Independent Auditor's Report

To the Members of
Mahindra Rural Housing Finance Limited

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Mahindra Rural Housing Finance Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, 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 SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules 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 opinion.

EMPHASIS OF MATTER

As described in Note 45(ii)(a) to the financial statements, in respect of accounts overdue but standard as on 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as on 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, as described in Note 45(ii)(b) to the financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of the above matters.

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 year. 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.

Description of Key Audit Matter

IMPAIRMENT LOSS ALLOWANCE

Refer note 2.5(ii) and 45(ii) to the Financial Statements

The key audit matter	How the matter was addressed in our audit
The Company has recognized impairment loss allowance of Rs. 57,760.77 lakhs as at 31 March 2020 and has recognized an expense for Rs. 21,168.11 lakhs in its statement of profit and loss. The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following: • Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ('LGD') and the completeness and accuracy of that data • Use of management overlays for considering the probability weighted scenarios, the forward looking macro-economic factors, economic environment and the timing of cash flows	We performed the following key audit procedures: • Performed process walkthroughs to identify the key systems, applications and controls used in the impairment allowance processes. • Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Obtained understanding of management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of staging freeze as on 29 February 2020 as per board approved policy read with RBI COVID-19 regulatory package

The key audit matter	How the matter was addressed in our audit
• Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to eligible borrowers, as per the Company's board approved policy, read with the RBI COVID-19 regulatory package. • In relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.	• Tested the relevant general IT and applications controls over key systems used in the impairment allowance processes. • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings. • Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods. • Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made. • Challenged completeness and validity of management overlays, particularly in response to COVID-19 with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management through overlays and also considering whether there are other risks not captured which require additional overlays. We also tested management's workings supporting the overlay quantum. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient.

GOING CONCERN ASSUMPTION

Refer Note 2.5(vii) to the Financial Statements

The key audit matter	How the matter was addressed in our audit
The financial statements of the Company have been prepared on a going concern basis. Management's assessment of going concern is based on its evaluation of relevant conditions and events that may raise substantial doubt about the Company's ability to continue as a going concern. The following considerations are covered by management: • Current financial condition, including liquidity sources; • Fixed obligations due or anticipated within one year; • Consideration of various risks viz., liquidity risk, credit risk, market risk and operational risk; • Impact of COVID-19 and related uncertainties on the Company's performance. Significant management judgement is involved in assessing the ability of the Company to meet its financial obligations and manage its liquidity position as part of management's assessment of the going concern assumption used in the preparation of the financial statements. As such, we determined this to be a key audit matter.	We performed the following key audit procedures: • Evaluated management's assessment of the Company's ability to continue as a going concern by performing an analysis of cash flow forecasts for a period of one year and assessed the reasonableness of assumptions used in developing these forecasts. • Performed stress tests on key assumptions used, including cash inflows expected in the next 12 months, given the moratorium benefit offered to its customers and the uncertainty over the impact of COVID-19 pandemic. • Read the minutes of meetings of the Asset Liability Committee and minutes of the meetings of the Board of Directors for identifying any areas of impact on the asset-liability position. • Reviewed the asset-liability position as at 31 March 2020 prepared by the Company. • Evaluated management's plans for raising additional funding and verified the sanction letters for unused lines of credit. • Enquired whether there were any communications from lenders impacting the unused committed lines of credit. • Assessed the adequacy of the disclosures in the notes to the financial statements.

OTHER INFORMATION

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 management and Board of Directors are 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 state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial 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 and Board of Directors are 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.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, 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 Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 auditors' 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

As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) 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.

(A) 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), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under section 133 of the Act;

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Financial Statements - Refer Note 37 to the Financial Statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company has not entered into derivative contracts during the year - Refer Note 39 to the Financial Statements;

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

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAAB01232

Mumbai
08 May, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT - 31 MARCH 2020

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report that:

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

(b) The fixed assets are physically verified by the management according to a programme of phased verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, the fixed assets have been physically verified by management during the year and no material discrepancies were noticed on such verification.

(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 name of the Company.

ii. The Company is in the business of providing Housing Finance Services and consequently, does not hold any inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies act, 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us and based on the examination of records, the Company has not accepted any deposits from the public within the meaning of sections 73, 74, 75 and 76 of the Act and Rules framed thereunder to the extent notified. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/ services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of sales tax, duty of customs, duty of excise, value added tax and service tax. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the following dues have not been deposited by the Company on account of any disputes.

Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	37.76	2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	7.62	2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	22.55	2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	332.95	2016-17	Commissioner of Income Tax (Appeals)

viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in the repayment of outstanding dues to financial institution, bank, or debenture holder during the year. The Company did not have any borrowings from the government during the year.

ix. According to the information and explanations given to us and based on our examination of the records, the Company has utilised the money raised by way of issue of non-convertible debentures and the terms loans during the year for the purpose for which they were raised. During the year, the Company has not raised moneys by way of initial public offer or further public offer.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 271 cases aggregating Rs. 191.18 lakhs, largely pertaining to misappropriation of cash, we have neither come across any instance of fraud by the Company or any material instance of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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 on the basis of 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 the details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

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 any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAAB01232

Mumbai
08 May, 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA RURAL HOUSING FINANCE LIMITED FOR THE YEAR ENDED 31 MARCH 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

OPINION

We have audited the internal financial controls with reference to financial statements of Mahindra Rural Housing Finance Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 judgement, 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 with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAAB01232

Mumbai
08 May, 2020

Balance Sheet

AS AT 31 MARCH 2020

Rs. in Lakhs

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
1) Financial Assets			
a) Cash and cash equivalents	3	**9,238.78**	2,982.62
b) Loans	4	**7,87,008.00**	7,68,924.90
c) Investments	5	**11,509.35**	-
d) Other financial assets	6	**353.03**	315.10
		8,08,109.16	**7,72,222.62**
2) Non-financial Assets			
a) Current tax assets (Net)		**528.62**	402.53
b) Deferred tax Assets (Net)	7	**8,448.75**	7,404.97
c) Property, Plant and Equipment	8	**5,294.35**	2,454.43
d) Other intangible assets	9	**47.50**	115.71
e) Other non-financial assets	10	**1,342.57**	542.88
		15,661.79	**10,920.52**
Total Assets		**8,23,770.95**	**7,83,143.14**
LIABILITIES AND EQUITY			
LIABILITIES			
1) Financial Liabilities			
a) Payables	11		
I) Trade Payables			
i) total outstanding dues of micro enterprises and small enterprises		**0.07**	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**4,909.81**	4,963.26
II) Other Payables			
i) total outstanding dues of micro enterprises and small enterprises		-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**20.25**	-
b) Debt Securities	12	**1,99,973.34**	2,39,650.58
c) Borrowings (Other than Debt Securities)	13	**4,18,904.33**	3,62,919.09
d) Subordinated Liabilities	14	**41,015.78**	31,024.26
e) Other financial liabilities	15	**31,133.71**	29,793.84
		6,95,957.29	**6,68,351.03**
2) Non-Financial Liabilities			
a) Current tax liabilities (Net)		**345.84**	-
b) Provisions	16	**2,093.21**	1,742.90
c) Other non-financial liabilities	17	**560.46**	340.94
		2,999.51	**2,083.84**
3) EQUITY			
a) Equity Share capital	18	**12,144.25**	12,130.14
b) Other Equity	19	**1,12,669.90**	1,00,578.13
		1,24,814.15	**1,12,708.27**
Total Liabilities and Equity		**8,23,770.95**	**7,83,143.14**
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.	1 to 48		

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08 May, 2020

Mumbai
08 May, 2020

Statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH 2020

Rs. in Lakhs

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations			
i) Interest income	20	**1,51,293.77**	1,35,296.69
ii) Dividend income	21	**243.16**	123.34
iii) Fees and commission income	22	**714.51**	2,947.06
iv) Net gain on fair value changes	23	**2.08**	-
I Total revenue from operations		**1,52,253.52**	**1,38,367.09**
II Other income	24	**506.99**	27.62
III Total Income (I+II)		**1,52,760.51**	**1,38,394.71**
Expenses			
i) Finance costs	25	**59,499.68**	51,756.96
ii) Fees and commission expense	26	**200.05**	111.56
iii) Impairment on financial instruments	27	**26,112.52**	8,108.76
iv) Employee benefits expenses	28	**30,659.74**	26,277.65
v) Depreciation and amortization	29	**1,695.74**	1,059.72
vi) Other expenses	30	**14,032.86**	14,463.67
IV Total Expenses (IV)		**1,32,200.59**	**1,01,778.32**
V Profit before tax (III -IV)		**20,559.92**	**36,616.39**
VI Tax expense :			
(i) Current tax		**6,850.00**	9,950.00
(ii) Deferred tax		**(1,025.98)**	1,407.73
(iii) (Excess) / Short Provision for Income Tax - earlier years		**(119.80)**	211.78
		5,704.22	11,569.51
VII Profit for the year (V-VI)		**14,855.70**	**25,046.88**
VIII Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement loss on defined benefit plans		**(132.68)**	(91.34)
(ii) Income tax impact thereon		**17.79**	31.92
Other Comprehensive Income		**(114.89)**	(59.42)
IX Total Comprehensive Income for the year (VII+VIII) (Comprising Profit and other Comprehensive Income for the year)		**14,740.81**	**24,987.46**
X Earnings per equity share (for continuing operations)	31		
(Face value - Rs. 10/- per share)			
Basic (Rupees)		**12.24**	22.45
Diluted (Rupees)		**12.12**	22.24
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.	1 to 48		

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08 May, 2020

Mumbai
08 May, 2020

Statement of changes in Equity

FOR THE YEAR ENDED 31 MARCH 2020

A. EQUITY SHARE CAPITAL

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Balance at the beginning of the year	**12,288.79**	**10,813.22**
Changes in Equity share capital during the year		
Add : Fresh allotment of shares :		
- Issue of Shares	-	1,282.05
- Shares issued under Employees' Stock Option Scheme	-	193.52
	12,288.79	**12,288.79**
Less : Shares issued to ESOS Trust but not allotted to employees	144.54	158.65
Balance at the end of the year	**12,144.25**	**12,130.14**

B. OTHER EQUITY

Rs. in Lakhs

Particulars	Reserves and Surplus					
	Statutory reserves	Securities premium	General reserves	Employee stock options outstanding	Retained earnings or Profit & loss account	Total
Balance as at 01 April 2018	**14,204.93**	**28,725.74**	**290.00**	**97.76**	**20,412.50**	**63,730.93**
Profit for the year	-	-	-	-	25,046.88	25,046.88
Other Comprehensive Income	-	-	-	-	(59.42)	(59.42)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**24,987.46**	**24,987.46**
Dividend paid on equity shares (including tax thereon)	-	-	-	-	(2,216.19)	(2,216.19)
Securities premium on fresh issue of equity share capital	-	14,804.70	-	-	-	14,804.70
Premium on shares issued to ESOP Trust but not allotted to employees	-	(904.32)	-	-	-	(904.32)
Transfers to Securities premium on exercise of employee stock options	-	80.29	-	(80.29)	-	-
Share based payment expense	-	-	-	175.55	-	175.55
Transfers to Statutory reserves	7,375.00	-	-	-	(7,375.00)	-
Balance as at 31 March 2019	**21,579.93**	**42,706.41**	**290.00**	**193.02**	**35,808.77**	**1,00,578.13**
Balance as at 01 April 2019	21,579.93	42,706.41	290.00	193.02	35,808.77	1,00,578.13
Profit for the year	-	-	-	-	14,855.70	14,855.70
Other Comprehensive Income	-	-	-	-	(114.89)	(114.89)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**14,740.81**	**14,740.81**
Dividend paid on equity shares (including tax thereon)	-	-	-	-	(2,963.07)	(2,963.07)
Transfers to Securities premium on exercise of employee stock options	-	32.49	-	(32.49)	-	-
Allotment of equity shares by ESOP Trust to employees	-	80.42	-	-	-	80.42
ESOP outstanding reserve account	-	-	-	143.93	-	143.93
Share based payment expense	-	-	-	89.68	-	89.68
Transfers to Statutory reserves	4,150.00	-	-	-	(4,150.00)	-
Balance as at 31 March 2020	**25,729.93**	**42,819.32**	**290.00**	**394.14**	**43,436.51**	**1,12,669.90**

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08 May, 2020

Mumbai
08 May, 2020

Statement of Cash flows

FOR THE YEAR ENDED 31 MARCH 2020

Rs. in Lakhs

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes		**20,559.92**	36,616.39
Add/(Less):			
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense		**1,695.74**	1,059.72
Impairment on financial instruments		**26,683.24**	8,108.76
Loss/ (profit) on sale of property, plant and equipment		**3.28**	4.88
Employee compensation expense on account of ESOP scheme		**233.61**	175.54
Dividend income from investment in mutual funds		**(243.16)**	(123.34)
Profit on sale of investments in mutual funds		**(487.42)**	(11.77)
Interest on lease liability		**320.37**	-
Intrest on deposits with banks		**(8.27)**	-
Net gain / (loss) on financial instruments at FVTPL		**(2.08)**	-
Operating profit before working capital changes	I	**48,755.23**	**45,830.18**
Working capital changes			
Loans		**(44,766.34)**	(1,76,781.99)
Other financial assets		**(37.93)**	(87.48)
Other non-financial assets		**(722.08)**	449.69
Trade Payable		**(33.13)**	320.49
Other liabilities		**71.01**	17,604.19
Provision		**217.63**	(246.36)
	II	**(45,270.84)**	**(1,58,741.46)**
Cash used in operations	(I+II)	**3,484.39**	**(1,12,911.28)**
Income tax paid		**(6,510.45)**	(10,393.29)
NET CASH USED IN OPERATING ACTIVITIES (A)		**(3,026.06)**	**(1,23,304.57)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		**(772.91)**	(1,659.34)
Proceeds from sale of property, plant and equipment		**23.43**	15.02
Purchase of investments		**(5,25,833.66)**	-
Proceeds from sale of investments		**5,14,326.39**	-
Interest from term deposits with banks		**8.27**	-
Dividend received from investment in mutual funds		**730.58**	123.34
NET CASH USED IN INVESTING ACTIVITIES (B)		**(11,517.90)**	**(1,509.21)**
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of equity shares		-	15,217.30
Debt securities issued		**1,37,000.00**	3,25,810.00
Debt securities repaid		**(1,78,500.00)**	(2,47,000.00)
Subordinated liabilities issued		**10,000.00**	3,500.00
Subordinated liabilities repaid		-	(700.00)
Borrowings other than debt securities issued		**3,06,100.00**	2,63,500.00
Borrowings other than debt securities repaid		**(2,50,068.61)**	(2,35,891.78)
Dividend paid including dividend distribution tax		**(2,963.07)**	(2,216.19)
Payments for lease liability		**(768.20)**	-
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)		**20,800.12**	**1,22,219.33**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**6,256.16**	**(2,594.45)**

Rs. in Lakhs

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**2,982.62**	**5,577.07**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**9,238.78**	**2,982.62**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
- Cash on hand		**182.95**	1,645.64
- Balances with banks in current accounts		**9,055.83**	1,336.98
Total		**9,238.78**	**2,982.62**

Notes :

The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in the Indian Accounting Standard 7 'Cash Flow Statements'.

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08 May, 2020

Mumbai
08 May, 2020

1 COMPANY INFORMATION

Mahindra Rural Housing Finance Limited ('the Company'), incorporated in India is a Housing Finance Company ('HFC') engaged in providing housing finance through its pan India branch network. In exercise of the powers conferred on the National Housing Bank vide Section 29A of The National Housing Bank Act, 1987, the Company has been granted Certificate of Registration dated 13 August 2007 to commence the business of a housing finance institution without accepting public deposits. The Company is a subsidiary of Mahindra & Mahindra Financial Services Limited. Mahindra & Mahindra Limited is the ultimate holding company.

The Company's registered office is at Mahindra Towers, 4th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai 400018, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act") and in conformity with the accounting principals generally accepted in India and other relevant provisions of the Act.

Any application guidance/ clarifications/ directions issued by Reserve Bank of India (RBI), National Housing Bank (NHB) or other regulators are implemented as and when they are issued/ applicable.

These separate financial statements were approved by the Company's Board of Directors and authorised for issue on 08 May 2020.

2.2 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 lakhs, unless otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

2.4 Measurement of fair values

"A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: inputs for the asset ot liability that are not based on observable market data (unobservable inputs)."

2.5 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Following are the areas that involve a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

(i) Effective Interest Rate (EIR) Method

The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

(ii) Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive the economic inputs into the ECL model
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 45)

(iii) Provisions and other contingent liabilities:

The reliable measure of the estimates and judgemets pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

(iv) Provision for income tax and deferred tax assets:

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid / recovered for uncertain tax positions. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

(v) Defined Benefit Plans:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(vi) Coronavirus (COVID-19) pandemic impact

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;

- the extent and duration of the expected economic downturn (and forecasts for key economic factors including, agriculture, GDP and employment). This includes the disruption to deteriorating credit, liquidity concerns, increasing unemployment, reductions in production because of decreased demand, and other restructuring activities; and

- the effectiveness of government and Reserve Bank of India measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2020 about future events that management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions can be different from those forecasted and the effect of those differences may impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses. The impact of the COVID-19 pandemic on these accounting estimates is mentioned relevantly in the respective disclosures to these Financial Statements. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions (refer note 45).

(vii) Going Concern

COVID 19 has an adverse impact on the functioning of the financial sector companies, notwithstanding this the financial statements of the Company are prepared on a going concern basis.

Management is of the view that it is considered appropriate to prepare these financial statements on a going concern basis as the Company expects to generate sufficient cash Flows from operating activities and unused lines of credit to meet its obligations in the foreseeable future (refer note 44 and note 45 (iii))

2.6 Revenue recognition :

a) Recognition of interest income

Effective Interest Rate (EIR) method

Interest income is recognised in the statement of profit and loss using the effective interest method for all financial instruments measured at amortised cost. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded 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."

Interest income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Additional interest income is recognised when it becomes measurable and when it is not unreasonable to expect its ultimate collection."

b) **Fee and commission income**

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection.

c) **Dividend and interest income on investments**

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Interest income from investment is recognised when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable.

2.7 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under Other non-financial assets. Capital work in progress comprises the cost of Property, Plant and Equipment that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis. The estimated useful life for the assets are stated as below:

In accordance with Ind AS 116 - Leases, applicable effective from 01 April 2019, the Right-Of-Use assets (Freehold premises) are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-Of-Use assets (Freehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Assets	Useful life
Buildings	- 60 years
Computers	- 3 years
Furniture and fixtures	- 10 years
Vehicles	- 8 years
Office equipments	- 5 years
Right-Of-Use assets (Leasehold premises)	- 2 to 10 years

For following assets the useful life is taken as estimated by the management based on the actual usage pattern of the assets:

- Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
- Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of the vehicle for the Company, as against the useful life of 8 years as mentioned in Schedule II.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (caculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year the asset is derecognised.

2.8 Intangible assets :

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life. Amortisation is calcualted using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

2.9 Cash and cash equivalent :

Cash comprises of cash on hand and demand deposits with bank. The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

2.10 Financial instruments :

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value Through Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

Classification and subsequent measurement
- Financial assets

On initial recognition, a financial asset is classified as measured at

- *Amortised cost;*
- *Fair Value Through Other Comprehensinve Income (FVTOCI) - debt instruments;*
- *Fair Value Through Other Comprehensinve Income (FVTOCI) - equity instruments;*
- *Fair Value Through Profit and Loss (FVTPL)*

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Company measures bank balances and loans at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Subsequent measurement and gains and losses:

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

Financial liabilities and equity instruments:
Classification as debt or equity -

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities -

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition
Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in the statement of profit and loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial instruments

Equity instruments are not subject to impairment under Ind AS 109.

Financial assets carried at amortised cost:

The Company recognises lifetime expected credit loss (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial assets carried at amortised cost is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and forward-looking information.

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macro economic, micro economic or political events, and natural disasters that are not incorporated in to the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognised.

The expected credit losses on these financial assets are estimated using a historical credit loss experience, adjusted for factors that are specific to the general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. It has been the Company's policy to regularly review its model in the context of actual loss experience and provide for additional impairment allowance due to management overlay when necessary (refer note 45)

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of 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 from written off assets are netted off against the amount of financial assets written off during the year under "bad debts/loss on termination" forming part of "impairment on financial instruments" in statement of profit and loss.

2.11 Employee benefits:

a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

b) Contribution to provident fund, ESIC and National Pension Scheme

Company's contribution paid/payable during the year to provident fund, employees state insurance corporation (ESIC) and National Pension Scheme is recognised in the Statement of profit and loss.

c) Gratuity

The Company's liability towards gratuity scheme is determined by actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of acturial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to the statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in the statement of profit and loss.

d) Superannuation fund

The Company makes contribution to the Superannuation scheme, a defined contribution plan, administered by Life Insurance Corporation of India, which are charged to the statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

e) Leave encashment / compensated absences / sick leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

f) Employee stock options

Equity-settled share-based payments to employees are recognised as an expense at the fair value of stock options at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a stright-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.12 Finance costs :

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost, i.e., bank term loans, non-convertible debentures, inter corporate deposits, commercial papers and subordinated debts, to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

Effective from 01 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs."

2.13 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items 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. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

A tax assessment can involve complex issues, which can only be resolved over extended time periods.

a) **Current tax :**
Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) **Deferred tax :**
Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.14 Securities issue expenses :

Expenses incurred in connection with the fresh issue of Share capital are adjusted against Securities premium reserve.

2.15 Impairment of non financial assets :

The Company reviews the carrying amounts of its tangible and other intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the assets is considered impaired, and is written down to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in the statement of profit and loss.

2.16 Provisions :

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.17 Leases :

The Company as a lessee -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certaint hat they will be exercised.

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Company's incremental average borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

ROU assets and Lease liabilities have been separately presented in the Balance Sheet and principal portion of lease payments have been classified as financing cash flows.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116, Leases, which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, Leases, effective 01 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

On application of Ind AS 116, financial information is presented in the following manner for the year ended 31 March 2020.

a) ROU assets and lease liabilities have been included within the line items "Property, plant and equipment" and "Other financial liabilities" respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortization and impairment" respectively in the statement of profit or loss;

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit or loss.

d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

Further, on application of Ind AS 116, the nature of expense in the Statement of profit or loss has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest on lease liability in the current financial year.

The effect of transition to Ind AS 116 and other disclosures are set out under note no. 35.

2.18 Earnings Per Share :

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.19 Standards issued but not yet effective :

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

3 CASH AND CASH EQUIVALENTS

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Cash on hand	182.95	1,645.64
Balances with banks in current accounts	9,055.83	1,336.98
Total	**9,238.78**	**2,982.62**

4 LOANS AND ADVANCES (AT AMORTISED COST)

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
A) Loans :		
Loans against assets	8,41,702.25	8,04,752.75
Other loans and advances	2,687.10	122.01
Total (A) - Gross	**8,44,389.35**	**8,04,874.76**
Less : Impairment loss allowance	(57,381.35)	(35,949.86)
Total (A) - Net	**7,87,008.00**	**7,68,924.90**
B) i) Secured by tangible assets (hypothecation on land and/or building)	8,41,702.25	8,04,752.75
ii) Unsecured	2,687.10	122.01
Total (B) - Gross	**8,44,389.35**	**8,04,874.76**
Less : Impairment loss allowance	(57,381.35)	(35,949.86)
Total (B) - Net	**7,87,008.00**	**7,68,924.90**
C) I) Loans in India		
i) Public Sector	-	-
ii) Others	8,44,389.35	8,04,874.76
Total (C) - Gross	**8,44,389.35**	**8,04,874.76**
Less : Impairment loss allowance	(57,381.35)	(35,949.86)
Total (C) (I) - Net	**7,87,008.00**	**7,68,924.90**
II) Loans outside India	-	-
Less : Impairment loss allowance	-	-
Total (C) (II) - Net	**-**	**-**
Total C (I) and C (II)	**7,87,008.00**	**7,68,924.90**

5 INVESTMENTS

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
A) At Fair Value		
i) Through Profit or Loss		
Units of mutual funds	11,509.35	-
Total (Gross)	**11,509.35**	**-**
Less : Impairment loss allowance	-	-
Total (Net)	**11,509.35**	**-**

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

6 OTHER FINANCIAL ASSETS

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits for office premises / others	342.23	310.80
Insurance claims receivable	10.80	4.30
Total	**353.03**	**315.10**

7 DEFERRED TAX ASSETS

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Tax effect of items constituting deferred tax liabilities :		
- FVTPL through Investment	0.52	-
Total (A)	0.52	-
Tax effect of items constituting deferred tax assets :		
Provision for employee benefits	539.05	500.51
Allowance for Expected Credit Loss (ECL)	4,641.77	1,313.08
Effective Interest Rate (EIR) - Financial instruments	2,897.68	5,292.13
Depreciation on property, plant and equipment	273.33	299.25
Leases	53.56	-
Other provisions	43.88	-
Total (B)	8,449.27	7,404.97
Total	**8,448.75**	**7,404.97**

8 PROPERTY, PLANT AND EQUIPMENTS

Particulars	Buildings*	Computers	Furniture and fixtures	Vehicles	Office equipments	Right-of-use assets (Leasehold Premises)	Total
GROSS CARRYING AMOUNT							
Balance as at 01 April 2018	23.12	1,150.69	644.93	735.77	1,313.46	-	**3,867.97**
Additions during the year	-	560.38	234.06	506.40	366.19	-	**1,667.03**
Disposals / deductions during the year	-	0.58	7.30	72.25	4.48	-	**84.61**
Balance as at 31 March 2019	**23.12**	**1,710.49**	**871.69**	**1,169.92**	**1,675.17**	**-**	**5,450.39**
Balance as at 01 April 2019	23.12	1,710.49	871.69	1,169.92	1,675.17	-	**5,450.39**
Additions during the year	-	93.46	74.54	379.35	147.95	3,798.86	**4,494.16**
Disposals / deductions during the year	-	16.04	4.58	95.66	54.17	-	**170.45**
Balance as at 31 March 2020	**23.12**	**1,787.91**	**941.65**	**1,453.61**	**1,768.95**	**3,798.86**	**9,774.10**
ACCUMULATED DEPRECIATION							
Balance as at 01 April 2018	0.90	683.38	339.31	297.81	748.70	-	**2,070.10**
Additions during the year	0.39	350.70	142.59	177.14	319.75	-	**990.57**
Disposals / deductions during the year	-	0.35	5.43	57.21	1.72	-	**64.71**
Balance as at 31 March 2019	**1.29**	**1,033.73**	**476.47**	**417.74**	**1,066.73**	**-**	**2,995.96**
Balance as at 01 April 2019	1.29	1,033.73	476.47	417.74	1,066.73	-	**2,995.96**
Additions during the year	0.38	362.49	90.86	240.30	272.86	660.64	**1,627.53**
Disposals / deductions during the year	-	15.98	3.93	73.99	49.84	-	**143.74**
Balance as at 31 March 2020	**1.67**	**1,380.24**	**563.40**	**584.05**	**1,289.75**	**660.64**	**4,479.75**
NET CARRYING AMOUNT							
As at 31 March 2019	**21.83**	**676.76**	**395.22**	**752.18**	**608.44**	**-**	**2,454.43**
As at 31 March 2020	**21.45**	**407.67**	**378.25**	**869.56**	**479.20**	**3,138.22**	**5,294.35**

*** Secured non convertible debentures (NCDs) have pari passu charges on buildings whose carrying amount is Rs. 21.83 Lakhs (31 March 2019 - Rs. 22.22 Lakhs)**

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

9 OTHER INTANGIBLE ASSETS

Rs. in Lakhs

Particulars	Computer software
GROSS CARRYING AMOUNT	
Balance as at 01 April 2018	68.37
Additions during the year	139.07
Disposals / deductions during the year	-
Balance as at 31 March 2019	**207.44**
Balance as at 01 April 2019	207.44
Additions during the year	-
Disposals / deductions during the year	-
Balance as at 31 March 2020	**207.44**
ACCUMULATED DEPRECIATION	
Balance as at 01 April 2018	22.58
Additions during the year	69.15
Disposals / deductions during the year	-
Balance as at 31 March 2019	**91.73**
Balance as at 01 April 2019	91.73
Additions during the year	68.21
Disposals / deductions during the year	-
Balance as at 31 March 2020	**159.94**
NET CARRYING AMOUNT	
As at 31 March 2019	**115.71**
As at 31 March 2020	**47.50**

10 OTHER NON-FINANCIAL ASSETS

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Capital advances	**467.98**	390.37
Prepaid expenses	**657.09**	152.51
Other Advance	**217.50**	-
Total	**1,342.57**	**542.88**

11 PAYABLES

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
I) Trade Payables		
i) total outstanding dues of micro enterprises and small enterprises	**0.07**	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**4,909.81**	4,963.26
II) Other Payables		
i) total outstanding dues of micro enterprises and small enterprises	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**20.25**	-
	4,930.13	**4,963.26**

Corporate Overview

Statutory Reports

Financial Statements

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below :

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
a) Dues remaining unpaid to any supplier at the year end		
- Principal	0.07	-
- Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the Year		
- Principal paid beyond the appointed date	49.47	-
- Interest paid in terms of Section 16 of the MSMED Act	0.93	-
c) Amount of interest due and payable for the Year of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

12 DEBT SECURITIES

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
At Amortised cost		
i) Bonds / Debentures (Secured)		
- Non-convertible debentures	1,99,973.34	1,95,247.59
ii) Others (Unsecured)		
- Commercial Papers	-	44,402.99
Total	**1,99,973.34**	**2,39,650.58**
Debt securities in India	1,99,973.34	2,39,650.58
Debt securities outside India	-	-
Total	**1,99,973.34**	**2,39,650.58**

There are no debt securities measured at FVTPL or designated at FVTPL

Details of Bonds / Debentures (Secured) - Non-convertible debentures# :

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	7.76%-8.85%	79,350.00	7.73%-8.74%	31,500.00
Maturing between 1 year to 3 years	7.82%-9.75%	86,800.00	7.76%-9.75%	1,14,150.00
Maturing between 3 years to 5 years	8.27%-9.25%	29,500.00	7.82%-9.25%	46,500.00
Maturing beyond 5 years	8.30%-9.18%	4,510.00	8.30%-9.18%	4,510.00
Total at face value		**2,00,160.00**		**1,96,660.00**
Less: Unamortised finance cost		186.66		1,412.41
Total amortised cost		**1,99,973.34**		**1,95,247.59**

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Secured by pari passu charges on Building (forming part of PPE) and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured debentures

The rates mentioned above are the applicable rates as at the yearend. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR) / Treasury bill (T-bill) based spreads.

The funds raised by the Company during the year by issue of Secured Non Convertible Debentures/Bonds were utilised for the purpose intended i.e. towards lending, financing , to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

Details of others debt securities (Unsecured) - Commercial Papers :

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year		-	7.45% - 7.80%	45,000.00
Total at face value		**-**		**45,000.00**
Less: Unamortised finance cost		-		597.01
Total amortised cost		**-**		**44,402.99**

13 BORROWINGS (OTHER THAN DEBT SECURITIES)

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
At Amortised cost		
i) Term loans		
Secured -		
- from banks	**3,52,781.63**	3,08,738.89
- from other parties	**22.70**	3,180.20
ii) Loans from related parties		
Unsecured -		
- Inter-corporate deposits (ICDs)	**66,100.00**	51,000.00
Total	**4,18,904.33**	**3,62,919.09**
Borrowings in India	**4,18,904.33**	3,62,919.09
Borrowings outside India	**-**	-
Total	**4,18,904.33**	**3,62,919.09**

There are no borrowings measured at FVTPL or designated at FVTPL

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Details of term loans from banks (Secured) :

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable on maturity :				
Maturing within 1 year	7.80%-9.75%	77,500.00	8.70% -9.50%	43,500.00
Maturing between 1 year to 3 years	7.90% -9.50%	77,500.00	8.20% -9.50%	57,500.00
Maturing between 3 years to 5 years	-	-	7.90% -9.50%	25,000.00
Total		**1,55,000.00**		1,26,000.00
2) Repayable in installments :				
i) Quarterly -				
Maturing within 1 year	8.15%-9.25%	20,590.28	8.75%-8.85%	9,444.44
Maturing between 1 year to 3 years	8.15%-9.25%	25,520.83	8.75%-8.85%	12,500.00
Maturing between 3 years to 5 years	-	-	8.75%	1,111.11
Sub total		**46,111.11**		23,055.55
ii) Half yearly -				
Maturing within 1 year	9.50%	3,333.33	9.00%	6,666.67
Maturing between 1 year to 3 years	8.45%-9.50%	18,333.34	8.70%-9.00%	16,666.67
Maturing between 3 years to 5 years	-	-	8.70%	5,000.00
Sub total		**21,666.67**		28,333.34
iii) Yearly -				
Maturing within 1 year	8.05%-9.70%	45,400.00	8.20% - 9.34%	31,300.00
Maturing between 1 year to 3 years	8.05%-9.70%	60,650.00	8.20% - 9.70%	72,000.00
Maturing between 3 years to 5 years	8.65%-9.70%	24,000.00	8.20% - 9.70%	28,050.00
Sub total		**1,30,050.00**		**1,31,350.00**
Total		**1,97,827.78**		**1,82,738.89**
Total (1+2) (As per contractual terms)		**3,52,827.78**		**3,08,738.89**
Less: Unamortized finance cost		**46.15**		**-**
Total Amortized Cost		**3,52,781.63**		**3,08,738.89**

Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans

The rates mentioned above are the applicable rates as at the yearend. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR) / Treasury bill (T-bill) based spreads.

Details of Secured term loans from other parties (National Housing Bank)

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable in installments :				
Quarterly -				
Maturing within 1 year	8.85%	22.70	9.05%-9.65%	2,206.40
Maturing between 1 year to 3 years	-	-	9.30%-9.55%	973.80
Total		**22.70**		**3,180.20**
Less: Unamortized finance cost		-		-
Total Amortized Cost		**22.70**		**3,180.20**

Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans

Details of Inter-corporate deposits (ICDs) (Unsecured) :

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	7.20%-8.50%	35,900.00	7.75% - 9.40%	51,000.00
Maturing between 1 year to 3 years	7.55%-8.95%	30,200.00	-	-
Total		**66,100.00**		**51,000.00**
Less: Unamortized finance cost		-		-
Total Amortized Cost		**66,100.00**		**51,000.00**

The rates mentioned above are the applicable rates as at the yearend. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR) / Treasury bill (T-bill) based spreads.

Receivables under loan contracts, book debts and building as of 31 March 2020 with an outstanding amount of Rs. 6,06,778.13 Lakhs (31 March 2019: Rs. 4,71,203.71 Lakhs) are pledged as collateral against the borrowings.

14 SUBORDINATED LIABILITIES

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
At Amortised cost		
Unsecured Subordinated redeemable non-convertible debentures	41,015.78	31,024.26
Total	**41,015.78**	**31,024.26**
Subordinated liabilities in India	41,015.78	31,024.26
Subordinated liabilities outside India	-	-
Total	**41,015.78**	**31,024.26**

There are no subordinated liabilities measured at FVTPL or designated at FVTPL

Details of Subordinated liabilities (at Amortised cost) - Unsecured Subordinated redeemable non-convertible debentures[#]:

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing between 3 years to 5 years	8.40%	1,000.00	-	-
Maturing beyond 5 years	8.40%-9.50%	40,200.00	8.40% - 9.50%	31,200.00
Sub-total at face value		**41,200.00**		**31,200.00**
Less: Unamortised finance cost		184.22		175.74
Total amortised cost		**41,015.78**		**31,024.26**

[#] The funds raised by the Company during the year by issue of Unsecured Subordinated reedemable Non Convertible Debentures/ Bonds were utilised for the purpose intended i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

15 OTHER FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Interest accrued but not due on borrowings	23,509.22	16,373.23
Credit balances in current accounts with banks as per books	2.13	6,802.88
Insurance premium payable	1,063.18	1,900.95
Salary, Bonus and performance pay payable	2,895.38	4,445.76
Provision for expenses	216.04	177.39
Lease Liabilities	3,351.03	-
Other Liabilities	96.73	93.63
Total	**31,133.71**	**29,793.84**

16 PROVISIONS

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
- Gratuity	257.21	97.67
- Leave encashment	1,456.58	1,002.43
Provision for loan commitment	379.42	642.80
Total	**2,093.21**	**1,742.90**

17 OTHER NON-FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory dues payable	560.46	340.94
Total	**560.46**	**340.94**

18 EQUITY SHARE CAPITAL

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised capital :		
150,000,000 (31 March 2019: 150,000,000) Equity shares of Rs.10/- each	15,000.00	15,000.00
	15,000.00	**15,000.00**
Issued capital :		
122,887,870 (31 March 2019: 122,887,870) Equity shares of Rs.10/- each	12,288.79	12,288.79
Subscribed and paid-up capital :		
122,887,870 (31 March 2019: 122,887,870) Equity shares of Rs.10/- each fully paid up	12,288.79	12,288.79
Less : Shares issued to ESOS Trust but not allotted to employees	144.54	158.65
Total	**12,144.25**	**12,130.14**

From the Balance Sheet date		As at 31 March 2020		As at 31 March 2019	
		No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
a)	**Reconciliation of number of equity shares :**				
	Balance at the beginning of the year	**12,28,87,870**	**12,288.79**	10,81,32,166	10,813.22
	Add : Fresh allotment of shares :				
	Issue of Shares	-	-	1,28,20,512	1,282.05
	Shares issued under Employees' Stock Option Scheme	-	-	19,35,192	193.52
	Less : Shares issued to ESOS Trust but not allotted to employees	**(14,45,449)**	**(144.54)**	(15,86,530)	(158.65)
	Balance at the end of the year	**12,14,42,421**	**12,144.25**	**12,13,01,340**	**12,130.14**
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :**				
	Holding Company: Mahindra & Mahindra Financial Services Limited	**12,09,52,678**	**12,095.27**	10,90,61,167	10,906.12
	(including 12 shares held jointly with nominees)				
	Percentage of holding (%)	**98.43%**	**98.43%**	88.75%	88.75%
c)	**Shareholders holding more than 5 percent shares :**				
	Mahindra & Mahindra Financial Services Limited	**12,09,52,678**	**12,095.27**	10,90,61,167	10,906.12
	Percentage of holding (%)	**98.43%**	**98.43%**	88.75%	88.75%
	National Housing Bank	-	-	1,18,91,511	1,189.15
	Percentage of holding (%)	-	-	9.68%	9.68%

d) Terms / rights attached to equity shares :

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

19 OTHER EQUITY

Description of the nature and purpose of Other Equity :

Statutory reserve

As per section 45 IC of the Reserve Bank of India Act, 1934, the Company is required to transfer a specified percentage of its net profits every year to a reserve fund before any dividend is declared. The Company transfers an amount to this reserve fund at year end. The Company does not anticipate any withdrawal from this reserve fund in the foreseeable future.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Employee stock options outstanding

The Employee Stock Options outstanding represents reserve in respect of equity-settled share options granted to the eligible employees in pursuance of the Employee Stock Option Plan.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Details of dividends proposed

Rs. in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Face value per share (Rupees)	10.00	10.00
Dividend percentage	NIL	20%
Dividend per share (Rupees)	-	2.00
Dividend on Equity shares	-	2,457.76
Estimated dividend distribution tax	-	505.31
Total Dividend including Dividend distribution tax	-	**2,963.07**

The dividends proposed for the financial year ended 31 March 2019 have been paid to shareholders in the subsequent financial year and accounted on payment basis on approval of the members of the Company at relevant annual general meeting.

The Board of Directors of the Company did not recommend any dividend for the current financial year ended 31 March 2020.

20 INTEREST INCOME

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
On financial assets measured at Amortised cost		
Interest on loans	1,51,284.60	1,35,295.57
Intrest on deposits with banks	8.27	-
Other interest income	0.90	1.12
Total	**1,51,293.77**	**1,35,296.69**

21 DIVIDEND INCOME

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Dividend income from investments in mutual funds	243.16	123.34
Total	**243.16**	**123.34**

22 FEES AND COMMISSION INCOME

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Service charges and other fees on loan transactions	714.51	2,947.06
Total	**714.51**	**2,947.06**

23 NET GAIN / (LOSS) ON FAIR VALUE CHANGES

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Net gain / (loss) on financial instruments at FVTPL		
- Mutual fund units	2.08	-
Total	**2.08**	**-**

24 OTHER INCOME

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Net gain on sale of current investments (net)	487.42	11.77
Others	19.57	15.85
Total	**506.99**	**27.62**

25 FINANCE COSTS

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
On financial liabilities measured at Amortised cost		
Interest on borrowings	36,397.88	29,938.55
Interest on debt securities	19,363.27	18,715.22
Interest on subordinated liabilities	2,979.67	2,718.50
Interest on lease liability	320.37	-
Other borrowing costs	438.49	384.69
Total	**59,499.68**	**51,756.96**

26 FEES AND COMMISSION EXPENSE

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Fees, commission / brokerage	200.05	111.56
Total	**200.05**	**111.56**

27 IMPAIRMENT ON FINANCIAL INSTRUMENTS

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
On financial instruments measured at Amortised cost		
Loans	21,168.11	4,314.00
Bad debts / Loss on termination	4,944.41	3,794.76
Total	**26,112.52**	**8,108.76**

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

28 EMPLOYEE BENEFITS EXPENSES

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Salaries and wages	**27,261.67**	23,786.61
Contribution to provident and other funds	**2,543.92**	1,642.37
Share based payments to employees	**257.34**	205.10
Staff welfare expenses	**596.81**	643.57
Total	**30,659.74**	**26,277.65**

29 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Depreciation on property, plant and equipment	**966.89**	990.57
Amortization of intangible assets	**68.21**	69.15
Amortization on right to use assets	**660.64**	-
Total	**1,695.74**	**1,059.72**

30 OTHER EXPENSES

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Rent	**108.74**	657.66
Rates and taxes, excluding taxes on income	**28.98**	101.13
Electricity charges	**199.24**	161.75
Repairs and maintenance	**156.63**	377.89
Communication Costs	**412.11**	512.42
Printing and Stationery	**366.97**	799.18
Travelling and conveyance expenses	**5,045.60**	5,147.38
Advertisement and publicity	**115.69**	87.20
Administration support charges	**704.42**	579.86
Directors' fees, alowances and expenses	**38.37**	34.23
Auditor's fees and expenses -		
- Audit fees	**21.26**	20.78
- Taxation matters	**1.64**	1.64
- Other services	**8.61**	11.67
- Reimbursement of expenses	**1.85**	1.67
Legal and professional charges	**2,346.62**	2,059.44
Insurance	**929.80**	764.18
Manpower outsourcing cost	**953.40**	366.95
Loss on sale / retirement of Property, Plant and Equipment	**3.28**	4.88
Donations	**3.83**	2.20
Corporate Social Responsibility (CSR) Expenditure	**611.32**	413.91
Other expenditure	**1,974.50**	2,357.65
Total	**14,032.86**	**14,463.67**

31 EARNING PER SHARE

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Profit for the year (Rupees in lakhs)	**14,855.70**	25,046.88
Weighted average number of Equity Shares used in computing basic EPS	**12,13,36,119**	11,15,50,426
Effect of potential dilutive Equity Shares	**12,41,932**	10,86,095
Weighted average number of Equity Shares used in computing diluted EPS	**12,25,78,051**	11,26,36,521
Basic Earnings per share (Rs.) (Face value of Rs. 10/- per share)	**12.24**	22.45
Diluted Earnings per share (Rs.)	**12.12**	22.24

32 EMPLOYEE STOCK OPTION SCHEME:

The Company has used fair value method to account for the compensation cost of stock options. Fair value of options is based on the valuation of the independent valuer using the Black -Scholes model.

Description of ESOP Scheme:

Particulars	ESOP
Vesting requirements	Stock Options due for vesting on each vesting date shall vest on the basis of time i.e. mere continuance of employment as on relevant date of vesting.
Vesting Conditions	25% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant
	25% on expiry of 36 months from the date of grant
	25% on expiry of 48 months from the date of grant
Method of Settlement	Equity settled

The Fair value of options, based on the valuation of the independent valuer as on the date of grant are:

Rs. in Lakhs

Vesting Date	As at 31 March 2020			As at 31 March 2019		
	"No of years vesting"	Fair Value (Rs.) per share	Exercise Price (Rs.)	No of years vesting	Fair Value (Rs.) per share	Exercise Price (Rs.)
Grant Dated 16 January 2018	**4 Years**	**212.46**	**10.00**	-	-	-

The Key assumptions used in Black-Scholes model for calculating fair value as on the date of grant are:

Particulars	31 March 2020	31 March 2019
1) Risk free interest rate	**3.97%**	-
2) Expected life	**4 Years**	-
3) Expected volatility	**38.80%**	-
4) Price of the underlying share at the time of option grant (Rs.)	**221.00**	-

 # the value mentioned against each of the variables are based on the weighted average percentage of vesting.

Number and weighted average exercise price of options

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Rs. in Lakhs

Sr. No	Particulars	31-March-20		31-March-19	
		Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
1	Outstanding at the beginning of the year	15,01,914	67.00	19,35,192	67.00
2	Granted during the year	2,95,110	10.00	-	-
3	Forfeited / Lapsed during the year	59,785	47.00	84,616	67.00
4	Exercised during the year	1,41,081	67.00	3,48,662	67.00
5	Outstanding at the end of the year	15,96,158	57.00	15,01,914	67.00
6	Exercisable at the end of the year	4,18,672	67.00	1,14,804	67.00

Range of exercise price and weighted average remaining contractual life of outstanding options:

Particulars	31-March-20			31-March-19		
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price (Rs.)	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price (Rs.)
7-Oct-17	10,71,178	3.51	67.00	12,35,215	4.38	67.00
8-Dec-17	1,28,557	3.69	67.00	1,35,699	4.59	67.00
16-Jan-18	1,22,250	3.56	67.00	1,31,000	4.51	67.00
16-Oct-19	2,74,173	5.03	10.00	-	-	-

33 EMPLOYEE BENEFITS

General description of defined benefit plans :

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering qualifying employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under The Payment of Gratuity Act, 1972. The Company makes annual contribution to the gratuity scheme adminstered by the Life Insurance Corporation of India through its gratuity fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Defined benefit plans:

Rs. in Lakhs

	Particulars	Funded Plan	
		Gratuity	
		31 March 2020	31 March 2019
I	**Amount recognised in the Statement of Profit and Loss for the year ended 31 March:**		
1	Current service cost	**162.29**	163.50
2	Interest cost on benefit obligation (Net)	**6.72**	8.37
3	Adjustment due to opening balance	**(10.00)**	(3.60)
4	**Total expenses included in employee benefits expense**	**159.01**	**168.27**
II	**Amount recognised in Other Comprehensive income for the year**		
1	Actuarial (gains)/losses arising from changes in demographic assumption	**(34.32)**	22.97
2	Actuarial (gains)/losses arising from changes in financial assumption	**102.62**	6.71
3	Actuarial (gains)/losses arising from changes in experience adjustment	**64.38**	61.66
4	Return on plan assets	-	-
	Recognised in other comprehensive income	**132.68**	**91.34**
III	**Change in the present value of obligation during the year ended 31 March**		
1	Present value of defined benefit obligation at the beginning of the year	**630.19**	374.56
2	Current service cost	**162.29**	163.50
3	Interest cost/income	**48.33**	29.26
4	Remeasurements (gains)/ losses	-	
	(i) Actuarial (gains)/losses arising from changes in demographic assumption	**(34.32)**	22.97
	(ii) Actuarial (gains)/losses arising from changes in financial assumption	**102.62**	6.71
	(iii) Actuarial (gains)/losses arising from changes in experience adjustment	**64.38**	61.66
5	Benefits paid	**(35.72)**	(28.47)
6	Liabilities assumed /(settled)	-	-
7	**Present value of defined benefit obligation at the end of the year**	**937.77**	**630.19**
IV	**Change in fair value of plan assets during the year**		
1	Fair value of plan assets at the beginning of the year	**532.52**	263.82
2	Interest income	-	-
3	Contributions by employer	**132.15**	272.69
4	Benefits paid	**(35.72)**	(28.47)
5	Return on plan assets excluding interest income	**41.61**	20.88
6	Adjustment to the opening balance/exchange rate variation	**10.00**	3.60
7	**Fair value of plan assets at the end of the year**	**680.56**	**532.52**
V	**Net Asset/(Liability) recognised in the Balance Sheet as at**		
1	Present value of defined benefit obligation as at	**937.77**	630.19
2	Fair value of plan assets	**680.56**	532.52
3	Surplus/(Deficit)	**(257.21)**	(97.67)
4	Current portion of the above	**257.21**	97.67
5	Non current portion of the above	-	-
VI	**Actuarial assumptions**		
1	Discount rate	**6.76%**	7.67%
2	Salary growth rate	**7.00%**	5.00%
3	Attrition rate	52% for age upto 30, 41% for age 31-44, 33% for above 44	43% for age upto 35, 36% for age 36-45, 17% for 46 and above

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as below:

Particulars	31 March 2020	31 March 2019
One percentage point increase in discount rate	**(20.57)**	(105.24)
One percentage point decrease in discount rate	**24.11**	133.60
One percentage point increase in salary growth rate	**23.82**	135.98
One percentage point decrease in salary growth rate	**(20.71)**	(108.52)

Maturity profile of defined benefit obligation

Particulars	31 March 2020	31 March 2019
Within 1 year	**797.52**	542.10
Between 2 and 5 years	**5,737.70**	3,915.23

The estimate of future salary increases, considered in actuarial valuation, considers inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company's contribution to provident fund and superannuation fund aggregating Rs.1,664.89 lakhs (31 March 2019 : Rs.709.69 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expenses.

34 OPERATING SEGMENTS

There is no separate reportable segment as per Ind AS 108 on "Operating Segments" in respect of the Company.

There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in the year ended 31 March 2020 or 31 March 2019

35 LEASES

In the cases where assets are taken on operating lease (as lessee) -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company, previously classified these leases as operating leases under Ins AS 17 based on its assessment that the lessor effectively retained substantially all the risks and benefits incidental to ownership of the underlying asset and hence, the lease payments were recognized as an expense in the Statement of profit and loss.

The Company has adopted Ind AS 116, Leases, effective 01 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application and ROU asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments in relation to leases which has been previously classified as operating leases under Ind AS 17 subject to certain practical expedients as allowed by the Standard.

The following is the summary of practical expedients elected on initial application of Ind AS 116.

i) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

ii) Availed the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

iv) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

v) Used hindsight to determine the lease term of contracts.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 01 April 2019, The weighted average of Company's incremental borrowing rate applied to the lease liabilities on 01 April 2019 was 9.75%

a) Transition date reconcilation as at 01 April 2019 :	31 March 2020	31 March 2019
Operating lease commitments as per Ind AS 17 as at 31 March 2019	4,810.26	-
Present value of above lease commitment, using incremental borrowing rate as on 01 April 2019	3,510.72	-
Less:- Adjustments for recognising exemption for short term leases	-	-
Lease liabilities recognised as at 01 April 2019	3,510.72	-

b) Maturity analysis – contractual undiscounted cash flows	31 March 2020	31 March 2019
Less than 1 year	786.19	-
1-3 years	1,474.63	-
3-5 years	1,202.39	-
More than 5 years	927.46	
Total undiscounted lease liabilities	4,390.67	-

c) Other disclosures:

On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognise short-term lease payments and payments for leases of low-value assets which are not included in the measurement of the lease liability and ROU asset as expense on a straight line basis over the lease term in the statement of profit or loss. Following table summarizes other disclosures including the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped in the financial statements.

Particulars	31 March 2020	31 March 2019
i) Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 29 "Depreciation, amortization and impairment")	660.64	-
ii) Interest expense on lease liabilities (presented under note - 25 "Finance costs")	320.37	-
iii) Expense relating to short-term leases	-	-
iv) Expense relating to leases of low-value assets (included under note 30 " Other expenses")	108.74	-
v) Payments for lease liability	768.20	-
vi) Additions to right-of-use assets during the year	288.14	-
vii) Carrying amount of right-of-use assets at the end of the reporting year by class of underlying asset -		
- Property taken on lease for office premises (presented under note - 08 "Property, plant and equipments")	3,138.22	-
viii) Lease liabilities (presented under note - 15 "Other financial liabilities")	3,351.03	-

36 FRAUDS REPORTED DURING THE PERIOD

There were 279 cases (31 March 2019: 125 cases) of frauds amounting to Rs. 239.84 Lakhs (31 March 2019: Rs. 111.98 Lakhs) reported during the year. The Company has recovered an amount of Rs. 106.96 Lakhs (31 March 2019: Rs.36.53 Lakhs) and wherever required has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses are lodged with the insurance companies on merit basis.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

37 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	31 March 2020	31 March 2019
i) Claims against the Company not acknowledged as debt		
Legal suits filed by customers	**170.58**	104.25
Income Tax	**69.95**	60.98
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**108.78**	115.55
Other commitments :		
Amount on account of loan sanctioned but not disbursed	**41,981.03**	63,529.76
Total	**42,330.34**	**63,810.54**

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same. In February 2019, Supreme Court of India in its judgement opined on the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and therefore has currently not considered any probable obligations for past periods. Accordingly, the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

38 CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, the Company has incurred an expenditure of Rs. 611.32 Lakhs (31 March 2019 : Rs. 413.91 Lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 21.81 Lakhs (31 March 2019: Rs. 9.70 Lakhs) towards the CSR activities undertaken by the Company.

Detail of amount spent towards CSR activities :

a) Gross amount required to be spent by the Company during the year is Rs. 611.25 lakhs (31 March 2019: Rs. 413.77 lakhs).

b) Amount spent by the Company during the period :

Particulars	For the year ended 31 March 2020			For the year ended 31 March 2019		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
i) Construction / acquisition of any asset	-	-	-	-	-	-
ii) On purpose other than (i) above	**611.32**	-	**611.32**	413.91	-	413.91

39 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the period end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts. The Company has not entered into derivative contracts during the year.

40 CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

Capital management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or preference and/or convertible 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 its operations, capital expenditure and strategic investment plans.

The Company is subject to the capital adequacy requirements of the National Housing Bank (NHB). Regulatory capital consists of Tier I capital, which comprises of share capital, share premium and retained earnings including current year profit less deferred tax assets and intangible assets. The other component of regulatory capital is Tier 2 capital instruments, which include qualified subordinated debt. Further, capital adequacy requirement of NHB is based on the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules 2014 (as amended), prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The National Housing Bank (NHB) for HFCs and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable. Under NHB's capital adequacy guidelines, the Company is required to maintain a minimum capital adequacy ratio of 12% consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time shall not exceed 100 percent of Tier I Capital. The Company follows accounting policies as prescribed under National Housing Bank Directions to manage capital under NHB regulations. Company has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by NHB, as set out below:

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Tier I capital	**1,05,519.56**	1,01,361.47
Tier II capital	**44,110.22**	33,460.23
Total capital	**1,49,629.78**	**1,34,821.70**
Risk weighted assets	**3,47,640.16**	3,42,706.90
Tier I capital ratio	**30.35%**	29.58%
Tier II capital ratio	**12.69%**	9.76%
Total capital ratio	**43.04%**	**39.34%**

41 TAXATION

Deferred tax assets

Rs. in Lakhs

Particulars	Balance as at 01 April 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2020
Tax effect of items constituting deferred tax liabilities :							
- FVTPL through Investment	-	-	-	-	0.52	-	**0.52**
	-	**-**	**-**	**-**	**0.52**	**-**	**0.52**
Tax effect of items constituting deferred tax assets:							
- Provision for employee benefits & Others	256.63	211.96	31.92	500.51	20.75	17.79	**539.05**
- Allowance for Expected Credit Loss (ECL)	3,188.39	(1,875.32)	-	1,313.08	3,328.68	-	**4,641.77**
- Effective Interest Rate (EIR) on financial instruments	5,145.02	147.11	-	5,292.13	(2,394.45)	-	**2,897.68**

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Rs. in Lakhs

Particulars	Balance as at 01 April 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2020
- Depreciation on property, plant and equipment	190.73	108.52	-	299.25	(25.92)	-	**273.33**
- Lease Liabilities	-	-	-	-	53.56	-	**53.56**
- Other provisions	-	-	-	-	43.88	-	**43.88**
	8,780.77	**(1,407.73)**	**31.92**	**7,404.97**	**1,026.50**	**17.79**	**8,449.27**
Total Deferred Tax Assets (net)	**8,780.77**	**(1,407.73)**	**31.92**	**7,404.97**	**1,025.98**	**17.79**	**8,448.75**

Income tax recognised in Statement of Profit and loss

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Current tax:		
In respect of current year	**6,850.00**	9,950.00
In respect of prior years	**(119.80)**	211.78
	6,730.20	10,161.78
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(3,082.01)**	1,407.73
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%)*	**2,056.03**	-
	(1,025.98)	1,407.73
Total Income tax recognised in Statement of Profit and loss	**3,351.03**	**11,569.51**

Income tax recognised in Other Comprehensive Income

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Deferred tax related to items recognised in Other Comprehensive Income during the year :		
Remeasurement of defined employee benefits for current year	**(33.39)**	(31.92)
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%)*	**15.60**	-
Total Income tax recognised in Other Comprehensive Income	**(17.79)**	**(31.92)**

Reconciliation of estimated income tax expense at tax rate to income tax expense reported in the statement of profit and loss is as follows:

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Profit before tax	**20,559.92**	36,616.39
Applicable income tax rate	**25.168%**	34.944%
Expected income tax expense	**5,174.52**	12,795.23
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	**(61.20)**	(43.10)
Effect of expenses / provisions not deductible in determining taxable profit	**(1,345.33)**	(1,392.34)
Effect of differential tax rate (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%)*	**2,056.03**	(2.06)
Tax of earlier years	**(119.80)**	211.78
Total Income tax recognised in Statement of Profit and loss	**5,704.22**	**11,569.51**

** The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No. 2) Act 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact of Rs. 2,071.63 lakhs, out of which Rs. 2056.03 lakhs is debited to the deferred tax in statement of profit & loss and Rs. 15.60 lakhs has been classified through deferred tax under other comprehensive income.*

42 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Rs. in Lakhs

Particulars	31 March 2019	Cash flows	Amortisation of loan origination costs	Others#	31 March 2020
Share capital	12,130.14	-	-	14.11	**12,144.25**
Securities premium	42,706.41	-	-	112.91	**42,819.32**
Debt securities	2,39,650.58	(41,500.00)	1,822.76	-	**1,99,973.34**
Borrowings other than debt securities	3,62,919.09	56,031.39	(46.15)	-	**4,18,904.33**
Subordinated liabilities	31,024.26	10,000.00	(8.48)	-	**41,015.78**
Dividend paid including dividend distribution tax	-	(2,963.07)	-	-	-
Lease liability	-	(768.20)	-	4,119.23	**3,351.03**
Total liabilities from financing activities	**6,88,430.48**	**20,800.12**	**1,768.13**	**4,246.25**	**7,18,208.05**

Particulars	31 March 2018	Cash flows	Amortisation of loan origination costs	Others#	31 March 2019
Share capital	10,813.22	1,316.92	-	-	12,130.14
Securities premium	28,725.74	13,900.38	-	80.29	42,706.41
Debt securities	1,59,926.84	78,810.00	913.74	-	2,39,650.58
Borrowings other than debt securities	3,35,310.87	27,608.22	-	-	3,62,919.09
Subordinated liabilities	28,236.76	2,800.00	(12.50)	-	31,024.26
Dividend paid including dividend distribution tax	-	(2,216.19)	-	-	-
Total liabilities from financing activities	**5,63,013.43**	**1,22,219.33**	**901.24**	**80.29**	**6,88,430.48**

 # includes securities premium on exercise of employees stock option and amount of lease liability generated on transition & new lease during the year

43 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

Rs. in Lakhs

Particulars	31 March 2020			31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial Assets						
Cash and cash equivalents	**9,238.78**	-	**9,238.78**	2,982.62	-	2,982.62
Loans	**2,29,332.95**	**5,57,675.05**	**7,87,008.00**	2,25,601.20	5,43,323.70	7,68,924.90
Investments	**11,509.35**	-	**11,509.35**	-	-	-
Other Financial assets	**62.85**	**290.18**	**353.03**	28.23	286.87	315.10
Non-financial Assets						
Current tax assets (Net)	-	**528.62**	**528.62**	-	402.53	402.53
Deferred tax Assets (Net)	-	**8,448.75**	**8,448.75**	-	7,404.97	7,404.97
Property, Plant and Equipment	-	**5,294.35**	**5,294.35**	-	2,454.43	2,454.43
Other Intangible assets	-	**47.50**	**47.50**	-	115.71	115.71
Other non-financial assets	**837.69**	**504.88**	**1,342.57**	124.70	418.18	542.88
Total	**2,50,981.62**	**5,72,789.33**	**8,23,770.95**	**2,28,736.75**	**5,54,406.39**	**7,83,143.14**

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Rs. in Lakhs

Particulars	31 March 2020			31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial Liabilities						
Payables						
I) Trade Payables						
i) total outstanding dues of micro enterprises and small enterprises	0.07	-	0.07	-	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4,909.81	-	4,909.81	4,963.26	-	4,963.26
II) Other Payables						
i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	20.25	-	20.25	-	-	-
Debt Securities	79,258.04	1,20,715.30	1,99,973.34	75,759.79	1,63,890.79	2,39,650.58
Borrowings (Other than Debt Securities)	1,82,725.89	2,36,178.44	4,18,904.33	1,44,117.51	2,18,801.58	3,62,919.09
Subordinated Liabilities	-	41,015.78	41,015.78	-	31,024.26	31,024.26
Other financial liabilities	22,726.43	8,407.28	31,133.71	23,983.82	5,810.02	29,793.84
Non-Financial Liabilities						
Current tax liabilities (Net)	345.84	-	345.84	-	-	-
Provisions	1,293.23	799.98	2,093.21	1,123.81	619.09	1,742.90
Other non-financial liabilities	560.46	-	560.46	340.94	-	340.94
Total	**2,91,840.02**	**4,07,116.78**	**6,98,956.80**	**2,50,289.13**	**4,20,145.74**	**6,70,434.87**
Net	**(40,858.40)**	**1,65,672.55**	**1,24,814.15**	**(21,552.38)**	**1,34,260.65**	**1,12,708.27**

44 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES AND LOAN COMMITMENTS BY REMAINING CONTRACTUAL MATURITIES

a The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities by remaining contractual maturities:

Rs. in Lakhs

31 March 2020	Upto 1 month	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Financial Assets											
Cash and cash equivalents and other bank balances	9,238.78	-	-	-	-	-	-	-	-	-	**9,238.78**
Financial Investments	11,507.28	-	-	-	-	-	-	-	-	-	**11,507.28**
Loans and advances	72,889.83	13,247.44	19,081.86	39,838.17	82,149.69	2,95,900.68	1,47,005.13	36,579.31	40,620.75	70,407.67	**8,17,720.53**
Other financial assets	17.63	12.42	14.15	5.15	11.73	68.67	60.37	90.66	72.25	-	**353.03**
Total Undiscounted Financial Assets	**93,653.52**	**13,259.86**	**19,096.01**	**39,843.33**	**82,161.42**	**2,95,969.36**	**1,47,065.50**	**36,669.96**	**40,693.00**	**70,407.67**	**8,38,819.62**
Financial Liabilities											
Debt securities	15,350.00	11,500.00	1,000.00	15,000.00	36,500.00	86,800.00	29,500.00	1,000.00	3,510.00	-	**2,00,160.00**
Borrowings other than (debt securities)	12,552.78	25,650.00	15,694.44	37,349.09	79,000.00	2,12,204.17	36,500.00	-	-	-	**4,18,950.48**
Subordinated Liabilities	-	-	-	-	-	-	1,000.00	18,200.00	22,000.00	-	**41,200.00**
Other financial liabilities	3,927.19	8,658.55	5,153.86	4,858.06	4,923.12	6,738.79	961.58	719.52	123.16	-	**36,063.84**
Total Undiscounted Financial Liabilities	**31,829.97**	**45,808.55**	**21,848.30**	**57,207.15**	**1,20,423.12**	**3,05,742.96**	**67,961.58**	**19,919.52**	**25,633.16**	**-**	**6,96,374.32**
Total Undiscounted Financial Assets / (Liabilities) - Net	**61,823.55**	**(32,548.70)**	**(2,752.29)**	**(17,363.83)**	**(38,261.70)**	**(9,773.60)**	**79,103.92**	**16,750.44**	**15,059.84**	**70,407.67**	**1,42,445.30**

b The table below summarises the contractual expiry by maturity of the undiscounted cash flows of the Company's loan commitments

31 March 2020	Up to 3 months	Over 3 months & upto 12 months	Total
Loan commitments	20,990.52	20,990.51	**41,981.03**

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

a The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities by remaining contractual maturities:

Rs. in Lakhs

31 March 2019	Upto 1 month	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Financial Assets											
Cash and cash equivalents and other bank balances	2,982.62	-	-	-	-	-	-	-	-	-	**2,982.62**
Loans and advances	73,492.76	15,405.43	14,557.35	39,659.80	75,469.77	2,85,399.52	1,67,356.32	37,599.81	28,394.33	53,269.23	**7,90,604.32**
Other financial assets	14.45	2.65	0.75	4.68	6.10	79.38	42.16	51.16	113.77	-	**315.10**
Total Undiscounted Financial Assets	**76,489.83**	**15,408.08**	**14,558.10**	**39,664.48**	**75,475.87**	**2,85,478.90**	**1,67,398.48**	**37,650.97**	**28,508.10**	**53,269.23**	**7,93,902.04**
Financial Liabilities											
Debt securities	-	15,000.00	45,000.00	10,000.00	6,500.00	1,14,150.00	46,500.00	-	4,510.00	-	**2,41,660.00**
Borrowings other than (debt securities)	12,087.88	11,750.00	8,947.22	37,468.43	73,863.98	1,59,640.47	59,161.11	-	-	-	**3,62,919.09**
Subordinated Liabilities	-	-	-	-	-	-	-	7,000.00	24,200.00	-	**31,200.00**
Other financial liabilities	12,012.31	5,559.41	7,018.00	3,683.15	642.22	5,842.00	-	-	-	-	**34,757.09**
Total Undiscounted Financial Liabilities	**24,100.19**	**32,309.41**	**60,965.22**	**51,151.58**	**81,006.20**	**2,79,632.47**	**1,05,661.11**	**7,000.00**	**28,710.00**	**-**	**6,70,536.18**
Total Undiscounted Financial Assets / (Liabilities) - Net	**52,389.64**	**(16,901.33)**	**(46,407.12)**	**(11,487.10)**	**(5,530.33)**	**5,846.43**	**61,737.37**	**30,650.97**	**(201.90)**	**53,269.23**	**1,23,365.86**

b The table below summarises the contractual expiry by maturity of the undiscounted cash flows of the Company's loan commitments

31 March 2019	Up to 3 months	Over 3 months & upto 12 months	Total
Loan commitments	38,117.86	25,411.90	**63,529.76**

45 FINANCIAL RISK MANAGEMENT FRAMEWORK

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk.The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The Company's financial services businesses are exposed to high credit risk given the unbanked rural customer base. The credit risk is managed through credit norms established based on historical experience.

i) Market Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

a) Currency Risk

Company does not have significant foreign currency exposure. As a result, the Company is not exposed to currency risk.

b) Interest Rate Risk

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate sensitivity

The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Rs. in Lakhs

	Currency	Increase / decrease in basis points	Effect on profit before tax	Effect on pre-tax equity
Year ended 31 March 2020	INR	100	1,258.64	-
Year ended 31 March 2019	INR	100	1,310.34	-

Offsetting of balances: The Company has not offset financial assets and financial liabilities.

ii) Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its loans primarily based on days past due monitoring as at a period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Credit quality of financial assets

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

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of loan assets		
Neither Past due nor impaired	**4,97,117.82**	4,56,340.86
30 days past due	**54,767.22**	83,187.48
31 - 90 days past due	**1,64,783.15**	1,60,582.65
Impaired (more than 90 days past due)	**1,27,721.16**	1,04,763.77
Total Gross carrying value as at reporting date	**8,44,389.35**	**8,04,874.76**

Since the company is into retail home loan lending business, 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.

Inputs considered in the ECL model

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Days Past Due status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

(a) RBI COVID-19 Regulatory Package

In accordance with the Reserve Bank of India (RBI) notification no. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March, 2020 and RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 relating to 'COVID-19 - Regulatory Package', the Company, as per its board approved policy and ICAI advisories, has granted moratorium upto three months on the payment of installments falling due between 01 March 2020 and 31 May 2020 to all eligible borrowers. And in respect of accounts overdue but standard (i.e, stage 1 and stage 2) at 29 February 2020 where moratorium benefit has been granted, for the purpose of staging of those accounts and for determination of Impairment loss allowance as at 31 March 2020, the days past due status as on 29 February 2020 has been considered.

(b) Impact of COVID-19

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the period ended March 2019, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance and has included management overlay amounting to Rs. 15,451.93 lakhs in the total impairment provision recognised in the statement of profit and loss. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(c) Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

(d) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future expected cash flows (principal and interest) for respective future years has been used as exposure for Stage 1 and Stage 2. This exposure is then multiplied by respective years Marginal Probability of Default (PD) and Loss Given Default (LGD) percentage to arrive at the expected credit losses. These expected credit losses are then discounted with the appropriate EIR to calculate the present value of these expected credit losses.

(e) Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

a. "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cashflows on the past portfolio are discounted at portfolio EIR rate for arriving at the loss rate.

b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and further adjusted for macro economic factors.

(f) Measurement of ECL

ECL is measured as follows:

- financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);

- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn loan committments: as the present value of the difference between the contractual cash flows that are due to the Company if the committment is drawn down and the cash flows that the Company expects to receive.

(g) Forward Looking Information

Historical PDs have been converted into forward looking PD which incorporates the forward looking economic outlook.

The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

Additionally, three different scenarios (base case, best case and worst case) have been considered for ECL calculation. Along with the actual numbers considered as base case, other scenarios take care of the worsening as well as improvements in the forward looking economic outlook. As at 31 March 2020, the probability assigned to base case scenario assumptions have been updated to reflect the rapidly evolving situation with respect to COVID-19. This includes an assessment of the effectiveness of stimulus packages announced by government and regulatory measures imparted by RBI. These are considered in determining the length and severity of the forecasted economic downturn. The Company's base case economic forecast scenarios reflects a deterioration in economic conditions in the first quarter with a gradual improvement thereafter. In addition to the base case forecast which reflects largely the negative economic consequences of COVID-19, greater weightage has been applied to the downside scenarios given the Company's assessment of downside risks.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(h) *Assessment of significant increase in credit risk*

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

Based on the assessment by the Company, the RBI moratorium relaxation offered to the customers recognising the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore, assesses such loans as Stage 3 for ECL calculations, following are such instances:

- A Stage 3 customer having other loans which are in Stage 1 or 2.
- Cases where Company suspects fraud and legal proceedings are initated.

(i) *Policy for write off of Loan Assets*

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the loan outstanding dues. 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 from written off assets are netted off against the amount of financial assets written off during the year under "bad debts/loss on termination" forming part of "impariment on financial instruments" in statement of profit and loss.

(j) *Analysis of inputs to the ECL model with respect to macro economic variable*

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Company has used the data source of Economist Intelligence Unit.The upside and downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

Macro Economic Variable	ECL Scenario	Probability Assigned	2020	2021	2022	2023	2024	2025	2026	Subsequent Years
			%	%	%	%	%	%	%	%
Agriculture (% real change p.a)										
	Best Case	10%	**5.7**	5.4	5.6	5.5	6.0	5.3	6.2	6.4
	Base Case	65%	**3.5**	3.2	3.4	3.3	3.8	3.1	4.0	4.3
	Worst Case	25%	**1.3**	1.0	1.2	1.1	1.6	0.9	1.8	2.1

Impairment loss

The expected credit loss allowance provision for loans is determined as follows:

Rs. in Lakhs

	Performing Loans - 12 month ECL	Underperforming loans - lifetime ECL not credit impaired	Impaired loans -lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2020	5,51,885.04	1,64,783.15	1,27,721.16	**8,44,389.35**
Expected credit loss rate	1.04%	6.19%	32.45%	
Carrying amount as at 31 March 2020 (net of impairment provision)	5,46,159.15	1,54,578.84	86,270.01	**7,87,008.00**
Gross Balance as at 31 March 2019	5,39,528.34	1,60,582.65	1,04,763.77	**8,04,874.76**
Expected credit loss rate	0.93%	6.68%	19.32%	
Carrying amount as at 31 March 2019 (net of impairment provision)	5,34,536.73	1,49,860.84	84,527.33	**7,68,924.90**

Level of Assessment - Aggregation Criteria

The Company recognises the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information.

Considering the economic and risk characterstics, pricing range, sector concentration, the Company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loans is, as follows :

<u>Gross exposure reconciliation - Loans</u>

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2018	**3,96,317.92**	**1,48,862.22**	**86,036.74**	**6,31,216.88**
- Transfers to Stage 1	34,825.74	(29,849.86)	(4,975.88)	-
- Transfers to Stage 2	(54,642.54)	57,066.55	(2,424.01)	-
- Transfers to Stage 3	(14,821.78)	(15,088.54)	29,910.32	-
- Loans that have been derecognised during the year	(20,266.82)	(6,831.64)	(5,834.03)	**(32,932.49)**
New loans originated during the year	1,88,354.81	16,415.03	171.36	**2,04,941.20**
Write-offs	-	-	(6,119.10)	**(6,119.10)**
Remeasurement of net exposure	9,761.01	(9,991.11)	7,998.37	**7,768.27**
Gross carrying amount balance as at 31 March 2019	**5,39,528.34**	**1,60,582.65**	**1,04,763.77**	**8,04,874.76**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(89,415.09)	72,032.83	17,382.26	-
- Transfers to Stage 2	23,434.31	(42,431.27)	18,996.96	-
- Transfers to Stage 3	3,906.13	1,691.53	(5,597.66)	-
- Loans that have been derecognised during the year	(25,629.75)	(8,284.37)	(6,545.96)	**(40,460.08)**
New loans originated during the year	1,48,298.06	7,061.38	104.61	**1,55,464.05**
Write-offs	-	-	(8,676.93)	**(8,676.93)**
Remeasurement of net exposure	(48,236.96)	(25,869.60)	7,294.11	**(66,812.45)**
Gross carrying amount balance as at 31 March 2020	**5,51,885.04**	**1,64,783.15**	**1,27,721.16**	**8,44,389.35**

* The contractual amount outstanding on financial assets that have been written off during the year ended 31 March 2020 and were still subject to enforcement activity was Rs. 3767.25 Lakhs (31 March 2019 : Rs. 2,835.64 Lakhs)

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Gross exposure reconciliation - Loan commitments

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2018	**1,08,686.39**	**6,184.95**	**225.87**	**1,15,097.21**
- Transfers to Stage 1	74.69	(74.49)	(0.20)	**-**
- Transfers to Stage 2	(261.64)	261.64	-	**-**
- Transfers to Stage 3	(6.38)	(6.92)	13.30	**-**
- Loans that have been derecognised during the year	(1,06,669.77)	(6,075.04)	(189.32)	**(1,12,934.13)**
New loans originated during the year	61,899.64	901.12	1.94	**62,802.70**
Write-offs	-	-	-	**-**
Remeasurement of net exposure	(1,248.18)	(187.84)	-	**(1,436.02)**
Gross carrying amount balance as at 31 March 2019	**62,474.75**	**1,003.42**	**51.59**	**63,529.76**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(114.15)	114.15	-	**-**
- Transfers to Stage 2	8.21	(8.21)	-	**-**
- Transfers to Stage 3	-	-	-	**-**
- Loans that have been derecognised during the year	(60,034.26)	(992.57)	(51.59)	**(61,078.42)**
New loans originated during the year	40,840.91	328.82	0.60	**41,170.33**
Write-offs	-	-	-	**-**
Remeasurement of net exposure	(1,572.04)	(68.60)	-	**(1,640.64)**
Gross carrying amount balance as at 31 March 2020	**41,603.42**	**377.01**	**0.60**	**41,981.03**

Reconciliation of ECL balance on loans

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	**2,617.86**	**13,212.91**	**15,134.44**	**30,965.21**
- Transfers to Stage 1	3,651.33	(2,649.77)	(1,001.56)	**-**
- Transfers to Stage 2	(362.54)	809.42	(446.88)	**-**
- Transfers to Stage 3	(98.72)	(1,339.41)	1,438.13	**-**
- Loans that have been derecognised during the year	(122.62)	(604.92)	(1,541.74)	**(2,269.28)**
New loans originated during the year	1,758.29	1,096.00	24.45	**2,878.74**
Write-offs	-	-	(853.39)	**(853.39)**
Net remeasurement of loss allowance	(2,451.99)	197.58	7,482.99	**5,228.58**
ECL allowance balance as at 31 March 2019	**4,991.61**	**10,721.81**	**20,236.44**	**35,949.86**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(891.81)	708.88	182.93	**-**
- Transfers to Stage 2	1,564.67	(2,833.06)	1,268.39	**-**
- Transfers to Stage 3	824.83	374.37	(1,199.20)	**-**
- Loans that have been derecognised during the year	(211.28)	(553.13)	(1,928.60)	**(2,693.01)**
New loans originated during the year	1,469.75	436.65	60.25	**1,966.65**
Write-offs	-	-	(1,264.61)	**(1,264.61)**
Net remeasurement of loss allowance	(2,021.88)	1,348.79	24,095.55	**23,422.46**
ECL allowance balance as at 31 March 2020	**5,725.89**	**10,204.31**	**41,451.15**	**57,381.35**

Reconciliation of ECL balance on loan commitments

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	**725.19**	**549.04**	**39.22**	**1,313.45**
- Transfers to Stage 1	6.65	(6.61)	(0.04)	**-**
- Transfers to Stage 2	(1.75)	1.75	-	**-**
- Transfers to Stage 3	(0.04)	(0.61)	0.65	**-**
- Loans that have been derecognised during the year	(711.75)	(539.28)	(32.87)	**(1,283.90)**
New loans originated during the year	555.42	60.17	0.37	**615.96**
Write-offs	-	-	-	**-**
Net remeasurement of loss allowance	(15.27)	2.54	10.02	**(2.71)**
ECL allowance balance as at 31 March 2019	**558.45**	**67.00**	**17.35**	**642.80**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(0.78)	0.78	-	**-**
- Transfers to Stage 2	0.55	(0.55)	-	**-**
- Transfers to Stage 3	-	-	-	**-**
- Loans that have been derecognised during the year	(544.93)	(66.27)	(17.35)	**(628.55)**
New loans originated during the year	352.98	20.36	0.19	**373.53**
Write-offs	-	-	-	**-**
Net remeasurement of loss allowance	(10.39)	2.03	-	**(8.36)**
ECL allowance balance as at 31 March 2020	**355.88**	**23.35**	**0.19**	**379.42**

The increase in ECL of the portfolio was driven by an increase in the size of the portfolio, movements between stages as a result of increases in credit risk and due to deterioration in economic conditions.

Significant changes in the gross carrying value that contributed to change in loss allowance

The Company provides loans to retail individual customers in rural and semi urban areas which are of small ticket size. Change in any single customer repayment will not impact significantly to Company's provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the Company's risk.

Concentration of Credit Risk

Company's loan portfolio is predominantly to finance retail home loans. The Company manages concentration of risk primarily by geographical region in India.The following tables show the geographical concentrations of loans:

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Concentration by Geographical region in India:		
North	**19,964.24**	14,996.06
East	**8,331.85**	6,958.53
West	**4,88,724.26**	5,10,836.54
South	**3,27,369.00**	2,72,083.63
Total Carrying Value	**8,44,389.35**	**8,04,874.76**

Maximum Exposure to credit Risk

The maximum exposure to credit risk of loans is their carrying amount. The maximum exposure is before considering the effect of mitigation through collateral.

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Collaterals

Narrative Description of Collateral

Collateral primarily include land and constructed/purchased house property by retail loan customers. Company generally does not obtain additional collateral during the term of the loan.

The below tables provide an analysis of the fair values of collateral held for Credit impaired assets:

Rs. in Lakhs

31 March 2020	Maximum exposure to Credit Risk	Land and Building	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans:						
a) Loans against assets	1,27,709.15	3,51,686.04	(2,26,513.05)	1,25,172.99	2,536.16	41,439.14
b) Others	12.01	-	-	-	12.01	12.01
Total	**1,27,721.16**	**3,51,686.04**	**(2,26,513.05)**	**1,25,172.99**	**2,548.17**	**41,451.15**
31 March 2019	**Maximum exposure to Credit Risk**	**Land and Building**	**Surplus Collateral**	**Total Collateral**	**Net Exposure**	**Associated ECL**
Loans:						
a) Loans against assets	1,04,749.71	1,98,088.82	(95,234.47)	1,02,854.35	1,895.36	20,235.22
b) Others	14.06	-	-	-	14.06	1.22
Total	**1,04,763.77**	**1,98,088.82**	**(95,234.47)**	**1,02,854.35**	**1,909.42**	**20,236.44**

The Company has provided for additional impairment for the shortfall in collateral value on its credit impaired assets.

Collaterals Repossessed

Company did not obtain non financial assets during the year by taking possession of collateral it held as security.

Quantitative Information of Collateral - Credit Impaired assets

The Company holds residential properties as collateral for the housing loans it grants to its customers. The Company monitors its exposure to retail lending using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan - or the amount committed for loan committments - to the value of the collateral. The value of the collateral for residential housing loans is typically based on the collateral value at origination.

(Gross value of total loans to value of collateral)

Rs. in Lakhs

Loan To Value	Gross Value of total loans	
	31 March 2020	31 March 2019
Upto 50%	**3,26,461.95**	3,17,060.81
51 - 70%	**3,59,923.89**	3,43,534.80
71 - 100%	**1,57,888.43**	1,44,157.14
Above 100%	-	-
	8,44,274.27	**8,04,752.75**

(Loan commitments to value of collateral)

Rs. in Lakhs

Loan To Value	Gross Value of commitments	
	31 March 2020	31 March 2019
Upto 50%	**17,755.64**	29,891.08
51 - 70%	**2,899.39**	6,077.53
71 - 100%	**1,793.23**	3,613.08
Above 100%	-	-
	22,448.26	**39,581.68**

(Gross value of credit impaired loans to value of collateral)

Rs. in Lakhs

Loan To Value	Gross Value of loans in stage 3	
	31 March 2020	31 March 2019
Upto 50%	**42,500.99**	36,175.56
51 - 70%	**57,917.14**	44,611.02
71 - 100%	**27,290.87**	23,963.25
Above 100%	-	-
	1,27,708.99	**1,04,749.83**

Disclosure as required under RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning

Rs. in Lakhs

Particulars	31 March 2020
i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	**2,33,128.35**
ii) Respective amount where asset classification benefits is extended	**18,381.36**
iii) Provisions made during the Q4 - FY2020 # In respect of accounts in default but standard where moratorium upto 3 months is granted, and asset classification benefit is extended, the Company has made general provisions of not less than 5 per cent of the total outstanding of such accounts as applicable for the quarter ended 31 March 2020 within the overall provision requirement of 10% of the total outstanding to be spread equally over two quarters. Balance general provision of not less than 5% of the total outstanding of such accounts is to be made for the quarter ending 30 June 2020.	-
iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	**N/A**

Since the effective impairment allowance rate (as per ECL model) applied on standard assets outstanding equivalent Stage-1 and Stage-2 assets under Ind AS financial statements is much higher than the prescribed general provision of 5% for the current quarter (out of 10% provision to be spread equally over two quarters), the Company has not made any additional provision under this head in Ind AS financial statements for the quarter and year ended 31 March 2020. However, the Company has made an additional general provision of Rs. 932.21 lakhs at 5% of the total outstanding for the quarter and year ended 31 March 2020 as per IRAC norms and the same is included in relevant disclosures as applicable to the Company.

iii) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also has Inter corporate deposits line available from holding company & fellow subsidiary companies within its group to meet any short term fund requirements.

Maturity profile of non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company may be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is calculated considering interest rate prevailing as at respective year end date.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March 2020				
Trade Payable :	4,909.88	-	-	-
Other Payable :	20.25	-	-	-

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Debt Securities :				
- Principal	79,350.00	86,800.00	29,500.00	4,510.00
- Interest	19,363.49	22,818.88	3,666.57	1,455.75
Borrowings (Other than Debt Securities) :				
- Principal	1,82,746.31	2,12,204.17	24,000.00	-
- Interest	29,988.21	22,759.06	1,462.80	-
Subordinated liabilities :				
- Principal	-	-	1,000.00	40,200.00
- Interest	3,690.86	7,372.63	7,378.92	10,586.70
Other financial liabilities :	22,726.43	6,603.02	961.58	842.68
Total	**3,42,795.43**	**3,58,557.76**	**67,969.87**	**57,595.13**
31 March 2019				
Trade Payable :	4,963.26	-	-	-
Debt Securities :				
- Principal	76,500.00	1,14,150.00	46,500.00	4,510.00
- Interest	10,259.40	32,806.04	8,184.71	1,861.86
Borrowings (Other than Debt Securities) :				
- Principal	1,44,117.51	1,59,640.47	59,161.11	-
- Interest	28,210.92	25,156.23	2,464.85	-
Subordinated liabilities :				
- Principal	-	-	-	31,200.00
- Interest	2,782.00	5,577.83	5,576.94	8,875.73
Other financial liabilities :	29,793.84	-	-	-
Total	**2,96,626.93**	**3,37,330.57**	**1,21,887.61**	**46,447.59**

iv) Measurement of Fair Value

Valuation technique for Fair value measurement

Fair value of loans & borrowings are calculated using a portfolio based approach, grouping them as far as possible into homogenous groups based on similar characteristics (such as tenor & rates of interest). Using the Discounted cash flow approach, the values are then calculated for the portfolio considering all significant characteristics of the loans and borrowings.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Instruments measured at amortised cost

Rs in Lakhs

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	9,238.78	9,238.78	9,238.78	-	-
b) Loans and advances to customers	7,87,008.00	7,84,331.68	-	-	7,84,331.68
c) Other financial assets	353.03	353.03	-	353.03	-
Total	**7,96,599.81**	**7,93,923.49**	**9,238.78**	**353.03**	**7,84,331.68**

Rs in Lakhs

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
Financial liabilities					
a) Trade Payables	4,909.88	4,909.88	-	4,909.88	-
b) Other Payable	20.25	20.25	-	20.25	-
c) Debt securities	1,99,973.34	1,99,392.54	1,99,392.54	-	-
d) Borrowings other than debt securities	4,18,904.33	4,18,091.79	-	4,18,091.79	-
e) Subordinated Liabilities	41,015.78	39,722.98	39,722.98	-	-
f) Other financial liabilities	31,133.71	31,133.71	-	31,133.71	-
Total	**6,95,957.29**	**6,93,271.15**	**2,39,115.52**	**4,54,155.63**	**-**
As at 31 March 2019					
Financial assets					
a) Cash and cash equivalent	2,982.62	2,982.62	2,982.62	-	-
b) Loans and advances to customers	7,68,924.90	7,58,757.38	-	-	7,58,757.38
c) Other financial assets	315.10	315.10	-	315.10	-
Total	**7,72,222.62**	**7,62,055.10**	**2,982.62**	**315.10**	**7,58,757.38**
Financial liabilities					
a) Trade Payables	4,963.26	4,963.26	-	4,963.26	-
b) Debt securities	2,39,650.58	2,42,787.48	1,98,384.49	44,402.99	-
c) Borrowings other than debt securities	3,62,919.09	3,61,181.56	-	3,61,181.56	-
d) Subordinated Liabilities	31,024.26	30,829.07	30,829.07	-	-
e) Other financial liabilities	29,793.84	29,793.84	-	29,793.84	-
Total	**6,68,351.03**	**6,69,555.21**	**2,29,213.56**	**4,40,341.65**	**-**

There were no transfers between Level 1 and Level 2 during the year.

Financial Instruments regularly measured using Fair Value - recurring items

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Rs in Lakhs

Financial assets/ financial liabilities	Fair Value				Fair value hierarchy	Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Relationship of unobservable inputs to fair value and sensitivity
	Financial assets / financial liabilities	Category	As at 31 March 2020	As at 31 March 2019					
Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	11,509.35	-	Level 1	Quoted market price			

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

46 COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees.

Rs in Lakhs

	31 March 2020	31 March 2019
Short-term employee benefits	**262.16**	222.26
Post-employment benefits	**5.26**	5.21
Other long-term benefits	-	-
Share-based payments	**37.85**	60.42
	305.27	**287.89**

47 RELATED PARTY DISCLOSURES:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a) Ultimate Holding Company	Mahindra & Mahindra Limited
b) Holding Company	Mahindra & Mahindra Financial Services Limited
c) Fellow Subsidiaries: (entities with whom the Company has transactions)	Mahindra Insurance Brokers Limited
	NBS International Limited
	Mahindra Asset Management Company Private Limited
	Mahindra Integrated Business Solutions Private Limited
	Mahindra Logistics Limited
	Mahindra Vehicle Manufacturers Limited
	Mahindra Holidays and Resorts India Limited
	Mahindra Defence Systems Limited
	Mahindra Retail Limited
	Mahindra First Choice Wheels Limited
	Mahindra Water Utilities Limited
	Mahindra Intertrade Limited
d) Associates of Ultimate Holding Company	Tech Mahindra Limited
(entities with whom the Company has transactions)	Swaraj Engines Limited
e) Key Management Personnel:	Mr. Anuj Mehra (Managing Director)
	Mr. Nityanath Ghanekar (Independent Director)*
	Mrs. Anjali Raina (Independent Director)
	Mr. Narendra Mairpady (Independent Director)
	Mr. Jyotin Mehta (Independent Director)#

* Ceased to be director w.e.f. 29 March 2020

Appointed as director w.e.f. 30 March 2020

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Rs in Lakhs

Particulars	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company		Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Interest Expense								
- Mahindra & Mahindra Limited	**1,317.78**	357.51	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	-	37.97	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**2,821.45**	1,967.13	-	-	-	-
- Mahindra Asset Management Company Private Limited	-	-	**410.49**	427.52	-	-	-	-
- Mahindra Logistics Limited	-	-	**115.42**	0.67	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	**385.10**	5.92	-	-	-	-
- Mahindra Holidays and Resorts India Limited	-	-	**56.88**	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	**1,276.77**	470.00	-	-
- Swaraj Engines Limited	-	-	-	-	**74.78**	42.15	-	-
- Mahindra Water Utilities Limited	-	-	**10.32**	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	**37.69**	-	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	**248.32**	-	-	-	-	-
Other expenses								
- Mahindra & Mahindra Limited	**120.01**	226.61	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	**802.17**	698.44	-	-	-	-	-	-
- NBS International Limited	-	-	**4.46**	1.06	-	-	-	-
- Mahindra Integrated Business Solutions Private Limited	-	-	**871.09**	613.67	-	-	-	-
- Mahindra Defence Systems Limited	-	-	-	2.48	-	-	-	-
- Mahindra Holidays and Resorts India Limited	-	-	**0.08**	0.39	-	-	-	-
- Mahindra Retail Limited	-	-	**62.86**	30.28	-	-	-	-
ESOP Expenses								
- Mahindra & Mahindra Limited	-	0.32	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	**23.73**	26.58	-	-	-	-	-	-
Remuneration								
- Mr. Anuj Mehra	-	-	-	-	-	-	**270.07**	256.49
- Mr. Nityanath Ghanekar	-	-	-	-	-	-	**12.30**	11.20
- Mrs. Anjali Raina	-	-	-	-	-	-	**11.80**	9.60
- Mr. Narendra Mairpady	-	-	-	-	-	-	**11.10**	10.60

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Rs in Lakhs

Particulars	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company		Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Purchase of fixed assets								
- Mahindra & Mahindra Limited	**230.91**	242.98	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	**9.19**	2.75	-	-	-	-	-	-
- NBS International Limited	-	-	**10.86**	3.21	-	-	-	-
- Mahindra Retail Limited	-	-	**83.76**	414.05	-	-	-	-
Dividend paid								
- Mahindra & Mahindra Financial Services Limited	**2,419.05**	1,636.09	-	-	-	-	-	-
Inter corporate deposits taken								
- Mahindra & Mahindra Limited	**20,000.00**	10,000.00	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**32,800.00**	29,500.00	-	-	-	-
- Mahindra Holidays and Resorts India Limited	-	-	**6,500.00**	-	-	-	-	-
- Mahindra Asset Management Company Private Limited	-	-	-	900.00	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	10,000.00	-	-
- Swaraj Engines Limited	-	-	-	-	**1,000.00**	1,000.00	-	-
- Mahindra Logistics Limited	-	-	**1,500.00**	1,500.00	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	5,000.00	-	-	-	-
- Mahindra Water Utilities Limited	-	-	**1,300.00**	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	**1,500.00**	-	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	**5,000.00**	-	-	-	-	-
Inter corporate deposits repaid / matured								
- Mahindra & Mahindra Limited	**5,000.00**	10,000.00	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**29,500.00**	19,375.00	-	-	-	-
- Mahindra Asset Management Company Private Limited	-	-	-	1,000.00	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	**10,000.00**	-	-	-
- Swaraj Engines Limited	-	-	-	-	-	1,000.00	-	-
- Mahindra Logistics Limited	-	-	**1,500.00**	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	**5,000.00**	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	**500.00**	-	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	**3,000.00**	-	-	-	-	-

Rs in Lakhs

Particulars	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company		Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Issue of Share Capital (incl Securities premium)								
- Mahindra & Mahindra Financial Services Limited	-	15,000.00	-	-	-	-	-	-

iii) Balances as at the end of the year:

Particulars	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company		Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Balances as at the end of the year								
Subordinate debt held (including interest accrued but not due)								
- Mahindra Asset Management Company Private Limited	-	-	**4,857.91**	4,856.83	-	-	-	-
Non Convertible Debenture held (including interest accrued but not due)								
- Tech Mahindra Limited	-	-	-	-	**15,965.16**	-	-	-
Payables								
- Mahindra & Mahindra Limited	**16.63**	13.50	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	**140.59**	82.64	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**14.42**	80.82	-	-	-	-
- Mahindra Integrated Business Solutions Private Limited	-	-	**9.40**	26.12	-	-	-	-
- Mahindra Retail Limited	-	-	**4.24**	-	-	-	-	-
Inter corporate deposits outstanding (including interest accrued but not due)								
- Mahindra & Mahindra Limited	**20,810.56**	5,020.56	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**34,215.43**	30,585.35	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	10,423.00	-	-
- Mahindra Logistics Limited	-	-	**1,554.38**	1,500.61	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	5,005.33	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	**1,067.30**	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	**2,003.74**	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	**807.93**	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	**1,533.92**	-	-	-	-	-
- Mahindra Holidays and Resorts India Limited	-	-	**6,551.19**	-	-	-	-	-

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

48 EVENTS AFTER REPORTING DATE

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

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08 May, 2020

Mumbai
08 May, 2020

1 Additional Disclosures as prescribed by National Housing Bank (NHB) vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

The following additional disclosures have been given in terms of Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank. These figures are not tracable to the Financial Statements as at 31 March 2020. The differences are arising as the disclosures are made as per the regulatory requirement vis á vis the financial statements prepared as per Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013.

Comparative numbers in these disclosures have been provided as per the audited financial statements as at and for the year ended 31 March 2019. These disclosures have been certified separately by the statutory auditors of the Corporation.

Minimum Disclosures

The following additional disclosures have been given in terms of Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank.

Summary of Significant Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 2 to the Financial Statement for the year ended 31 March 2020.

1 Disclosure:

1.1 Capital

Rs in Lakhs

Particulars	31 March 2020	31 March 2019
(i) CRAR (%)	**43.04%**	39.34%
(ii) CRAR - Tier I Capital (%)	**30.35%**	29.58%
(iii) CRAR - Tier II Capital (%)	**12.69%**	9.76%
(iv) Amount of suboridnated debt raised as Tier - II Capital	**41,000**	31,200
(v) Amount raised by issue of Perpetual Debt Instruments	**Nil**	Nil

1.2 Investments

The investments outstanding as at 31 March 2020 is Rs. 11507.28 Lakhs (31 March 2019: NIL), hence no provision for diminution is required for invetments.

Rs in Lakhs

Particulars	31 March 2020	31 March 2019
1 Value of Investments		
(i) Gross value of Investments		
(a) In India	**11,507.28**	-
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	**11,507.28**	-
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.3 Derivatives

The Company has not entered into any derivatives during the current year or previous year.

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

Particulars	31 March 2020	31 March 2019
(i) The notional principal of swap agreements		
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements		
(iii) Collateral required by the HFC upon entering into swaps	**NA**	NA
(iv) Concentration of credit risk arising from the swaps		
(v) The fair value of the swap book		

1.3.2 Exchange Traded Interest Rate (IR) Derivative

Particulars	31 March 2020	31 March 2019
(i) The notional principal amount of exchange traded IR derivatives undertaken during the year		
(a)		
(b)		
(c)		
(ii) The notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2020		
(a)		
(b)		
(c)	**NA**	NA
(iii) The notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"		
(a)		
(b)		
(c)		
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"		
(a)		
(b)		
(c)		

1.3.3 Disclosures on Risk Exposure in Derivatives

A Qualitative Disclosure

B Quantitative Disclosure

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)		
(ii) Marked to Market Positions		
(a) Assets (+)	NA	NA
(b) Liability (-)		
(iii) Credit Exposure		
(iv) Unhedged Exposures		

1.4 Securitization

The Company has not entered into any transactions of securitization / assignment during the current year or previous year.

1.4.1

Particulars	31 March 2020	31 March 2019
1 No. of SPVs sponsored by the HFC for securitisation transactions*		
2 Total amount of securitised assets as per books of the SPVs sponsored		
3 Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
(I) Off-balance sheet exposures towards Credit Enhancements		
(a)		
(b)		
(II) On-balance sheet exposures towards Credit Enhancements		
(a)		
(b)		
4 Amount of exposures to securitisation transactions other than MRR		
(I) Off-balance sheet exposures towards Credit Enhancements		
(a) Exposure to own securitisation	**NA**	NA
i)		
ii)		
(b) Exposure to third party securitisation		
i)		
ii)		
(II) On-balance sheet exposures towards Credit Enhancements		
(a) Exposure to own securitisation		
i)		
ii)		
(b) Exposure to third party securitisation		
i)		
ii)		

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

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) No. of accounts		
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC		
(iii) Aggregate consideration	NA	NA
(iv) Additional consideration realized in respect of accounts transferred in earlier years		
(v) Aggregate gain / loss over net book value		

1.4.3 Details of Assignment transactions undertaken by HFCs

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) No. of accounts		
(ii) Aggregate value (net of provisions) of accounts assigned		
(iii) Aggregate consideration	NA	NA
(iv) Additional consideration realized in respect of accounts transferred in earlier years		
(v) Aggregate gain / loss over net book value		

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.4.4 Details of non-performing financial assets purchased / sold

A Details of non-performing financial assets purchased:

Particulars	Currency Derivatives	Interest Rate Derivatives
1 (a) No. of accounts purchased during the year	NA	NA
(b) Aggregate outstanding		
2 (a) Of these, number of accounts restructured during the year		
(b) Aggregate outstanding		

B Details of Non-performing Financial Assets solds

Particulars	Currency Derivatives	Interest Rate Derivatives
1 No. of accounts sold	NA	NA
2 Aggregate outstanding		
3 Aggregate consideration received		

1.5 Assets Liability Management

Rs. in Lakhs

Particulars	Upto 31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
31 March 2020											
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	**-**
Borrowing from Bank	7,277.78	22,500.00	15,694.44	29,849.09	59,025.00	1,82,004.17	36,500.00	-	-	-	**3,52,850.48**
Market Borrowing	20,625.00	14,650.00	1,000.00	22,500.00	56,475.00	1,17,000.00	30,500.00	19,200.00	25,510.00	-	**3,07,460.00**
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	**-**
Assets											
Advances	7,038.34	10,135.72	17,174.40	43,794.83	90,984.55	2,74,390.74	1,70,244.18	92,485.36	40,406.40	72,568.86	**8,19,223.39**
Investments	11,507.28	-	-	-	-	-	-	-	-	-	**11,507.28**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	**-**

Particulars	Upto 31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
31 March 2019											
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	**-**
Borrowing from Bank	11,788.35	9,202.40	7,222.22	24,743.43	46,963.98	1,59,640.47	59,161.11	-	-	-	**3,18,721.97**
Market Borrowing	6,150.00	18,500.00	46,725.00	22,725.00	33,400.00	1,14,150.00	46,500.00	7,000.00	28,710.00	-	**3,23,860.00**
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	**-**
Assets											
Advances	19,628.17	14,234.75	13,020.30	41,856.21	84,652.60	2,65,271.94	1,86,266.69	84,987.77	28,696.53	54,817.49	**7,93,432.45**
Investments	-	-	-	-	-	-	-	-	-	-	**-**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	**-**

Notes
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.6 Exposure
1.6.1 Exposure to real estate sector

Rs. in Lakhs

Category	31 March 2020	31 March 2019
a) Direct Exposure		NA
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	**7,91,119.96**	7,90,482.31
Of the above Individual housing loan upto Rs.15 lakh	**7,73,317.73**	7,77,857.34
(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	**Nil**	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	**Nil**	Nil
b) Commercial Real Estate	**Nil**	Nil
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**Nil**	Nil

1.6.2 The Company does not have any exposure towards capital market.

Particulars	31 March 2020	31 March 2019
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**NA**	NA
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds;		
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;		
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;		
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;		
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;		
(vii) bridge loans to companies against expected equity flows / issues;		
(viii)All exposures to Venture Capital Funds (both registered and unregistered)		
Total Exposure to Capital Market		

1.6.3 The Company has not financed any parent Company products and accordingly no disclosure is made pursuant to the provisions of point no. 3.7.3, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.6.4 The Company has not exceeded the prudential exposure limits w.r.t. Single Borrower Limit (SBL)/Group Borrower Limit (GBL) and accordingly no disclosure is made pursuant to the provisions of point no. 3.7.4, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.6.5 The Company has not given any unsecured advances against collateral of rights, licenses, authorisations, etc. and accordingly no disclosure is made pursuant to the provisions of point no. 3.7.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.7 Miscellaneous

1.7.1 The Company has not obtained registration from any Financial sector regulator other than National Housing Bank.

1.7.2 No Penalty has been imposed on the Company by National Housing Bank.

1.7.3 Related Party Policy :

All Contracts / arrangements/transactions entered into by the Company during the current year with related parties were in the ordinary course of business and on an arm's length basis.

Pursuant to section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

The policy on related party transactions is approved by the audit committee and the board of directors of the Company.

1.7.4 Rating assigned by Credit Rating Agencies and migration of rating during the year.

During the year under consideration, India Ratings & Research Private Limited has reaffirmed the rating to the Company's bank facilities, non-convertible debentures and subordinated debt as 'IND AA+/stable' outlook and 'IND A1+' rating to the commercial paper issued by the Company.

CARE Ratings Limited (Formerly known as 'Credit Analysis & Research Limited') has reaffirmed the rating to the Company's non-convertible debentures and subordinated debt as 'CARE AA+/stable' outlook.

CRISIL Limited has reaffirmed 'CRISIL AA+/Stable' outlook to the Company's non-convertible debentures and subordinated debt and 'CRISIL A1+' rating to the Company's commercial paper.

1.7.5 Remuneration of Independent Directors

Rs. in Lakhs

Particulars of Remuneration	Names of Directors			
Independent Directors	Mr. Nityanath Ghanekar	Mrs. Anjali Raina	Mr. Narendra Mairpady	Total
Fee for attending board / committee meetings	4.80	4.30	3.60	**12.70**
	(3.70)	(2.10)	(3.10)	**(8.90)**
Commission	7.50	7.50	7.50	**22.50**
	(7.50)	(7.50)	(7.50)	**(22.50)**
Total	**12.30**	**11.80**	**11.10**	**35.20**
	(11.20)	(9.60)	(10.60)	**(31.40)**

Notes: Figures in bracket represent corresponding figures of previous year.

1.8 During the year there were no circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.9 Other Disclosures

1.9.1 Provisions and Contingencies

Rs in Lakhs

Breakup of "Provisions & Contingencies" shown under the head Expenditure in Statement of Profit and Loss	31 March 2020	31 March 2019
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income Tax	**3,411.24**	10,293.21
3. Provision towards NPA	**15,180.80**	5,939.45
4. Provision for Standard Assets	**849.99**	208.28
5. Other Provision and Contingencies	-	-

The Company has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing non-performing assets in preparation of accounts

Rs in Lakhs

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Standard Assets				
a) Total Outstanding Amount	**7,03,061.24**	7,08,102.97	**24,133.98**	6,948.00
b) Provisions made	**2,965.92**	2,228.70	**144.30**	31.53
Sub-Standard Assets				
a) Total Outstanding Amount	**32,138.40**	28,267.33	**908.97**	79.49
b) Provisions made	**7,468.48**	5,394.86	**219.85**	13.86
Doubtful Assets - Category –I				
a) Total Outstanding Amount	**19,895.71**	21,270.27	**502.04**	35.19
b) Provisions made	**7,160.16**	6,343.90	**203.24**	10.50
Doubtful Assets - Category –II				
a) Total Outstanding Amount	**31,642.96**	24,813.89	**846.84**	31.12
b) Provisions made	**19,209.12**	10,560.66	**537.94**	14.53
Doubtful Assets - Category -III				
a) Total Outstanding Amount	**4,073.49**	1,563.50	**118.61**	13.94
b) Provisions made	**4,073.49**	1,563.50	**118.61**	13.94
Loss Assets				
a) Total Outstanding Amount	**271.15**	189.74	**24.25**	-
b) Provisions made	**271.15**	189.74	**24.25**	-
TOTAL				
a) Total Outstanding Amount	**7,91,082.95**	7,84,207.71	**26,534.69**	7,107.74
b) Provisions made	**41,148.32**	26,281.36	**1,248.19**	84.36

Loan receivable includes Rs. 20741.44 Lakhs outstanding towards financing of insurance as of 31 March 2020 and Rs. 18,072.33 Lakhs as of 31 March 2019.

The Company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the Company as on 31 March 2020 is Rs. 6,573.13 Lakhs (31 March 2019 is Rs. 2,668.51 Lakhs). Further In line with circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 issued by Reserve Bank of India, on COVID regulatory package - asset classification & provisioning, the Company has made an additional provisioning amounting of Rs. 932.21 Lakhs. This provision is 5% of the outstanding balance on the loan accounts specified as per the circular to be created as on 31 March 2020, where asset classification benefit is extended.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

In line with Notification No. NHB.HFC.DIR.3/CMD/2011 & Notification No. NHB.HFC.DIR.18/MD&CEO/2017 (effective date 02 August, 2017) issued by National Housing Bank, the Company has made a provision 0.40 % and 0.25 % respectively on outstanding Standard Assets.

In accordance with Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets", the following are the details of the movement in provisions for the year ending 31 March 2019:

Rs. in Lakhs

Movement of provisions for NPAs (excluding provisions on standard assets)	31 March 2020	31 March 2019
a) Opening balance	**24,105.48**	18,166.03
b) Provisions made during the year	**27,812.99**	18,132.16
c) Write-off of short provision/write-back of excess provisions	**(12,632.18)**	(12,192.71)
d) Closing balance	**39,286.29**	24,105.48

Rs. in Lakhs

Movement of provisions for standard assets	31 March 2020	31 March 2019
a) Opening balance	**2,260.23**	2,051.95
b) Provisions made during the year	**849.99**	208.28
c) Closing balance	**3,110.22**	2,260.23

1.9.2 Draw Down from Reserves

The Company has not withdrawn any amount from any reserve in the current year or in the previous year.

1.9.3 Concentration of Public Deposits, Advances, Exposures and NPAs

1.9.3.1 The Company is a non deposit accepting Housing Finance Company, hence there are no public deposits and accordingly no disclosure is made pursuant to the provisions of point no. 5.3.1, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.9.3.2 Concentration of Loans & Advances

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Total Loans & Advances to twenty largest borrowers	**658.32**	622.37
Percentage of Loans & Advances to Twenty largest borrowers to Total Advances of the HFC	**0.08%**	0.10%

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

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Total Exposure to twenty largest borrowers / customers	**680.60**	692.58
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	**0.08%**	0.08%

1.9.3.4 Concentration of NPAs

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Total Exposure to top ten NPA accounts	**266.07**	250.52

1.9.3.5 Sector – wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector
A.	**Housing Loans:**	
1	Individuals	11.13%
2	Builders/Project Loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector
B.	**Non-Housing Loans:**	
1	Individuals	9.05%
2	Builders/Project Loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil

1.9.4 Movement of NPAs

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
(I) Net NPAs to Net Advances (%)	**6.57%**	6.81%
(II) Movement of NPAs (Gross)		
a) Opening Balance	**76,264.47**	65,793.54
b) Additions during the year	**70,982.80**	70,234.26
c) Reductions during the year	**(56,824.83)**	(59,763.33)
d) Closing Balance	**90,422.44**	76,264.47
(III) Movement of Net NPAs		
a) Opening Balance	**52,158.99**	47,627.51
b) Additions during the year	**43,169.82**	52,102.10
c) Reductions during the year	**(44,192.66)**	(47,570.62)
d) Closing Balance	**51,136.15**	52,158.99
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	**24,105.48**	18,166.03
b) Provisions made during the year	**27,812.99**	18,132.16
c) Write-off of short provision/write-back of excess provisions	**(12,632.18)**	(12,192.71)
d) Closing Balance	**39,286.29**	24,105.48

1.9.5 Overseas Assets

The Company does not own any overseas asset.

Particulars	31 March 2020	31 March 2019
No overseas assets	**NA**	NA

1.9.6 The Company does not have any off balance sheet Special Purpose Vehicles sponsored and accordingly no disclosure is made pursuant to the provisions of point no. 5.6, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.10 Disclosure of Customers Complaints

Particulars	31 March 2020	31 March 2019
a) No. of complaints pending at the beginning of the year	**Nil**	Nil
b) No. of complaints received during the year	**64**	29
c) No. of complaints redressed during the year	**56**	29
d) No. of complaints pending at the end of the year	**8**	Nil

1.11 Movement of Statutory Reserve
(As per Section 29C of the National Housing Bank Act, 1987)
(In compliance with NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016)

Rs. in Lakhs

Particulars		31 March 2020	31 March 2019
Balance at the beginning of the year			
a)	Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**135.00**	110.00
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	**21,444.93**	14,094.93
Total		**21,579.93**	14,204.93
Addition/Appropriation/Withdrawal during the year			
Add: a)	Amount Transferred u/s 29C of the NHB Act, 1987"	**25.00**	25.00
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	**4,125.00**	7,350.00
Less: a)	Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act 1987	-	-
b)	Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 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 the National Housing Bank Act, 1987	**160.00**	135.00
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	**25,569.93**	21,444.93
Total		**25,729.93**	**21,579.93**

1.12 The Company has not granted any loans or advances against collateral of gold jewellery.

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08, May 2020

This page is kept intentionally blank