25.03.2021

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	3	1	1	0
2	Anil Chirania	10	5	2	2
3	Vineet Chattree	10	5	2	2

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: 03rd August, 2021

"Annexure D"

JYOTSANA BHATIA
Company Secretary

A/2A, SAINIK NAGAR, UTTAM NAGAR,
NEW DELHI- 110059.
Mobile :9811678082
E-mail :Jyotsanab01@gmail.com

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2021

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

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

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

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the **Financial year ended on 31st March, 2021 ("Audit Period")** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms, and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
(iii) The Depositories Act, 1996 and the Regulations and By-laws framed thereunder;
(iv) Other laws applicable specifically to the Company namely:
1. National Housing Bank Act, 1987;
2. The Housing Finance Companies (NHB) Directions, 2010;
3. Guidelines on Know your Customer and Anti-Money Laundering Measures;
4. Returns to be submitted by Housing Finance Companies;
5. Guidelines for Asset Liability Management System in Housing Finance Companies;
6. Housing Finance Companies Issuance of Non-convertible Debentures on private placement basis (NHB) Directions, 2014;

JYOTSANA BHATIA
M. No. 8867
CP No. 7985
COMPANY SECRETARY

JYOTSANA BHATIA
Company Secretary

A/2A, SAINIK NAGAR, UTTAM NAGAR,
NEW DELHI- 110059.
Mobile :9811678082
E-mail :Jyotsanab01@gmail.com

7. Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016;
8. Housing Finance Companies - Auditor's Report (National Housing Bank) Directions, 2016;
9. Guidelines on Fair Practices Code for Housing Finance Companies;
10. Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies;
11. Information Technology Framework for HFCs – Guidelines;
12. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

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

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

I further report that

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

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

I further report that during the audit period the Company has:

1. Issued and allotted 400 rated, unlisted, senior, redeemable, taxable, non-convertible debentures denominated each having a face value of Rs. 10,00,000 (Indian Rupees Ten Lakh) aggregating to a face value of Rs. 40,00,00,000 (Indian Rupees Forty Crore) to State Bank of India under the Targeted Long-Term Repo Operations (TLTRO) Scheme of the Reserve Bank of India.
2. Issued and allotted 37,50,000 (Thirty-Seven Lakh Fifty Thousand only) Equity Shares of Rs. 10/- (Rupees Ten Only) each fully paid up for cash at a premium of Rs. 30/-(Rupees Thirty Only) per share to Svatantra Holdings Private Limited.

JYOTSANA BHATIA
M. No. 8867
CP No. 7985
COMPANY SECRETARY

JYOTSANA BHATIA
Company Secretary

A/2A, SAINIK NAGAR, UTTAM NAGAR,
NEW DELHI- 110059.
Mobile :9811678082
E-mail :Jyotsanab01@gmail.com

3. Converted 30,00,000 Compulsorily Convertible Preference shares of Rs. 100/- (Rupees Hundred Only) each into 75,00,000 Equity shares of Rs. 10/- (Rupees Ten only) each at a premium of Rs. 30/- (Rupees Thirty only) per Share to Svatantra Holdings Private Limited.
4. Increased the Authorised Capital from Rs. 66 Crores to Rs. 85 Crores by addition of 1,90,00,000 Equity Shares of Rs. 10 each amounting to Rs. 19 Crores.

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

Bhatia

JYOTSANA BHATIA
M. No. 8867
CP No. 7985
COMPANY SECRETARY

Jyotsana Bhatia
(Practicing Company Secretary)
FCS No.- 8867
CP No - 7985

UDIN: F008867C000726397
Place: Mumbai
Date: 03.08.2021

JYOTSANA BHATIA
Company Secretary

A/2A, SAINIK NAGAR, UTTAM NAGAR,
NEW DELHI- 110059.
Mobile :9811678082
E-mail :Jyotsanab01@gmail.com

Annexure - I to the Secretarial Audit Report

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

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

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

Bhatia

JYOTSANA BHATIA
M. No. 8867
CP No. 7985
COMPANY SECRETARY

Jyotsana Bhatia
(Practicing Company Secretary)
Membership No.- 8867
Certificate of Practice No - 7985

UDIN: F008867C000726397
Place: Mumbai
Date: 03.08.2021

"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:

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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 appropriate, may direct additional actions including, but not limited to, immediate discontinuation or

SVATANTRA MICRO HOUSING FINANCE CORPORATION LTD.
MUMBAI

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 LTD. MUMBAI

Vineet Chattree
Managing Director
(DIN: 07962531)

SVATANTRA MICRO HOUSING FINANCE CORPORATION LTD. MUMBAI

Anil Chirania
Director
(DIN: 01082719)

Place: Mumbai
Date: 03rd August, 2021

"Annexure F"

Management Discussion and Analysis Report - FY 2020-21

The year 2020-21 has been unique in many ways for all of us wherein we all faced challenge posed by pandemic and related measures but at the same time the challenging times made us aware of many business-related learnings as well as exceptional human qualities and possibilities. The pandemic also at the same time underlined that pucca housing and related sanitation remains basic requirement to sustain health and prevent the spread of such pandemics amongst masses in the future.

Let us begin with the overall economic and affordable housing finance overview followed by the achievements of Svatantra Micro housing Finance Corporation Ltd (SMHFC) in the year 2020-21.

Housing Finance Sector

The Affordable housing sector in India as always remains a function of the Market led aspects as well as Government support / Regulatory landscape in India.

A: Demand and market size

The demand factors remain intact in India:

- India is the second most populous country with current population close to 1.3 bn and is urbanizing faster than probably any other large country. The urban India is likely to be about 35% in 2015 and expected to reach 50% by 2050 adding 416 million urban dwellers.
- The country faces a significant challenge in terms of creating adequate infrastructure including housing for all. Significant shortage of homes already in urban India, close to 18.7 where about 17% population living in slums. In rural India (66% of population) 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 the above 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.

While Affordable housing finance may be loosely defined by some as HFCs providing loans for property cost usually below INR 20 Lakhs, SMHFC cater to the lower strata of this market focusing primarily on EWS and LIG segment.

B: Government support during FY21 (year of pandemic)

Housing sector has been a key focus for the current government, which in its previous term launched many initiatives under its mission of 'Housing for all by 2022'. Many short term and long-term support were extended during FY21 towards the support of Affordable housing sector, these included:

- COVID-19 related disruption was to be treated as force majeure under Real Estate (Regulation and Development) Act provision and registration and project completion timelines would be extended by 6 months /9 months, depending on which part of the country the project is being constructed and if these were falling after March 25th, 2020.
- Introduction of Affordable Rental Housing Complex (ARCH) for migrant workers. The scheme is to be implemented through two models: Utilizing existing Government funded vacant houses to convert into ARHCs through Public Private Partnership or by Public Agency and Construction, Operation and Maintenance of ARHCs by Public/ Private Entities on their own vacant land.
- Extension of Credit Linked Housing Subsidy scheme for the middle-income group (annual Income between Rs 6 and 18 lakhs) is to be extended till March 31, 2021.

SVATANTRA MICRO HOUSING FINANCE CORPORATION LTD. MUMBAI

- An additional outlay of Rs 18,000 crore for the urban housing scheme (PMAY-U). The allocated amount is over and above the Budget Estimates for 2020-21 (Rs 8,000 crore) for the PMAY-U and will be through additional allocation and extrabudgetary resources.
- Increasing the differential between agreement value and circle rate from 10% to 20% (under section 43CA) till June 30th, 2021. However, it is only applicable for the primary sale of residential units of value up to Rs 2 crore.
- Extension in the deadline for the Emergency Credit Line Guarantee Scheme - ECLGS 2.0 until March 31, 2021.
- RBI had also announced certain relaxations towards the Real Estate sector where - NBFCs can extend commercial real estate loans by 1 year if projects delayed are due to reasons beyond the control of promoters without treating it as restructuring.
- Many State Governments such as Maharashtra (reduction on stamp duty on registration), MP (reduction of the cess on stamp duty charged for registration), Karnataka (reduction in stamp duty) etc.

C: Regulatory Landscape

The year also saw the circulation of "Review of regulatory framework for Housing Finance Companies (HFCs)" by RBI dated October 22, 2020, and the subsequent issuance of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 on February 17, 2021. The regulation aims at harmonization between the regulations of HFCs and NBFCs. SMHFC adheres to all the revised guidelines as HFCs stated under the framework which addresses the Minimum Net worth guidelines, Capital adequacy and definition of Tier I and II capital, Liquidity management framework and defining the Qualifying asset criteria for HFCs.

Further, RBI, provided a moratorium window under COVID-19 – Regulatory Package Resolution Framework for COVID-19-related Stress on August 6, 2020, to assist the borrowers impacted due to pandemic. The resolution framework allowed customers to be provided a moratorium of three months on payment of all instalments falling due between March 1, 2020, and May 31, 2020, which was further extended for three months on payment of instalments falling due between June 1, 2020, and August 31, 2020, for the loans outstanding on 1st March 2020.

Subsequently, due to the second wave of the pandemic COVID-19, the RBI, vide Circular No.s RBI/2021-22/31 and RBI/2021-22/32 dated May 5, 2021, took measures to assist the borrowers who had not availed restructuring under Resolution Framework 1.0 above, by providing a special window for resolution of assets undergoing stress due to COVID-19 disruption under its Framework 2.0 for COVID-19 Related Stress of Individuals and Small Businesses and COVID-19 Related Stress of MSMEs, respectively, subject to certain eligibility criterion.

Further, support was also extended to the HFCs through liquidity infusion via NHB, Partial guarantee schemes and TLTRO.

D: Company performance

D.1 Financial 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. 1573.55 Cr. (up 18% from Rs. 1330.96 Cr. at end of the previous financial year) – all to lower income, urban families who are generally

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excluded from the mainstream banking sector. The total loans outstanding figure was Rs. 814.88 Cr. (growth of 18% over Rs. 691.60 Cr. at end of the previous financial year). The Company currently operates in 8 states – Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, West Bengal, Chhattisgarh, Tamil Nadu, and a recent entry during the year into Orissa.

In terms of portfolio quality, the Company had 334 (PY 241) loan accounts as on year end - March 31, 2021 - which were classified as non-performing assets ("NPAs") per the prudential guidelines issued by the RBI / NHB. The amount of such Gross NPAs was Rs. 14.43 Cr. (PY Rs. 11.05 Cr.) which was 1.77% (PY 1.60%) of the total loan portfolio of the Company as at March 31, 2021. The Company has created necessary provisions in accordance with the RBI & NHB Directions, after which Net NPAs stood at Rs. 12.24 Cr. (PY Rs. 9.10 Cr.) and 1.50% (PY 1.32%) of the total loan portfolio as at March 31, 2021.

In terms of funding, the Company issued Equity Shares of Rs. 15 Crores and converted 30,00,000 Compulsorily Convertible Preference Shares (CCPS) amounting to Rs. 30 Crores to 75,00,000 Equity Shares of Rs. 10 each at a Premium of Rs. 30/- per share, and with retained profits, net worth increased to Rs. 167.50 Cr. (PY Rs. 146.60 Cr.). However, the Company increased its long-term debt to Rs. 758.03 Cr. (PY Rs. 570.17 Cr.) of which approx. 20% 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, AU Small Finance Bank Limited, IndusInd Bank Limited, Canara Bank and Utkarsh 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 36.57% of risk weighted assets, as against the minimum requirement of 14%.

Customer segments break up:

Customer Segment	**No. of Loans**	**Principal O/S**	**%**
Salaried	8,492	Rs. 291.41	35.76%
Self Employed	7,763	Rs. 310.30	38.08%
Both	4,516	Rs. 202.17	24.81%
Builder Loan	5	Rs. 11.00	1.35%
Grand Total	**20,776**	**Rs. 814.88**	**100%**

The company provided adequate relief to its customers through moratorium and restructuring support in the last Fiscal.

D.2 Credit Rating

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

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D.3 Current focus areas and Outlook

Incorporating the learnings from Pandemic, the company has taken upon the following restructuring and improvements in the priority areas:

1. Decentralization and local decision making to capture market and enhance service turn-around time.
2. Unified team for various products : Affordable housing, BLC, Retail loans, LAP, and commercial property loans
3. Higher accountability and responsibility
4. Enhancement in technology towards better customer engagement

The company plans to enhance team size along with product basket. SMHFC plans to enhance team size to about 350 - 380 employees (an addition of about 100+ employees over last year) to kick start deeper penetration in existing markets. The plan is to target about 30% growth y-o-y in FY22 with higher productivity.

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

D.4 RISKS

(i) Liquidity and interest rate risk

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

(ii) Operational risk

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

(iii)Credit Risk

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

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

E. Internal control systems and their adequacy

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational efficiency. The Company also has an internal auditor to conduct the testing of the Internal

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

F. 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 310 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 Managing Director (DIN: 07962531)	**Anil Chirania** Director (DIN: 01082719)

Place: Mumbai
Date: 03rd August, 2021

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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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 Financial Statements

Opinion

We have audited the accompanying financial statements of Svatantra Micro Housing Finance Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015 as amended ("Ind AS") and other the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, 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 financial statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 37 of the 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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Key Audit Matters

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

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
1	**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) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: **Data inputs** - 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. **Model estimations** - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result these are considered as the most significant judgmental aspect of the Company's modelling approach. **Economic scenarios** - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. **Restructuring** - The Company has restructured loans in the current year on account of COVID-19 related regulatory	**Principal Audit Procedures** -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. -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 the 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 Significant Increase in Credit Risk (SICR) considering both: adverse effects of COVID 19 and mitigants in the form of the RBI / Government financial relief package. -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

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	measures. This has resulted in increased management estimation over determination of provision for such restructured loans. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Refer Note 2 (k), Note 5, Note 36 (c), Note 62 and Note 63 to the financial statements.	used in the model. -Test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. -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, and the period of historical loss rates used and the valuation of recovery assets. -Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the financial statements are appropriate and sufficient.
2	**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** - 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). These 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 financial statements and Auditor's Report thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

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

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

Auditors' Responsibility for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal

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financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors.

- Conclude on the appropriateness of Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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 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

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agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended;

e) On the basis of the written representations received from the directors as on 31 March 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and 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 financial statements (Refer Note 41 to the 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

SURESH SURANA & ASSOCIATES LLP Chartered Accountants MUMBAI

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 21102306AAAADJ3051

Place: Mumbai
Date: 19 July 2021

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 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. There are no arrears of outstanding statutory dues as at 31 March 2021 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 have been applied for the purposes for which the loans were obtained, though 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 financial statements as required by the applicable accounting standards.

(xiv) 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.

(xv) 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.

(xvi) 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

SURESH SURANA & ASSOCIATES LLP Chartered Accountants MUMBAI

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 21102306AAAADJ3051

Place: Mumbai
Date: 19 July 2021

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 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting and the Standards on Auditing, prescribed under section 143(10) of the Companies 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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 2021, 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

SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
MUMBAI

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 21102306AAAADJ3051

Place: Mumbai
Date: 19 July 2021

Suresh Surana & Associates LLP
8th Floor, Bakhtawar
229, Nariman Point
Mumbai – 400 021 India
T +91(22) 2287 5770
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LLP Identity No. AAB-7509

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

1. This report has been issued in accordance with our terms of engagement letter dated 12 March 2021 with Svatantra Micro Housing Finance Corporation Limited ("the Company") and in accordance with the requirements of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (the 'Directions') issued by the Reserve Bank of India (the 'RBI').

2. We have audited the accompanying financial statements of the Company which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements including the summary of significant accounting policies and other explanatory information and have issued an unqualified opinion vide our Audit report dated 19 July 2021.

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

SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
MUMBAI

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

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

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

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

Auditors Responsibility

5. Pursuant to the requirements of the Directions, it is our responsibility to provide reasonable assurance on the matters specified in paras 70 and 71 of the Directions, to the extent applicable to the Company, on the basis of our audit of the financials statements of the Company for the year ended 31 March 2021 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.

SURANA & ASSOCIATES LLP
Chartered Accountants
MUMBAI

Opinion

8. Based on our audit of the financial statements for the year ended 31 March 2021 and examination as above, evidences obtained and the information and explanations, along with the representations provided by the Management, we report that:

1. **Para 70.1**

   a. The Company has obtained Certificate of Registration No. 02.0071.09 dated 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 from Reserve Bank of India 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 2021 as prescribed under section 29A of the NHB Act;

   c. The Company has complied with the provisions of section 29C of the NHB Act with respect to the statutory reserves during the year ended 31 March 2021;

   d. The total borrowings of the Company are within the limits prescribed under paragraph 27.2 of the Directions as at 31 March 2021;

   e. The financial statements of the Company for the year ended 31 March 2021 have been prepared in accordance with Ind AS notified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. In preparation of the financial statements, the prudential norms relating to the income recognition, accounting standards, assets classification, disclosure on balance sheet, provisioning norms which are specified in the Directions; have been complied in accordance with the applicable Ind AS. Further, the Company has complied with prudential norms on loan-to-value ratio, investment in real estate, exposure to capital markets and engagement of brokers and concentration of credit/investments as specified in the Directions as may be applicable for the year ended 31 March 2021.

   f. The Capital Adequacy Ratio as at 31 March 2021 as disclosed in the Schedule II return submitted to NHB in terms of the NHB Directions on 12 May 2021 was correctly determined and this ratio is in compliance with the minimum capital to risk weighted assets ratio ('CRAR') prescribed therein;

   g. The Company has furnished to the NHB the Schedule-II return during the year ended 31 March 2021 within the stipulated period as specified in the Directions by NHB;

   h. The Company has furnished quarterly Schedule –III Return on Statutory Liquidity Assets to NHB for the year ended 31 March 2021 within the stipulated period as specified in the NHB Directions except for the quarter ended 31 March 2021, which was submitted on 16 April 2021 within the extension period granted by the NHB.

SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
MUMBAI

i. In case of opening of new branches/offices or in the case of closure of existing branches/offices, the Company has complied with the requirements of the Directions for the year ended 31 March 2021;

j. The Company does not have any exposure in terms of paragraph 3.1.3, 3.1.4 and paragraph 18 of the Directions for the year ended 31 March 2021;

k. 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; and

l. The Company has not accepted any public deposits during the year ended 31 March 2021;

2. Para 70.2

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

Restrictions on Distribution or Use

9. Our work was performed solely to assist you for compliance with the Directions. Our Obligations in respect of this report are entirely separate from, and our responsibilities and liabilities is in no way changed by any other role we may have as statutory auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are subject of this report, will extent any duty of care we may have in our capacity as statutory auditors of the Company.

10. This certificate is addressed to and provided to the Board of Directors of the Company pursuant to our obligations under the Directions requiring us to submit on the additional matters as stated in the aforesaid directions, and should not be used, referred to or distributed for any other purpose or to any other person without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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

SURESH SURANA & ASSOCIATES LLP Chartered Accountants MUMBAI

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 21102306AAAADJ3051

Place: Mumbai
Date: 19 July 2021

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

Balance sheet as at 31 March 2021

(Amount in Rs. '000')

	Note no.	As at 31 March 2021	As at 31 March 2020
Assets			
Financial assets			
Cash and cash equivalents	3	8,74,050.44	1,03,923.76
Bank balances other than cash and cash equivalents	4	3,01,844.57	2,09,814.41
Loans	5	80,87,045.14	68,83,227.09
Other financial assets	6	19,212.55	5,321.11
Total financial assets		**92,82,152.70**	**72,02,286.37**
Non-financial assets			
Current tax assets (net)	7	3,055.45	3,511.65
Deferred tax assets (net)	8	26,779.53	27,829.65
Investment property	9	250.71	250.71
Property, plant and equipment	10	3,212.18	3,166.25
Other intangible assets	10	43.20	116.77
Right of use asset	11	9,770.81	5,505.63
Other non-financial assets	12	6,501.16	8,132.39
Total non-financial assets		**49,613.04**	**48,513.05**
Total assets		**93,31,765.74**	**72,50,799.42**
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	4,227.11	4,021.13
Other payables			
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	14	6,591.29	2,539.35
Debt securities	15	9,22,208.54	5,26,300.97
Borrowings (other than debt securities)	16	66,58,134.62	52,02,120.52
Other financial liabilities	17	43,811.09	34,251.87
Total financial liabilities		**76,34,972.65**	**57,69,315.92**
Non-financial liabilities			
Provisions	18	14,524.77	10,973.18
Other non-financial liabilities	19	7,281.43	4,460.86
Total non-financial liabilities		**21,806.20**	**15,434.04**
Total liabilities		**76,56,778.85**	**57,84,749.96**
Equity			
Equity share capital	20	4,14,775.75	3,02,275.75
Non-cumulative compulsorily convertible preference shares	21	-	3,00,000.00
Other equity	22	12,60,211.14	8,63,773.71
Total equity		**16,74,986.89**	**14,66,049.46**
Total liabilities and equity		**93,31,765.74**	**72,50,799.42**
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's Registration No.: 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai
Date: 19th July, 2021

SURESH SURANA & ASSOCIATES LLP Chartered Accountants MUMBAI

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

Tasneem Mandsorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 19th July, 2021

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 2021

Equity share capital

(Amount in Rs. '000')

	No of shares	Amount
Balance as at 1 April 2019	**3,02,27,575.00**	**3,02,275.75**
Issued during the year	-	-
Deletion during current year	-	-
Balance at 31 March 2020	**3,02,27,575.00**	**3,02,275.75**
Issued during the year	37,50,000.00	37,500.00
Converted during the year	75,00,000.00	75,000.00
Deletion during current year	-	-
Balance at 31 March 2021	**4,14,77,575.00**	**4,14,775.75**

Non-cumulative compulsorily convertible preference shares

(Amount in Rs. '000')

	No of shares	Amount
Balance as at 1 April 2019	-	-
Issued during the year	30,00,000.00	3,00,000.00
Deletion during the year		
Balance at 31 March 2020	**30,00,000.00**	**3,00,000.00**
Issued during the year	-	-
Converted during the year	30,00,000.00	3,00,000.00
Balance at 31 March 2021	-	-

Other equity

(Amount in Rs. '000')

	Reserves and Surplus				Total
	Securities premium	Statutory reserves	Impairment reserve	Retained earnings	
Balance as at 1 April 2019	**4,45,105.51**	**1,15,375.40**	**2,586.51**	**2,78,966.42**	**8,42,033.84**
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 as at 31 March 2020	**4,45,105.51**	**1,21,268.37**	**18,123.85**	**2,79,275.98**	**8,63,773.71**
Profit for the year	-	-	-	57,760.35	57,760.35
Addition during the year	3,37,500.00	-	-	-	3,37,500.00
Other comprehensive income for the year	-	-	-	1,177.08	1,177.08
Transfer from / to retained earnings	-	11,552.07	35,978.31	(47,530.38)	-
Balance at 31 March 2021	**7,82,605.51**	**1,32,820.44**	**54,102.16**	**2,90,683.03**	**12,60,211.14**

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's Registration No.: 121750W/W-100010

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai
Date: 19th July, 2021

SURESH SURANA & ASSOCIATES LLP ★ MUMBAI ★ Chartered Accountants

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

Tasneem Mandsorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 19th July, 2021

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 2021

(Amount in Rs. '000')

	Note no.	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations			
Interest income	23	9,09,064.86	7,37,893.15
Net gain on fair value changes	24	2,384.50	15,502.98
Total revenue from operations		**9,11,449.36**	**7,53,396.13**
Other income	25	11,569.18	6,782.71
Total income		**9,23,018.54**	**7,60,178.84**
Expenses			
Finance costs	26	6,16,238.91	5,23,384.34
Impairment on financial instruments	27	35,718.42	5,671.42
Employee benefits expense	28	1,38,369.97	1,30,347.76
Depreciation and amortisation	29	7,840.49	8,869.13
Other expenses	30	47,923.37	55,506.52
Total expenses		**8,46,091.16**	**7,23,779.17**
Profit before tax		**76,927.38**	**36,399.67**
Tax expense:			
- Current tax	31	18,140.00	11,340.92
- Deferred tax expense	31	654.20	152.43
- Earlier year tax adjustments		372.83	-
		19,167.03	**11,493.35**
Profit after tax		**57,760.35**	**24,906.32**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans (cost)		1,573.00	(2,102.22)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(395.92)	529.09
Other comprehensive income, net of income tax		**1,177.08**	**(1,573.13)**
Total comprehensive income		**58,937.43**	**23,333.19**
Earnings per share (Nominal Value - Rs. 10)	32		
Basic earnings per share (Rs.)		1.46	0.79
Diluted earnings per share (Rs.)		1.46	0.79
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's Registration No.: 121750W/W-100010

SURESH SURANA & ASSOCIATES LLP Chartered Accountants MUMBAI

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai
Date: 19th July, 2021

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

Tasneem Mandsorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 19th July, 2021

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 March 2021

(Amount in Rs. '000')

	Year ended 31 March 2021	Year ended 31 March 2020
Profit before tax	76,927.38	36,399.67
Cash flow from operating activities		
Adjusted for:		
Finance costs on lease liabilities	713.31	841.12
Transaction costs on borrowings	(17,094.67)	(1,914.03)
Gain on sale of mutual fund units held as current investments	(2,384.50)	(15,502.98)
Depreciation and amortisation	7,840.49	8,869.13
Gain on termination of lease	(64.61)	-
Interest on fixed deposits and inter corporate deposits	(28,225.82)	(15,170.61)
Loss on sale of property, plant and equipment	-	5.22
Share issue expenses	1,520.00	-
Transaction costs on Loans	17,118.31	14,886.50
Impairment on financial instruments	35,718.42	5,671.42
Unwinding interest income	(199.15)	(198.59)
Operating profit before working capital changes	**91,869.16**	**33,886.88**
Changes in working capital		
- (Increase) / decrease in loans	(12,56,654.78)	(12,14,711.01)
- (Increase) / decrease in other financial assets	(13,692.29)	(1,617.00)
- (Increase) / decrease in other non financial assets	1,631.23	(8,642.72)
- Increase / (decrease) in trade payables	4,175.84	4,559.52
- Increase / (decrease) in other financial liabilities	5,200.35	(28,216.36)
- Increase / (decrease) in other non financial liabilities	2,820.57	901.59
- Increase / (decrease) in provisions	4,728.67	3,263.69
Cash generated from operating activities	**(11,59,921.25)**	**(12,10,775.44)**
Income tax paid (net)	(17,660.71)	(9,289.03)
Net cash used in operating activities	**(11,77,581.96)**	**(12,20,064.47)**
Cash flows from investing activities:		
Purchase of property, plant and equipment and intangibles	(2,291.03)	(1,822.39)
Proceeds from sale of property, plant and equipment and intangibles	2.04	15.08
Purchase of mutual funds	(38,41,900.00)	(3,38,56,300.00)
Proceeds of sale of mutual funds	38,44,284.50	3,38,71,802.98
Interest received on bank deposits and inter corporate deposits	13,195.66	3,279.57
Maturity /(investments) of /in fixed deposits	(77,000.00)	(1,87,500.00)
Net cash generated from / (used in) investing activities	**(63,708.83)**	**(1,70,524.76)**
Cash flows from financing activities:		
Proceeds from issuance of Compulsorily convertible preference shares	-	3,00,000.00
Proceeds from issuance of equity shares	1,50,000.00	-
Share issue expenses	(1,520.00)	(1,995.00)
Proceeds from issue of debentures	4,00,000.00	-
Proceeds from long term borrowings	29,36,000.00	23,50,000.01
Repayment of long term borrowings	(13,67,583.66)	(12,95,022.36)
Proceeds from short borrowings	2,25,000.00	99,400.00
Repayment of short term borrowings	(3,24,400.00)	-
Repayment of lease liabilities	(5,365.56)	(5,398.76)
Interest paid on lease liabilities	(713.31)	(841.12)
Net cash generated from financing activities	**20,11,417.47**	**14,46,142.77**
Net increase in cash and cash equivalents	7,70,126.68	55,553.54
Cash and cash equivalents as at the beginning of the year	1,03,923.76	48,370.22
Closing balance of cash and cash equivalents	**8,74,050.44**	**1,03,923.76**
Components of cash and cash equivalents		
Cash on hand	284.45	195.36
Balances with banks		
- With banks in current accounts	8,73,765.99	1,03,728.40
Cash and cash equivalents	**8,74,050.44**	**1,03,923.76**

SURESH SURANA & ASSOCIATES LLP Chartered Accountants MUMBAI

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 March 2021

Cash Flow Statement (Contd..)

Changes in liabilities arising from financing activities

	As at 31 March 2021	As at 31 March 2020
Opening balance (Borrowings + debt securities)	57,34,061.17	45,91,088.94
Proceeds from long-term borrowings (including debentures)	33,36,000.00	23,50,000.01
Repayment /(addition) in lease liabilities (net)	5,072.18	(3,493.00)
Proceeds from Short-term borrowings	2,25,000.00	99,400.00
Finance costs on lease liabilities	(713.31)	(841.12)
Repayments of long-term borrowings	(13,67,583.66)	(12,95,022.36)
Repayments of Short-term borrowings	(3,24,400.00)	-
Transaction costs on borrowings	(17,094.67)	(7,071.30)
Closing balance (Borrowings+ debt securities)	**75,90,341.71**	**57,34,061.17**

Summary of Significant accounting policies 2

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

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

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai
Date: 19th July, 2021

SURESH SURANA & ASSOCIATES LLP Chartered Accountants MUMBAI

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

Tasneem Mandsorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 19th July, 2021

Sahil Mehta
Chief Financial Officer

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED MUMBAI

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 certifcate of regstration dated 12 Februry 2020, the Company also registered with the Reserve Bank of India ("RBI") as a housing finance company. The Company is domiciled in India and its registered office is situated at Office no. 1,2,3,4, Ground Floor, Pushpak Co-operative Housing Society Ltd., Malaviya Road, Vile Parle (East), Mumbai - 400 057, Maharashtra, India. The Company is wholly owned subsidiary of Svatantra Holdings Private Limited

1 Basis of preparation of financial statements

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

The financial statements have been prepared on a historical cost convention and accrual basis, except for the following assets and liabilities and on the basis of accounting principles of a going concern in accordance with generally accepted accounting principle (GAAP):
i) Certain financial assets and liabilities that are measured at fair value
ii) Defined benefit plans, and related -plan assets measured at fair value using actuarial valuation

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

The financial statements for the year ended March 31, 2021 were authorised and approved for issue by the Board of Directors on 19 July 2021.

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, unless otherwise indicated.

b. Measurement of fair values

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

In the principal market for the asset or liability, or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c. Revenue recognition

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

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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

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

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

Non-derivative financial assets
Subsequent measurement

i. Financial assets carried at amortised cost
Financial asset is measured at the amortised cost if both the following conditions are met:
The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

ii. Investments in equity instruments

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

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Non-derivative financial liabilities

Subsequent measurement

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

De-recognition of financial liabilities

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

Offsetting of financial instruments

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

e. Foreign currency

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

f. Property, plant and equipment (PPE)

Recognition and initial measurement

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in Statement of Profit and Loss.

Depreciation and amortisation

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

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

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

De-recognition

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

Capital work-in-progress

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

Intangible assets

Recognition and initial measurement

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

Computer software - 3 years

Amortisation

Intangible assets are amortised over a their estimated useful lives. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any. The estimated useful lives of intangible assets are as follows:
Computer Software - 3 years

g. Income taxes

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

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Current taxes

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

Deferred taxes

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

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

h. Employee Benefits

Short-term employee benefits:

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

Contribution to provident fund and other funds :

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

Gratuity:

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

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

Compensated Absences:

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

i. Borrowing costs:

Borrowing cost of financial liabilities is recognised using the Effective 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.

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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 36(C) for detailed note.

Trade receivables

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

Write-offs

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

l. Cash and cash equivalents

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

m. Provisions, Contingent liabilities and Contingent assets:

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

Contingent liability is disclosed for:

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

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

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

n. Reimbursement of processing fee and other charges

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

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

o. Earnings per share

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

p. Leases

As a lessee

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

I. Right of use assets

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

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

II. Lease liabilities

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

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

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

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

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

As a lessor

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

q. Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

Specified format for disclosure of shareholding of promoters.

Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

Additional disclosures relating to undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

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Notes to the financial statements for the year ended 31 March 2021

3 Cash and cash equivalents

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Cash on hand	284.45	195.36
Balances with banks - in current accounts*	8,73,765.99	1,03,728.40
	8,74,050.44	**1,03,923.76**
* Includes amounts received towards NHB subsidy pending transfer to customers	93.60	241.63

4 Bank balances other than cash and cash equivalents

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Deposits with maturity of more than 3 months but less than 12 months*	3,01,844.57	2,09,814.41
	3,01,844.57	**2,09,814.41**
***Bank deposit held as securities**		
against borrowings	15,445.45	-
against bank guarantee	2,54,380.86	2,09,814.41
debt service and reserve account maintained with State Bank of India.	32,018.26	-
	3,01,844.57	**2,09,814.41**

5 Loans

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
At amortised cost		
(i) Term loans		
(a) Housing loans	78,27,728.49	67,00,743.64
(b) Non Housing loans	3,19,998.63	2,15,259.46
(c) Loan to employees	1,086.28	936.09
Total (I) - Gross loans	**81,48,813.40**	**69,16,939.19**
Less: Impairment loss allowance	(61,768.26)	(33,712.10)
Total (I) - Net	**80,87,045.14**	**68,83,227.09**
(ii) Secured/unsecured		
(a) Secured by tangible assets	81,47,727.12	69,16,003.10
(b) Unsecured	1,086.28	936.09
Total (II) - Gross	**81,48,813.40**	**69,16,939.19**
Less: Impairment loss allowance	(61,768.26)	(33,712.10)
Total (II) - Net	**80,87,045.14**	**68,83,227.09**
(iii) Loans in India		
(a) Public sector	-	-
(b) Others	81,48,813.40	69,16,939.19
Total (III) - Gross	81,48,813.40	69,16,939.19
Less: Impairment loss allowance	(61,768.26)	(33,712.10)
Total (III) - Net	**80,87,045.14**	**68,83,227.09**
(iv) Loans outside India		
(a) Loan outside India	-	-
Total (iv)	-	-

6 Other financial assets

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
At amortised cost		
Security deposits	3,928.59	3,795.34
Staff advances	724.35	445.77
Others receivables	5,682.13	1,080.00
Ex-gratia claims receivable (Refer note 75)	8,877.48	-
	19,212.55	**5,321.11**

7 Current tax assets (net)

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Advance tax*	3,055.36	3,510.65
	3,055.36	**3,510.65**

*(net of provision for tax 31 March 2021:Rs. 18,140.00 thousands (Previous year Rs 40,045.48 thousands)

8 Deferred Tax Assets/ Liabilities (net)

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Deferred Tax assets		
Provision for impairment of assets	15,545.84	8,484.66
Provision for employee benefits	3,655.59	2,761.73
Timing difference on PPE depreciation/amortisation	1,311.46	1,146.66
Unearned processing fee	658.39	-
Share issue expenses	607.30	401.68
Transaction cost on loans	15,481.09	19,800.72
Lease liabilities	57.32	162.34
Total deferred Tax assets	**37,316.99**	**32,757.79**
Deferred Tax liabilities		
Amortisation of borrowing costs	(10,073.58)	(4,928.14)
Modification (restructuring) gain on financial assets	(463.88)	-
Total deferred Tax liabilities	**(10,537.46)**	**(4,928.14)**
Net deferred Tax assets/(liabilities)	26,779.53	27,829.65

12 Other non-financial assets

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Prepaid expenses	5,819.37	7,983.41
Balance with government authorities	572.16	-
Other assets	109.63	148.98
	6,501.16	**8,132.39**

13 Trade payables

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises (Refer note 42)	-	82.08
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,227.11	4,021.13
	4,227.11	**4,103.21**

14 Other payables

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises (Refer note 42)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,591.29	2,539.35
	6,591.29	**2,539.35**

15 Debt securities

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Secured		
At amortised cost		
Redeemable non-convertible debentures	9,22,208.54	5,26,300.97
	9,22,208.54	**5,26,300.97**
Debt securities in India	9,22,208.54	5,26,300.97
Debt securities outside India	-	-
	9,22,208.54	**5,26,300.97**

(Amount in Rs. '00

Terms of debentures	**As at 31 March 2021**	**As at 31 March 2020**
9.45% secured ,rated, unlisted, 265,000 redeemable non convertible debentures of Rs. 1,000 at par on 18 November 2024	2,65,000.00	2,65,000.00
10.60% secured ,rated, unlisted, 266,000 redeemable non convertible debentures of Rs. 1,000 at par on 18 November 2024	2,66,000.00	2,66,000.00
9.65%, secured, rated, unlisted, senior, fully paid up, taxable, 400 redeemable non-convertible debentures of Rs.1,000,000 at par on 21 April 2023	4,00,000.00	-
Total Debt securities	**9,31,000.00**	**5,31,000.00**
Adjustments of unamortised processing fee based on EIR	(8,791.46)	(4,699.03)
Total adjusted Debt securities	**9,22,208.54**	**5,26,300.97**

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

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Notes to the financial statements for the year ended 31 March 2021

16 Borrowings (other than debt securities)

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
At amortised cost		
Secured		
Term loans		
- from banks	47,23,066.05	31,77,758.85
- from National Housing Bank (NHB)	15,41,279.89	13,78,503.00
- from Financial Institution (FI)	3,93,788.68	5,46,458.67
Loans Repayable on Demand		
- from a Bank	-	99,400.00
	66,58,134.62	**52,02,120.52**
Total		
Borrowings in India	66,58,134.62	52,02,120.52
Borrowings outside India	-	-
	66,58,134.62	**52,02,120.52**

Notes:

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

(ii) The Company has not defaulted in the repayment of debt securities and borrowings (other than debt securities) and interest thereon for the year ended 31 March 2021 and 31 March 2020.

(iii) 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 2021	As at 31 March 2020
7%-9%	Banks	Within 1 year	4,91,663.08	21,428.57
9%-10%	Banks		3,64,327.85	71,142.86
10%-11%	Banks		3,20,400.00	3,90,925.90
11%-12%	Banks		-	79,999.99
10%-11%	FI		1,42,805.32	-
11%-12%	FI		-	1,62,863.70
3%-10%	NHB		4,02,340.45	1,81,974.00
8%-9%	Banks	Within 1-5 years	9,43,529.76	64,285.71
9%-10%	Banks		13,52,040.16	2,51,761.90
10%-11%	Banks		8,54,315.07	16,47,514.13
11%-12%	Banks		-	2,53,333.93
10%-11%	FI		2,51,879.50	-
11%-12%	FI		-	3,85,460.83
3%-10%	NHB		9,00,580.79	8,99,703.00
8%-9%	Banks	More than 5 years	20,029.39	-
9%-10%	Banks		3,04,198.49	85,714.28
10%-11%	Banks		1,02,900.00	3,28,017.35
11%-12%	Banks		-	-
3%-10%	NHB		2,38,358.65	2,96,826.00
Total borrowings (excluding loans repayable on demand)			**66,89,368.51**	**51,20,952.15**
Adjustments of unamortised processing fee based on EIR			(31,233.89)	(18,231.65)
Total adjusted borrowings (excluding loans repayable on demand)		-	**66,58,134.62**	**51,02,720.50**

17 Other financial liabilities

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Interest accrued but not due on borrowings	33,718.94	27,608.97
Subsidy received from NHB pending transfer to customer *	93.60	241.63
Lease liabilities	9,998.55	5,639.68
Employee benefits payable	-	761.59
	43,811.09	**34,251.87**

* 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')

	As at 31 March 2021	As at 31 March 2020
Unfunded		
Provision for employee benefits - Gratuity (also refer note 38)	12,888.74	10,973.18
Provision for employee benefits - Leave encashment.	1,636.03	
	14,524.77	**10,973.18**

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19 Other non-financial liabilities

(Amount in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Statutory dues	2,791.32	3,083.54
Advances from customers	4,490.11	1,377.32
	7,281.43	**4,460.86**

20 Share capital

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

(Amount in Rs. '000')

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised share capital				
Equity shares of Rs 10 each	5,40,00,000.00	5,40,000.00	35,00,000.00	3,50,000.00
Non-Cumulative Compulsorily Convertible Preference shares of Rs. 100 each	3,10,00,000.00	3,10,000.00	30,00,000.00	3,00,000.00
		8,50,000.00		**6,50,000.00**
Issued,Subscribed and paid up				
Equity shares of Rs 10 each, fully paid up	4,14,77,575	4,14,775.75	3,02,27,575.00	3,02,275.75
5% Non-Cumulative Compulsorily Convertible Preference shares of Rs. 100 each, fully paid up	-	-	30,00,000.00	3,00,000.00
	4,14,77,575	**4,14,775.75**	**3,32,27,575.00**	**6,02,275.75**

I. The reconciliation of the number of shares outstanding and the amount of Equity Shares

(Amount in Rs. '000')

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	3,02,27,575.00	3,02,275.75	3,02,27,575.00	3,02,275.75
Issued during the year	37,50,000.00	37,500.00	-	-
Converted during the year	75,00,000.00	75,000.00	-	-
Shares outstanding at the end of the year	**4,14,77,575.00**	**4,14,775.75**	**3,02,27,575.00**	**3,02,275.75**

Non-Cumulative Compulsorily Convertible Preference shares

(Amount in Rs. '000')

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	30,00,000.00	3,00,000.00	-	-
Issued during the year	-	-	30,00,000.00	3,00,000.00
Converted to equity during the year	30,00,000.00	3,00,000.00	-	-
Shares outstanding at the end of the year	**-**	**-**	**30,00,000.00**	**3,00,000.00**

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

	As at 31 March 2021		As at 31 March 2020	
Equity shares	No. of shares	% of holding	No. of shares	% of holding
Svatantra Holdings Private Limited	4,14,77,569.00	100.0%	3,02,27,569.00	100%

	As at 31 March 2021		As at 31 March 2020	
Non-Cumulative Compulsorily Convertible Preference shares	No. of shares	% of holding	No. of shares	% of holding
Svatantra Holdings Private Limited	-	-	30,00,000.00	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

In the financial year 2019-20, the Company had 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 during the year on a pro rata basis from the date of allotment.

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(Amount in Rs. '000')

Allotment details	Allotment date	No. of shares	Amount
1,000,000 CCPS of Rs. 100 each (Tranche I)	16-Oct-19	10,00,000	1,00,000.00
1,000,000 CCPS of Rs. 100 each (Trache II)	13-Feb-20	10,00,000	1,00,000.00
1,000,000 CCPS of Rs. 100 each (Tranche III)	27-Mar-20	10,00,000	1,00,000.00

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.

On 30 January 2021, CCPS has been converted into equity share capital in the agreed ration of 2:5 i.e 3,000,000 5% CCPS are converted into 7,500,000 equity shares.

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 2021.

21 Other equity

(Amount in Rs. '000')

	Notes	As at 31 March 2021	As at 31 March 2020
Securities premium	22.2	7,82,605.51	4,45,105.51
Statutory reserve under section 29C of the NHB Act, 1987	22.3	1,32,820.44	1,21,268.37
Impairment reserves	22.4	54,102.16	18,123.85
Retained earnings	22.5	2,90,683.03	2,79,275.98
		12,60,211.14	**8,63,773.71**

(Amount in Rs. '000')

22.1

Particulars	As at 31 March 2021	As at 31 March 2020
Securities premium		
Opening balance	4,45,105.51	4,45,105.51
Add: Premium received on issue and conversion of shares	3,37,500.00	-
Closing balance	**7,82,605.51**	**4,45,105.51**
Statutory reserves under section 29C of the NHB Act, 1987		
Opening balance	1,21,268.37	1,15,375.40
Add: Current year transfer	11,552.07	5,892.97
Closing balance	**1,32,820.44**	**1,21,268.37**
Impairment reserves		
Opening balance	18,123.85	2,586.51
Add: Current year transfer	35,978.31	15,537.34
Closing balance	**54,102.16**	**18,123.85**
Retained earnings		
Opening balance	2,79,275.98	2,78,966.42
Add: Transferred from Statement of profit and loss	57,760.35	24,906.32
Less: Transfer to statutory reserves	(11,552.07)	(5,892.97)
Less: Transfer to impairment reserves	(35,978.31)	(15,537.34)
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	1,177.08	(1,573.13)
Closing balance	**2,90,683.03**	**2,79,275.98**

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 2020 and year ended 31 March 2021, 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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Notes to the financial statements for the year ended 31 March 2021

23 Interest Income

(Amount in Rs. '000')

	Year ended 31 March 2021	Year ended 31 March 2020
On financial assets measured at amortised cost		
Interest on loans	8,77,921.48	7,16,839.84
Interest income on deposits with banks	24,998.42	14,169.92
Interest income on corporate deposit	3,227.40	1,000.69
Other interest income	2,917.56	5,882.70
	9,09,064.86	**7,37,893.15**

24 Net gain on fair value changes

(Amount in Rs. '000')

	Year ended 31 March 2021	Year ended 31 March 2020
Net gain on financial instruments at fair value through profit or loss		
- Investments in mutual funds	2,384.50	15,502.98
	2,384.50	**15,502.98**
Total net gain on fair value changes		
Fair Value changes:		
-Realised	2,384.50	15,502.98
Total net gain on fair value changes	**2,384.50**	**15,502.98**

25 Other Income

(Amount in Rs. '000')

	Year ended 31 March 2021	Year ended 31 March 2020
Income from advertisment	9,353.50	6,000.00
Unwinding interest income	199.15	198.59
Modification (restructuring) gain on financial assets	1,843.12	-
Gain on termination of lease	64.61	-
Miscellaneous income	108.80	584.12
	11,569.18	**6,782.71**

26 Finance costs

(Amount in Rs. '000')

	Year ended 31 March 2021	Year ended 31 March 2020
On financial liabilities measured at amortised costs		
Interest on borrowings (other than debt securities)	5,28,783.55	4,65,700.55
Interest on debt securities	79,038.49	53,348.09
Interest on lease liabilities	713.31	841.12
Bank charges and others	7,703.56	3,494.58
	6,16,238.91	**5,23,384.34**

27 Impairment on financial instruments

(Amount in Rs. '000')

	Year ended 31 March 2021	Year ended 31 March 2020
On financial instrument measured at amortised cost		
Loans		
Impairment loss allowance	31,955.28	4,101.85
Write offs	3,763.14	1,569.57
	35,718.42	**5,671.42**

28 Employee benefits expense

(Amount in Rs. '000')

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries and wages	1,23,260.92	1,13,239.75
Gratuity and Leave expenses (refer note 38)	5,270.55	3,356.12
Contribution to provident and other funds	7,934.97	[illegible].43
Staff welfare expenses	1,903.53	[illegible]
	1,38,369.97	**1,30,3[illegible]**

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29 Depreciation and amortisation

(Amount in Rs. '000')

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of plant, property and equipment	2,243.06	3,091.38
Depriciation of Right of use assets	5,523.86	5,578.91
Amortisation of Intangible asset	73.57	198.84
	7,840.49	**8,869.13**

30 Other expenses

(Amount in Rs. '000')

	Year ended 31 March 2021	Year ended 31 March 2020
Electricity expenses	370.00	799.37
Rent	454.03	128.05
Repairs and maintenance		
- Others	208.63	214.74
Insurance	2,752.32	3,009.24
Rates and taxes	3,192.08	1,714.84
Payments to auditors (Refer Note below)	2,575.00	1,820.00
Computer and software expenses	2,393.76	2,099.26
Communication expenses	2,492.63	2,277.52
Professional, legal and consultancy fees	9,845.62	14,983.55
Printing and stationery	2,238.74	1,616.84
Travelling, conveyance and boarding expenses	11,338.01	16,709.08
Advertising and marketing expenses	1,051.43	635.10
Corporate social responsibility (Refer Note 43)	1,850.00	1,196.10
Brokerage and commission	34.85	14.52
Miscellaneous expenses	7,126.27	8,288.31
	47,923.37	**55,506.52**

Note: Payments to auditors		
Audit fees	1,283.50	1,300.00
Tax audit fees	161.00	240.00
Certification work	790.00	280.00
Taxation matter	250.00	-
Out of pocket expense	90.50	-
	2,575.00	**1,820.00**

31 Tax expense

(Amount in Rs. '000')

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax expense		
Current tax for the year	18,140.00	11,340.92
	18,140.00	**11,340.92**
Deferred taxes		
Relating to origination and reversal of temporary differences	654.20	152.43
Net deferred tax expense	**654.20**	**152.43**
Earlier year tax adjustment	372.83	-
Earlier year tax adjustments	**372.83**	-
Total income tax expense	**19,167.03**	**11,493.35**

31.1 Tax reconciliation

(Amount in Rs. '000')

	Year ended 31 March 2021	Year ended 31 March 2020
Profit before income tax expense	**76,927.38**	**36,399.67**
Statutory income tax rate	25.17%	25.17%
Tax at statutory income tax rate	19,361.08	9,161.07
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Tax impact on expenses which is non deductible	1,482.07	204.74
Tax impact on deduction under Section 36(1)(viii) of the Income Tax Act, 1961	(2,048.95)	(1,483.14)
Impact of difference in tax rate on certain items	-	3,610.68
Earlier year tax adjustments	372.83	-
Income tax expense	**19,167.03**	**11,493.35**

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Notes to the financial statements for the year ended 31 March 2021

31.2 Deferred tax movement related to the following:

1 April 2020 to 31 March 2021

(Amount in Rs. '000')

Deferred tax assets (net)	As at 31 March 2020	Recognised in Statement of Profit and Loss	Recognised in OCI	Recognized in equity	As at 31 March 2021
Deferred tax asset on account of:					
Provision for impairment of assets	8,484.66	7,061.18	-	-	15,545.84
Provision for employee benefits	2,761.73	893.86	-	-	3,655.59
Share issue expenses	401.68	205.62	-	-	607.30
Temporary difference on depreciation on property plant and equipment	1,146.66	164.80	-	-	1,311.46
Unearned processing fee	-	658.39	-	-	658.39
Transaction costs on Loans	19,800.72	(4,319.63)	-	-	15,481.09
Lease liabilities	162.34	(105.02)	-	-	57.32
	32,757.79	**4,559.20**	**-**	**-**	**37,316.99**
Deferred tax liability on account of:					
Transaction costs on borrowings	4,928.14	5,145.44	-	-	10,073.58
Modification (restructuring) gain on financial assets	-	463.88	-	-	463.88
Remeasurement of gains/ (losses) on defined benefit plans	-	(395.92)	395.92	-	-
	4,928.14	**5,213.40**	**395.92**	**-**	**10,537.46**
	27,829.65	**(654.20)**	**(395.92)**	**-**	**26,779.53**

1 April 2019 to 31 March 2020

(Amount in Rs. '000')

Deferred tax assets (net)	As at 31 March 2020	Recognised in Statement of Profit and Loss	Recognised in OCI	Recognized in equity	As at 31 March 2021
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
Temporary 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**
Transaction costs on borrowings	2,900.86	2,027.28	-	-	4,928.14
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**

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9 Investment property

(Amount in Rs. '000')

Particulars	Freehold land	Total
Gross block		
As at 1 April 2019	**250.71**	**250.71**
Additions	-	-
Deletions	-	-
As at 31 March 2020	**250.71**	**250.71**
Additions	-	-
Deletions	-	-
As at 31 March 2021	**250.71**	**250.71**
Accumulated depreciation		
As at 1 April 2019	-	-
Charge for the year	-	-
Deletions	-	-
As at 31 March 2020	-	-
Charge for the year	-	-
Deletions	-	-
As at 31 March 2021	-	-
Net block		
As at 31 March 2021	250.71	250.71
As at 31 March 2020	250.71	250.71

Notes:

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

(a) Fair value of investment property

(Amount in Rs. '000')

Particulars	As at 31 March 2021	As at 31 March 2020
Freehold land	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.

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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 2021

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 (Cost)					
As at 1 April 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
Additions	424.25	95.43	1,623.72	147.63	2,291.03
Deletion	(7.49)	-	-	-	(7.49)
As at 31 March 2021	2,666.88	944.13	3,491.05	3,542.16	10,644.22
Accumulated depreciation					
As at 1 April 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
Charge for the year	528.39	126.20	519.69	1,068.78	2,243.06
Deletions	(5.45)	-	-	-	(5.45)
As at 31 March 2021	1,901.38	512.22	1,619.87	3,398.57	7,432.04
Net block					
As at 31 March 2020	871.68	462.68	767.15	1,064.74	3,166.25
As at 31 March 2021	765.50	431.91	1,871.18	143.59	3,212.18

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

Particulars	Computer software
Gross block	
Cost at 1 April 2019	374.61
Additions	-
Deletions	-
As at 31 March 2020	374.61
Additions	-
Deletions	-
As at 31 March 2021	374.61
Accumulated amortisation	
Cost at 1 April 2019	59.00
Charge for the year	198.84
Deletions	-
As at 31 March 2020	257.84
Charge for the year	73.57
Deletions	-
As at 31 March 2021	331.41
Net block	
As at 31 March 2020	116.77
As at 31 March 2021	43.20

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

Particulars	Office building
Gross amount as at 1 April 2019	15,213.10
Additions	1,064.18
Deletions	-
As at 31 March 2020	16,277.28
Additions	10,170.78
Deletions	(426.69)
As at 31 March 2021	26,021.37
Accumulated amortisation	
As at 1 April 2019	5,192.74
Charge for the year	5,578.91
Deletions	-
As at 31 March 2020	10,771.65
Charge for the year	5,523.86
Deletions	(44.95)
As at 31 March 2021	16,250.56
Net block	
As at 31 March 2020	5,505.63
As at 31 March 2021	9,770.81

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32 Earnings per share

(Amount in Rs. '000')

Particular	Year ended 31 March 2021	Year ended 31 March 2020 (restated on account of right issue)
Net profit attributable to equity holders	57,760.35	24,906.32
Weighted average number of equity shares outstanding for basic earnings per share*	39,507.57	31,691.29
Earning per share (Basic and Diluted) in Rs.	1.46	0.79
Nominal value per share (₹)	10	10

* Weighted average number of equity shares outstanding as at 31 March 2020 includes non cumulative compulsorily convertible preference shares

33 Related party disclosures

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

33.1 List of related parties

Nature of relationship	Name of related party
Holding Company	Svatantra Holdings Private Limited
Key Managerial Personnel (KMP)	Ms. Ananyashree Birla, Chairperson Mr. Vineet Chattree, Managing Director Mr. Anil Chirania, Director Mr. Sahil Mehta, Chief Financial Officer Ms. Tasneem Mandsorwala, Company Secretary

33.2 Transactions during the period with related parties :

(Amount in Rs. '000')

Transactions with	Nature of transactions	Year ended 31 March 2021	Year ended 31 March 2020
Svatantra Holding Private Limited	Compulsorily convertible preference shares	-	3,00,000.00
Svatantra Holding Private Limited	Equity shares issued	1,50,000.00	-
Svatantra Holding Private Limited	Conversion of Preference shares into equity	3,00,000.00	-
Mr. Sahil Mehta	Remuneration	3,349.99	3,349.99
Ms. Tasneem Mandsorwala	Remuneration	900.00	900.00

Note:
1. There is no outstanding balance as at 31 March 2021(Previous year. Rs Nil) with related parties
2.Employee benefits in relation to gratuity are calculated at the Company level and hence not considered in above disclosure.

34 Capital management

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

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The Tier-I capital, at any point of time, shall not be less than 10 per cent. The total of Tier-II capital, at any point of time, shall not exceed 100 per cent of Tier-I capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 14 per cent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio. The Company's policy is in line with Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 which currently permits HFCs to borrow up to 13 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.

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Regulatory capital

(Amount in Rs. '000')

Particulars	As at 31 March 2021	As at 31 March 2020
Equity share capital	4,14,775.75	3,02,275.75
Non-Cumulative compulsorily convertible preference shares capital	-	3,00,000.00
Securities premium	7,82,605.51	4,45,105.51
Retained earnings	2,90,683.03	2,79,275.98
Statutory reserves	1,32,820.44	1,21,268.37
Less:		
- Deferred Revenue Expenditure (represent prepaid expenses)	(5,819.37)	(7,983.41)
- Intangible Asset	(43.20)	(116.77)
-Deferred tax Asset	(26,779.53)	(27,829.65)
Tier I Capital	**15,88,242.63**	**14,11,995.78**
- Loss Allowances for loans - Stage -I	26,385.16	7,292.88
Tier II Capital	**26,385.16**	**7,292.88**
Tier I + Tier II Capital	**16,14,627.79**	**14,19,288.66**

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

35 Fair value measurement

35.1 Financial instruments by category

(Amount in Rs. '000')

Particulars	Category	As at 31 March 2021	As at 31 March 2020
Financial assets:			
Cash and cash equivalents	Amortised Cost	8,74,050.44	1,03,923.76
Bank balance other than cash and cash equivalents	Amortised Cost	3,01,844.57	2,09,814.41
Loans	Amortised Cost	80,87,045.14	68,83,227.09
Other financial assets	Amortised Cost	19,212.55	5,321.11
Total financial assets		**92,82,152.70**	**72,02,286.37**
Financial liabilities:			
Trade payables	Amortised Cost	4,227.11	4,103.21
Other payables	Amortised Cost	6,591.29	2,539.35
Debt securities	Amortised Cost	9,22,208.54	5,26,300.97
Borrowings (other than debt securities)	Amortised Cost	66,58,134.62	52,02,120.52
Lease Liabilities	Amortised Cost	9,998.55	5,639.68
Other financial liabilities (excluding lease liabilities)	Amortised Cost	33,812.54	28,612.19
Total financial liabilities		**76,34,972.65**	**57,69,315.92**

35.2 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.

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35.3 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 2021		As at 31 March 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets measured at amortised cost				
Cash and cash equivalent	8,74,050.44	8,74,050.44	1,03,923.76	1,03,923.76
Bank balance other than cash and cash equivalents	3,01,844.57	3,01,844.57	2,09,814.41	2,09,814.41
Loans	80,87,045.14	81,48,556.14	68,83,227.09	69,61,856.39
Other financial assets	19,212.55	19,212.55	5,321.11	5,321.11
Total financial assets	**92,82,152.70**	**93,43,663.70**	**72,02,286.37**	**72,80,915.67**
Financial liabilities:				
Trade payables	4,227.11	4,227.11	4,021.13	4,021.13
Other payables	6,591.29	6,591.29	2,539.35	2,539.35
Debt securities	9,22,208.54	9,31,204.82	5,26,300.97	5,28,152.22
Borrowings (other than debt securities)	66,58,134.62	66,89,368.51	52,02,120.52	52,20,352.18
Lease Liabilities	9,998.55	9,998.55	5,639.68	5,639.68
Other financial liabilities (excluding lease liabilities)	33,812.54	33,812.54	28,612.19	28,612.19
Total financial liabilities	**76,34,972.65**	**76,75,202.82**	**57,69,233.84**	**57,89,316.75**

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.

36 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 2021

(Amount in Rs. '000')

	Within 1 year	1 - 5 years	5 - 10 years	Beyond 10 years	Total
Trade payables	4,227.11	-	-	-	4,227.11
Other payables	6,591.29	-	-	-	6,591.29
Debt securities	91,838.50	11,37,881.53	-	-	12,29,720.03
Borrowings (other than debt securities)	22,39,381.54	51,56,956.23	7,27,411.44	2,255.38	81,26,004.59
Lease liabilities	6,157.34	4,741.95	-	-	10,899.29
Other financial liabilities	33,812.54	-	-	-	33,812.54
Total	**23,82,008.32**	**62,99,579.71**	**7,27,411.44**	**2,255.38**	**94,11,254.85**

As at 31 March 2020

(Amount in Rs. '000')

	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	6,90,715.50	-	-	7,43,954.00
Borrowings (other than debt securities)	15,95,297.21	45,56,348.75	7,59,855.32	28,137.59	69,39,638.87
Lease liabilities	4,598.19	1,436.30	-	-	6,034.49
Other financial liabilities	28,612.18	-	-	-	28,612.18
Total	**16,88,388.64**	**52,48,500.55**	**7,59,855.32**	**28,137.59**	**77,24,882.10**

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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 2021**	**As at 31 March 2020**
Loans (variable)	80,87,045.14	68,83,227.09
Total loans (variable)	**80,87,045.14**	**68,83,227.09**
Borrowings and debt securities		
Borrowings (variable)	66,58,134.62	52,02,120.52
Borrowings (fixed rate)	9,22,208.54	5,26,300.97
Total borrowings	**75,80,343.16**	**57,28,421.49**

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**	
	Year ended 31 March 2021	**Year ended 31 March 2020**
Loans		
Increase by 50 basis points	40,435.23	34,416.14
Decrease by 50 basis points	(40,435.23)	(34,416.14)
Borrowings		
Increase by 50 basis points	(33,290.67)	(26,010.60)
Decrease by 50 basis points	33,290.67	26,010.60

** 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.

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(Amount in Rs. '000')

	31-March-21	31-March-20
Gross carrying value		
Stage 1	77,90,078.85	66,91,477.00
Stage 2	2,13,378.38	1,14,075.80
Stage 3	1,44,269.89	1,10,450.30
Total Gross carrying value as at reporting date	**81,47,727.12**	**69,16,003.10**

Management of credit risk for financial assets

Cash and cash equivalents and bank deposits

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

Other financial assets measured at amortized cost

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

Loans

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

Collective assessment of ECL

Since the Company is into retail lending business to rural and semi-urban areas which are 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.

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.

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Collateral

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

(Amount in Rs. '000')

	As at 31-03-2021	As at 31-03-2020
Properties (amount of collateral)	1,49,51,576.88	1,31,65,371.84

Credit Risk exposure

I) Expected credit losses for financial assets other than loans (Amount in Rs. '000')

As at 31 March 2021	Estimated gross carrying amt at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	8,74,050.44	-	8,74,050.44
Bank balances other than cash and cash equivalents	3,01,844.57	-	3,01,844.57
Security deposits	3,928.59	-	3,928.59
Other financial assets	15,283.96	-	15,283.96

As at 31 March 2020	Estimated gross carrying amt at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalent	1,03,923.76	-	1,03,923.76
Bank balances other than cash and cash equivalents	2,09,814.41	-	2,09,814.41
Security deposits	3,795.34	-	3,795.34
Other financial assets	1,525.77	-	1,525.77

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 2019	54,78,341.84	1,52,789.58	87,651.07
Assets originated	21,80,887.79	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	(35,555.66)	(32,072.92)	67,628.57
Assets derecognised or collected (excluding write offs)	(9,25,300.43)	(25,143.92)	(41,038.04)
Gross carrying amount as at March 31 2020	**66,91,477.01**	**1,14,075.79**	**1,10,450.30**
Assets originated	22,33,851.51	26,960.24	2,543.15
Net transfer between stages			
Transfer to stage 1	21,477.52	(17,515.01)	(3,962.51)
Transfer to stage 2	(1,37,103.69)	1,42,327.44	(5,223.75)
Transfer to stage 3	(23,847.34)	(36,366.25)	60,213.59
Assets derecognised or collected (excluding write offs)	(9,95,776.16)	(16,103.83)	(19,750.89)
Gross carrying amount as at March 31 2021	**77,90,078.85**	**2,13,378.38**	**1,44,269.89**

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 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**
Assets originated	22,616.19	11,008.42	6,801.38
Net transfer between stages			
Transfer to stage 1	1,638.33	(940.96)	(697.37)
Transfer to stage 2	(297.13)	1,216.47	(919.34)
Transfer to stage 3	(86.58)	(2,614.92)	2,701.50
Assets derecognised or collected (excluding write offs)	(4,778.53)	(2,173.44)	(5,417.87)
Loss allowance as on March 31 2021	**26,385.16**	**13,476.42**	**21,906.68**

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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 2021	As at 31 March 2020
Housing	78,27,728.49	67,00,743.64
Non housing	3,21,084.91	2,16,195.55
Gross carrying Amount	**81,48,813.40**	**69,16,939.19**

37 Impact of Covid -19 pandemic on the credit risk

The outbreak of COVID-19 pandemic across the globe including the current second wave witnessed across the country has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) had issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020, 17 April 2020 and 23 May 2020 and in accordance therewith, the Company basis its Board approved policy has offered moratorium on the payment of EMI's falling due between 01 March 2020 and 31 August 2020 to its eligible borrowers. For all such accounts where the moratorium was granted, the asset classification remained standstill during the moratorium period. Thereafter, the assets are being classified as per the extant RBI instructions / IRAC norms.

The Company recognizes the need to make reasonable estimation of the impact of ongoing second wave of the pandemic on the repayment ability of its borrowers. The Company has analysed its portfolio based on various parameters to ascertain the impact of Covid-19 and basis of its estimates, assumptions and judgments has recognised an additional ECL provision of Rs. 20,000 thousands as of 31 March 2021. Given the uncertainty over the potential macro-economic condition, the impact of the COVID-19 may affect the underlying assumptions and estimates used to prepare the financial statements, which may be different from that considered as at the date of approval of the financial statements. The Company will continue to closely monitor any material changes to future economic conditions and suitable effect will be given in the respective future period.

38 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

	Particulars	As at 31 March 2021	As at 31 March 2020
38.1	**Actuarial assumptions**		
	Mortality rate	Indian Assured Lives(2012-14) Ultimate Mortality Rates	Indian Assured Lives(2006-08) Ultimate Mortality Rates
	Discount rate (per annum)	6.75%	6.50%
	Rate of salary increase	7.50%	7.50%
	Withdrawal (Rate of employee turnover)	1% at all ages	1% at all ages

(Amount in Rs. '000')

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
38.2	**Changes in the present value of defined benefit obligation**		
	Present value of obligation at the beginning of the year	10,973.19	5,607.27
	Interest expense	713.26	434.56
	Current service cost	2,921.26	2,921.56
	(Benefit Paid From the Fund)	(145.96)	(92.42)
	(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	(447.85)	1,518.26
	Actuarial (gains) / losses on obligations - due to experience	(1,125.15)	583.96
	Present value of obligation at the end of the year	**12,888.74**	**10,973.19**

	Particulars	As at 31 March 2021	As at 31 March 2020
38.3	**Assets and liabilities recognised in the balance sheet**		
	Present value of the defined benefit obligation at the end of the year	12,889	10,973
	Funded status - deficit	-	-
	Net (liability) / asset recognised in the balance sheet	**12,889**	**10,973**

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38.4 Expenses recognised in the Statement of Profit and Loss

(Amount in Rs. '000')

Particulars	For the year ended 31 March	For the year ended 31 March
Current service cost	2,921.26	2,921.56
Past service cost	-	-
Net interest (income)/ expense	713.26	434.56
Net gratuity cost recognised in the current year	**3,634.52**	**3,356.12**

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

(Amount in Rs. '000')

Particulars	ended 31 March 2021	ended 31 March 2020
Actuarial loss on post employment benefit obligation	1,573.00	2,102.22
Total remeasurement cost for the year recognised in OCI	**1,573.00**	**2,102.22**

38.6 Reconciliation of net asset / (liability) recognised:

(Amount in Rs. '000')

Particulars	ended 31 March 2021	ended 31 March 2020
Opening Net Liability	10,973.19	5,607.27
Expenses recognised at the end of period	3,634.52	3,356.12
Amount recognised in other comprehensive income	(1,573.00)	2,102.22
Net Liability / (Asset) Transfer in	-	-
Net (Liability) / Asset Transfer Out	-	-
Benefit paid	(145.96)	(92.42)
Employer's Contribution	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	**12,888.74**	**10,973.19**

38.7 Sensitivity Analysis:

(Amount in Rs. '000')

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Delta effect of +1% change in rate of discounting	(2,075.65)	(1,794.63)
Delta effect of -1% change in rate of discounting	2,642.90	2,294.73
Delta effect of +1% change in rate of salary increase	2,594.93	2,247.04
Delta effect of -1% change in rate of salary increase	(2,079.97)	(1,794.63)

38.8 Maturity analysis of projected benefit obligation

(Amount in Rs. '000')

Year	ended 31 March 2021	ended 31 March 2020
1 year	830.77	761.54
Sum of years 2 to 5	1,120.07	1,204.07
Sum of years 6 to 10	773.39	614.35
Sum of years 11 and above	6 37 534.80	6 13 288.90

(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. 7,386.97 thousands and Rs.6,683 thousands towards provident fund contributions in the Statement of Profit and Loss for the year ended 31 March 2021 and 31 March 2020, respectively.

39 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 1 April 2019	**10,020.36**
Additions	1,064.18
Deletion during the year	-
Depreciation expenses for the year	(5,578.91)
As at March 31, 2020	**5,505.63**
Additions	10,170.78
Deletion during the year	(381.74)
Depreciation expenses for the year	(5,523.86)
As at March 31, 2021	**9,770.81**

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(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 1 April 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**
Additions	10,170.78
Accretion of interest	713.31
Deduction	(446.36)
Payment	(6,078.87)
As at March 31, 2021	**9,998.55**

The maturity analysis of lease liabilities are disclosed in Note 43.
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 2021	For the year ended 31 March 2020
Depreciation expense of right-of-use assets	5,523.86	5,578.91
Finance cost on lease liabilities	713.31	841.12
Expense relating to short-term leases (included in other expenses)	454.03	128.05
Expense relating to leases of low-value assets (included in other expenses)	-	-
Variable lease payments (if any, included in other expenses)	-	-

The Company had total cash outflows for leases of Rs. 6,532.90 thousands in FY 2020-21 (Rs 6,316.86 thousands in FY 2019-20).

40 Segment Information

40.1 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.

40.2 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 2021 and 31 March 2020

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

41 Contingent liabilities and commitments

I. Contingent Liabilities: Rs. 11,360 thousands* (as at March 31, 2020 Rs. 11,360 thousands)
II. Capital Commitments : Rs. Nil (as at March 31, 2020 Rs. Nil)
III. Undrawn Commitment given to Borrowers: Rs.1,157,446 thousands (as at March 31, 2020 Rs.1,105,535 thousands)
IV. Bank guarantee issued by Banks favoring the NHB for refinance facilities: Rs. 227,500 thousands (as at March 31, 2020 Rs. 187,500 thousands)

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

42 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 2021	As at 31 March 2020
(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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43 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.

43.1 Amount spent during the year on: (Amount in Rs. '000')

Particulars	31-Mar-21			31-Mar-20		
	Amount spent	Amount unpaid/ provision	Total	Amount spent	Amount unpaid/ provision	Total
Construction /acquisition of any asset	-	-	-	-	-	-
On purpose other than above	929.00	921.00	1,850.00	1,196.10	2,325.34	3,521.44

43.2 In case of Section 135(5) unspent amount: (Amount in Rs. '000')

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	Not Applicable	1,850.00	929.00	921.00

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

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

43.4 In case of Section 135(6) details of ongoing projects (Amount in Rs. '000')

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR unspent Account		From Company's Bank Account	In Separate CSR unspent Account	With Company	In Separate CSR unspent Account
Not Applicable	Not Applicable	1,850.00	929.00	921.00	Nil	921.00

Note: Closing balance of Rs 921 thousands available with the Company shall be transferred to an unspent CSR account by end of 30 April 2021.

43.5 (Amount in Rs. '000')

Nature of Expense on Corporate social responsibility	Year ended 31 March 2021	Year ended 31 March 2020
Housing Urban Poor	200.00	-
Mask Distribution	729.00	-
Donation for halth camp	-	89.10
Empowering Women	-	-
Reducing the inequalities faced by socially and economically weaker sections of the society.	-	700.00
Promating education	-	-
Enhancing vocational skill among diffrently abled children	-	272.00
Promoting preventive health care and sanitation	-	135.00
Ensuring Animal welfare	-	-
	929.00	1,196.10

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44 Maturity analysis of assets and liabilities

Assets	As at 31 March 2021			As at 31 March 2020		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Financial assets						
Cash and cash equivalents	8,74,050.44	-	8,74,050.44	1,03,923.76	-	1,03,923.76
Bank balances other than cash and cash equivalents	15,445.45	2,86,399.12	3,01,844.57	2,09,814.41	-	2,09,814.41
Loans	7,89,754.55	72,97,290.59	80,87,045.14	6,55,424.19	62,27,802.90	68,83,227.09
Other financial assets	17,172.55	2,040.00	19,212.55	1,525.76	3,795.35	5,321.11
Non financial assets						
Current tax assets (net)	-	3,055.45	3,055.45	-	3,511.65	3,511.65
Deferred tax assets (net)	-	26,779.53	26,779.53	-	27,829.65	27,829.65
Investment property	-	250.71	250.71	-	250.71	250.71
Property, plant and equipment	-	3,212.18	3,212.18	-	3,166.25	3,166.25
Right of use asset	-	9,770.81	9,770.81	-	5,505.63	5,505.63
Other intangible assets	-	43.20	43.20	-	116.77	116.77
Other non financial assets	6,434.52	66.64	6,501.16	7,186.08	946.31	8,132.39
Total assets	**17,02,857.51**	**76,28,908.23**	**93,31,765.74**	**9,77,874.20**	**62,72,925.22**	**72,50,799.42**
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	4,227.11	-	4,227.11	4,021.13	-	4,021.13
Other payables	6,591.29	-	6,591.29	2,539.35	-	2,539.35
Debt securities	-	9,22,208.54	9,22,208.54	-	5,26,300.97	5,26,300.97
Borrowings	17,15,414.90	49,42,719.72	66,58,134.62	9,84,141.36	42,17,979.16	52,02,120.52
Other financial liabilities	39,969.89	3,841.20	43,811.09	33,033.31	1,218.56	34,251.87
Non financial liabilities						
Provisions	1,009.72	13,515.05	14,524.77	860.74	10,112.44	10,973.18
Other non financial liabilities	7,281.43	-	7,281.43	4,460.86	-	4,460.86
Total liabilities	**17,74,494.34**	**58,82,284.51**	**76,56,778.85**	**10,29,139**	**47,55,611**	**57,84,749.96**
Net Equity	**(71,637)**	**17,46,624**	**16,74,986.89**	**(51,265)**	**15,17,314**	**14,66,049.46**

45 Comparision beetween IRACP and impairment allowamnce made under IND AS 109 as at 31 March 2021 (Amount is in Rs. '000')

Asset Classification as per RBI Norms	Assetclassification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required	Net Carrying Amount	Provisions required as per IRACP norms*	Difference between Ind AS 109 provisions and
Performing assets						
	Stage 1	77,91,165.13	26,385.16	77,64,779.97	81,611.09	(55,225.93)
	Stage 2	2,13,378.38	13,476.42	1,99,901.96	520.97	12,955.45
Subtotal		**80,04,543.51**	**39,861.58**	**79,64,681.93**	**82,132.06**	**(42,270.48)**
Non performing assets						
Substandard	Stage 3	85,575.74	12,994.26	72,581.48	12,933.14	61.12
Doubtful - upto 1 year	Stage 3	35,807.52	5,437.20	30,370.32	9,019.84	(3,582.64)
1 to 3 years	Stage 3	18,743.21	2,846.07	15,897.14	7,610.52	(4,764.45)
More than 3 years	Stage 3	4,143.42	629.15	3,514.27	4,174.87	(3,545.72)
Subtotal of doubtful		**1,44,269.89**	**21,906.68**	**1,22,363.21**	**33,738.37**	**(11,831.69)**
Loss	Stage 3	-	-	-	-	-
Subtotal of NPA		-	-	-	**33,738.37**	**(11,831.69)**
Total	Stage 1	77,91,165.13	26,385.16	77,64,779.97	81,611.09	(55,225.93)
	Stage 2	2,13,378.38	13,476.42	1,99,901.96	520.97	12,955.45
	Stage 3	1,44,269.89	21,906.68	1,22,363.21	33,738.37	(11,831.69)
	Total	**81,48,813.40**	**61,768.26**	**80,87,045.14**	**1,15,870.43**	**(54,102.17)**

* Including addition provision as per RBI guidline

Comparision between IRACP and impairment allowance made under IND AS 109 as on 31 March 2020 (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	66,92,413.10	7,292.88	66,85,120.22	21,444.00	(14,151.12)
	Stage 2	1,14,075.79	6,980.85	1,07,094.94	5,824.35	1,156.50
Subtotal		**68,06,488.89**	**14,273.73**	**67,92,215.16**	**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		**1,10,450.30**	**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	66,92,413.10	7,292.88	66,85,120.22	21,444.00	(14,151.12)
	Stage 2	1,14,075.79	6,980.85	1,07,094.94	5,824.35	1,156.50
	Stage 3	1,10,450.30	19,438.37	91,011.93	24,567.60	(5,129.23)
	Total	**69,16,939.19**	**33,712.10**	**68,83,227.09**	**51,835.95**	**(18,123.85)**

* Including addition provision as per RBI guidline

46.1 Significant management judgement in applying accounting policies and estimation uncertainty

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

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

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

Recognition of deferred tax assets

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

46.2 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.

46.3 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.

46.4 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 38.

46.5 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 35.

46.6 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.

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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.

46.7 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.

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

In assessing the recoverability of loans, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the company's best estimate of the recoverable amounts. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to monitor any changes to the future economic conditions. Also refer note 36.

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47 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:

	As at 31 March 2021	As at 31 March 2020
i) CRAR (%)	36.57%	36.54%
ii) CRAR – Tier I Capital (%)	35.97%	36.35%
iii) CRAR – Tier II Capital (%)	0.60%	0.19%
iv) Amount of subordinated debt raised as Tier - II capital	Nil	Nil
v) Amount of subordinated debt raised as Tier - II capital	Nil	Nil

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

(Amount in Rs. '000'

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of NHB Act, 1987	1,276.99	1,276.99
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	1,19,991.39	1,14,098.42
	1,21,268.38	**1,15,375.41**
Addition/ Appropriation/ Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of NHB Act, 1987	3,410.98	-
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	8,141.09	5,892.97
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	4,687.97	1,276.99
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve under Section 29C of the NHB Act, 1987	1,28,132.48	1,19,991.39
c) Total	**1,32,820.44**	**1,21,268.38**

49 Investments

	As at 31 March 2021	As at 31 March 2020
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	-	-

50 Derivatives

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

The Company has not entered into any transaction in forward rate agreements and interest rate swaps during the year ended on 31 March 2021 and 31 March

50.2 Exchange traded interest rate (IR) derivative

The Company has not entered into any transaction in exchange traded interest rate derivatives during year ended on 31 Mar 2021 and 31 Mar 2020.

50.3 Securitisation

The Company has not entered into any Securitisation and assignment transaction during year ended on 31 March 2021 and 31 March 2020.

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51 Unsecured advances

There are no unsecured advances against intangible securities such as rights, licenses, authority as collateral security during the year ended on 31 March 2021 and 31 March 2020.

52 Disclosures on Risk Exposure in Derivatives

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

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

During the year ended on 31 March 2021 and 31 March 2020, the Company has not paid any penalty for non-compliance of any provision of the Housing Finance Companies (NHB) Directions, 2010.

54 Rating assigned by credit rating agency and migration of rating

As at 31 March 2021

(i) Date of Rating	24-Apr-20	05-Jan-21
(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+/Stable	CARE A+/Stable
(c) Short term debt	CRISIL A1+	

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+		

55 Provisions and contingencies

55.1

(Amount in Rs. '000')

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	As at 31 March 2021	As at 31 March 2020
Impairment on financial Asset		
Provision for Standard Asset - Stage I	19,092.28	3,326.70
Provision for Standard Asset - Stage II	6,495.57	(4,239.50)
Provision for non-performing asset (Stage-III)	6,367.42	5,015
Tax expense:		
- Current tax	18,140.00	11,340.92
- Deferred tax	654.20	152.43
-Earlier year tax adjustement	372.83	-
Employee benefit		
Gratuity expense	3,634.52	3,356.12
Leave encashment	1,636.03	-

55.2 Break up of loan and advances and provisions thereon

(Amount in Rs. '000')

	Housing Loan		Non Housing Loan	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Standard assets				
a) Total outstanding amount	78,06,514.47	65,93,158.23	3,16,942.77	2,13,127.17
b) Provisions made	39,139.77	14,064.30	721.81	209.43
Sub - Standard assets				
a) Total outstanding amount	63,579.28	65,638.51	1,996.45	997.56
b) Provisions made	12,691.11	11,766.32	303.15	39.40
Doubtful assets – Category-I				
a) Total outstanding amount	35,202.69	26,048.06	604.83	858.73
b) Provisions made	5,345.36	4,683.94	91.84	83.06
Doubtful assets – Category-II				
a) Total outstanding amount	18,403.42	15,537.97	339.79	275.31
b) Provisions made	2,794.47	2,801.59	51.60	-
Doubtful assets – Category-III				
a) Total outstanding amount	4,028.63	360.87	114.79	0.69
b) Provisions made	611.73	64.06	17.43	-
Loss assets				
a) Total outstanding amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total outstanding amount	78,07,728.49	67,00,743.64	3,19,998.63	2,15,259.48
b) Provisions made	60,582.43	33,380.21	1,185.83	331.89

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55.3 Contingent liabilities

(Amount is in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Contingent Liabilities*	11,380.00	11,380.00
Capital Commitments	-	-
Undrawn Commitment given to Borrowers	11,57,446.00	11,05,535.00
Bank guarantee issued by Bank Limited favoring the NHB for refinance facilities	2,27,500.00	1,87,500.00
Total	13,96,326.00	13,04,415.00

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

56 Draw down reserves

The Company has not made any draw down from reserves during year ended 31 March 2021 and 31 March 2020.

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

57.1 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.

57.2 Concentration of loans and advances

(Amount is in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Total loans and advances to twenty largest borrowers	1,64,313.31	69,315.62
Percentage of Loans and Advances to twenty largest borrowers to total advances of the HFC	2.02%	1.00%

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

(Amount is in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Total exposure to twenty largest borrowers / customers	2,61,022.69	69,692.79
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	2.81%	0.87%

57.4 Concentration of Non performing assets (NPA)

(Amount is in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
Total exposure to top ten NPA accounts*	16,669.03	14,834.06

* The exposure is disclosed at customer level.

57.5 Sectorwise Non performing assets(NPAs)

(Amount is in Rs. '000')

Sectorwise percentage of NPAs to total advances in that sector	As at 31 March 2021	As at 31 March 2020
A Housing loans :	**1.80%**	**1.61%**
1 Individuals	1.80%	1.61%
2 Builders/Project loans	Nil	Nil
3 Corporates	Nil	Nil
4 Others	Nil	Nil
B Non housing loans :	**0.95%**	**0.99%**
1 Individuals	0.95%	0.99%
2 Builders/Project loans	Nil	Nil
3 Corporates	Nil	Nil
4 Others	Nil	Nil

57.6 Movement of Non performing assets(NPAs)

(Amount is in Rs. '000')

	As at 31 March 2021	As at 31 March 2020
(I) Net NPAs to net advances (%)	1.51%	1.32%
(II) Movement of NPAs (Gross)		
a) Opening balance	1,10,450.34	87,651.12
b) Additions during the year (net)	62,756.74	67,944.68
c) Reductions during the year	(28,937.19)	(45,145.46)
d) Closing balance	1,44,269.89	1,10,450.34
(III) Movement of Net NPAs		
a) Opening balance	91,011.97	72,618.14
b) Additions during the year (net)	53,253.86	55,223.16
c) Reductions during the year	(21,902.62)	(36,829.33)
d) Closing balance	1,22,363.21	91,011.97
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	19,438.37	15,032.98
b) Provision made during the year (net)	9,502.88	12,721.52
c) Reductions during the year	(7,034.57)	(8,316.13)
d) Closing balance	21,906.68	19,438.37

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

The Company does not own any overseas assets as at year ended 31 March 2021 and 31 March 2020.
There are no off-balance sheet SPVs sponsored as at year ended 31 March 2021 and 31 March 2020.

59 Disclosure of complaints

	As at 31 March 2021	As at 31 March 2020
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	11	13
c) No. of complaints redressed during the year	11	13
d) No. of complaints pending at the end	-	-

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

(Amounts in '000')

	As at 31 March 2021		
	Borrowings from banks, financial institutions and non-convertible debentures	Loans and Advances	Investments
1 day to 7 days	11,767.12	77,432.33	-
8 day to 14 days	5,195.36	-	-
15 days to 30/31 days	98,295.77	13,272.70	-
Over 1 month and upto 2 months	61,201.83	81,474.22	-
Over 2 months and upto 3 months	2,96,968.20	77,813.35	-
Over 3 months and upto 6 months	3,36,097.35	1,99,713.52	-
Over 6 months and upto 1 year	9,05,889.27	3,46,080.52	-
Over 1 year and upto 3 years	31,63,831.37	15,11,102.61	-
Over 3 years and upto 5 years	20,38,233.40	14,39,200.29	-
Over 5 years	6,62,863.49	44,02,723.86	-
Total	75,80,343.16	81,48,813.40	-

Above disclosure is given as per RBI Master Directions

(Amounts in '000')

	As at 31 March 2020		
	Borrowings from banks, financial institutions and non-convertible debentures	Loans and Advances	Investments
Upto one month	89,666.17	1,38,734.51	-
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	2,83,127.45	1,61,909.98	-
Over 6 months and upto 1 year	5,42,323.76	2,91,286.98	-
Over 1 year and upto 3 years	20,88,436.47	13,36,799.96	-
Over 3 years and upto 5 years	19,28,436.02	12,90,687.04	-
Over 5 years and upto 7 years	5,03,152.97	11,29,713.10	-
Over 7 years and upto 10 years	1,71,705.15	12,37,899.01	-
Over 10 years	32,847.63	12,15,817.33	-
Total	57,28,421.49	69,16,939.19	-

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

61 Exposure

61.1 Exposure to Real Estate Sector

(Amounts in '000')

	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 that is rented;	77,17,749.25	66,90,024.55
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;	1,09,979.61	9,597.59
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	-	-

*Builder loans given for residential

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61.2 **Exposure to Capital Market**

The Company does not have any Exposure to Capital Market as on 31 March 2021 and 31 March 2020

61.3 **Exposure to group companies engaged in real estate business**

Not applicable

62 **Disclosure as required by RBI Circular - RBI / 2019-20/220 DOR No. BP.BC. 63 /21.04.048/2019-20 dated: 17th April, 2020 'COVID19 Regulatory Package - Asset Classification and Provisioning':**

(Amounts in

Particulars	Amount
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3; as of 29 February, 2020	1,97,295.08
Respective amount where asset classification benefits is extended	1,97,295.08
Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5;	19,729.51
Provisions adjusted in terms of paragraph 6 of the circular and	19,729.51
Residual provision as per para 6 of circular	-

63 **Disclosure pursuant to Reserve Bank of India notification RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 pertaining to Resolution Framework for COVID-19-related Stress.**

(Amounts in

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	1,490.00	6,26,473.56	-	-	61,160.81

The Company has classified above restructured accounts under Stage-I category and recorded expected credit loss (ECL) as per Ind AS including additional ECL provision of Rs.1,600.14 thousands. Column E represents additional provision held on such accounts as per aforementioned circular as at 31 March 2021.

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 2021 and 31 March 2020

66 **Registration obtained from other financial sector regulators**

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

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**

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

69 **Related party Transactions**

(i) All material transactions with related parties are disclosed in "Note 33" 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 2021 and 31 March 2020.

71 **Group Structure**

The Company is wholly owned subsidiary of Svatantra Holdings Private Limited

72 **Remuneration of Directors**

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

73 **IND AS 110 -Consolidated Financial Statements (CFS)**

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

74 There were no instances of fraud reported during the period ended

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75 The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, announced a scheme for COVID-19 Relief for grant of exgratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether moratorium as per RBI regulatory package was availed or not. The Company has implemented the Scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme amounting to Rs. 8,677.48 thousands. The Company has filed its claim for the ex-gratia with State Bank of India as per the Scheme and the amount is yet to be received.

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

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

78 **Events after reporting date:**

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

Signature 1 to 78

As per our report of even date attached

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

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai
Date: 19th July, 2021

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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: 01062719

Tasneem Mandsorwala
Company Secretary
Membership No: A34613
Place: Mumbai
Date: 19th July, 2021

Sahil Mehta
Chief Financial Officer