

MAHINDRA RURAL HOUSING  
FINANCE LIMITED

ANNUAL REPORT

2022-23

# Corporate Information

<p><b>Directors</b></p> <p>Mr. Ramesh Iyer – Chairman Mr. Jyotin Mehta Dr. Narendra Mairpady Mrs. Anjali Raina Mr. Vivek Karve Mr. Shantanu Rege – Managing Director &amp; CEO</p> <p><b>Chief Financial Officer</b></p> <p>Mr. Dharmesh Vakharia</p> <p><b>Company Secretary</b></p> <p>Mr. Navin Joshi</p> <p><b>Registered Office</b></p> <p>Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018. Tel.: +91 22 6652 3500 Fax: +91 22 2497 2741 <b>E-mail:</b> <a href="mailto:investorhelpline.mrhfl@mahindra.com">investorhelpline.mrhfl@mahindra.com</a></p> <p><b>Website:</b> <a href="http://www.mahindrahomedefinance.com">www.mahindrahomedefinance.com</a></p> <p><b>CIN:</b> U65922MH2007PLC169791</p> <p><b>Committees of the Board</b></p> <p><b>1. Audit Committee</b></p> <p>Mr. Jyotin Mehta (Chairman) Dr. Narendra Mairpady Mrs. Anjali Raina Mr. Vivek Karve</p> <p><b>2. Stakeholders Relationship Committee</b></p> <p>Mr. Jyotin Mehta (Chairman) Mr. Vivek Karve Mr. Shantanu Rege</p>	<p><b>3. Nomination and Remuneration Committee</b></p> <p>Mr. Ramesh Iyer Mr. Jyotin Mehta Mrs. Anjali Raina</p> <p><b>4. Asset Liability Committee</b></p> <p>Mr. Shantanu Rege (Chairman) Mr. Ramesh Iyer Mr. Vivek Karve</p> <p><b>5. Corporate Social Responsibility Committee</b></p> <p>Mr. Ramesh Iyer (Chairman) Mrs. Anjali Raina Mr. Vivek Karve Mr. Shantanu Rege</p> <p><b>6. Risk Management Committee</b></p> <p>Mr. Jyotin Mehta (Chairman) Dr. Narendra Mairpady Mrs. Anjali Raina Mr. Vivek Karve Mr. Shantanu Rege (w.e.f. 19<sup>th</sup> April 2023)</p> <p><b>7. IT Strategy Committee</b></p> <p>Mr. Jyotin Mehta (Chairman) Mr. Vivek Karve Mr. Shantanu Rege Mr. Dharmesh Vakharia (Chief Financial Officer) Mr. Sourabha Kolhapure (Chief Technology Officer)</p> <p><b>Auditors</b></p> <p>Gokhale &amp; Sathe, Chartered Accountants [ICAI Firm Registration Number: 10326W] 304/308/309, Udyog Mandir No. 1, 7-c, Bhagoji Keer Marg, Mahim, Mumbai – 400 016.</p>	<p><b>Debenture Trustee</b></p> <p>Axis Trustee Services Limited The Ruby, 2<sup>nd</sup> Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai - 400 028. <b>Telephone:</b> (022) 6230 0451/446 <b>Fax:</b> (022) 6230 0700 <b>E-mail:</b> <a href="mailto:debenturetrustee@axistrustee.in">debenturetrustee@axistrustee.in</a></p> <p><b>Registrar and Share Transfer Agents</b></p> <p>KFin Technologies Limited (Formerly KFin Technologies Private Limited) Unit: Mahindra Rural Housing Finance Limited Selenium Tower B, Plot No 31 &amp; 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032 Email : <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> Website : <a href="http://www.kfintech.com">www.kfintech.com</a> Tel. No.: +91 040 6716 2222 Toll Free No.: 1800-345-4001 Fax No. : +91 040 2300 1153</p> <p><b>Bankers</b></p> <p>Axis Bank Ltd. Bank of Baroda Canara Bank Deutsche Bank AG HDFC Bank Ltd. ICICI Bank Ltd. Indian Bank Mizuho Bank Limited Société Générale Standard Chartered Bank State Bank of India The Hongkong and Shanghai Banking Corporation Limited</p> <p><b>Institutions</b></p> <p>National Housing Bank</p>
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**NOTICE**

The **SIXTEENTH ANNUAL GENERAL MEETING OF MAHINDRA RURAL HOUSING FINANCE LIMITED** will be held at **5.00 p.m. on Wednesday, the 19<sup>th</sup> day of July 2023** at Registered Office of the Company at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018, to transact the business mentioned hereinafter.

**ORDINARY BUSINESS:**

- 1) Consideration and Adoption of the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2023, including the audited Balance Sheet as at 31<sup>st</sup> March 2023, the Statement of Profit and Loss for the year ended on that date and, the Cash Flow Statement for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.**

To consider, and if thought fit, to pass the following Resolution as an **Ordinary Resolution:**

**“RESOLVED** that the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March 2023 including the audited Balance Sheet as at 31<sup>st</sup> March 2023, the Statement of Profit and Loss for the year ended on that date and, the Cash Flow Statement for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon, as circulated to the Members, be considered and adopted.”

- 2) Re-appointment of Mr. Vivek Karve (06840707), as a Director liable to retire by rotation.**

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution:**

**“RESOLVED** that Mr. Vivek Karve (06840707), who retires by rotation and being eligible for re-appointment, be re-appointed as a Director of the Company.”

**SPECIAL BUSINESS:****3) Approval for payment of remuneration to the Independent Directors.**

To consider and, if thought fit, to pass, with or without modification(s), the following as a **Special Resolution**:

“**RESOLVED** that in supersession of the earlier resolution(s) passed in this regard and pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Companies Act, 2013 ('the Act') [including any statutory modification(s) or reenactment( s) thereof for the time being in force] read with schedule V to the Act, and Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, consent of the Members be and is hereby accorded for payment of remuneration to the Non-Executive Directors, including Independent Directors, of the Company (i.e., Directors other than the Managing Director and/or Whole Time Directors) by way of a commission and / or monthly payment and / or lump-sum payment, to be determined by the Board of Directors for each of such Non-Executive Director for each financial year and distributed between such Directors in such a manner as the Board of Directors may from time to time determine within the overall maximum limit of 1% (one percent) of the net profits of the Company for that financial year computed in accordance with the provisions of Section 198 of the Act or such other percentage as may be specified by the Act from time to time in this regard.

**RESOLVED FURTHER** that such remuneration be paid to the Non-Executive Directors, including Independent Directors, of the Company (i.e., Directors other than the Managing Director and/or Whole Time Directors) notwithstanding absence or inadequacy of profits for any year in accordance with the provisions of section 149(9) of the Act read with Schedule V of the Act so, however, that the total remuneration paid to the Non-Executive Directors, including Independent Directors, of the Company (i.e. Directors other than the Managing Director and/or Whole Time Directors) shall not exceed Rs. 50.00 lakh in any financial year.

**RESOLVED FURTHER** that the above remuneration shall be excluding fees payable to the Director(s) for attending the meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.

**RESOLVED FURTHER** that the Board of Directors (including the Nomination and Remuneration Committee of the Board) be and is hereby authorized to do all such acts, deeds, matters and things in this connection as may be considered necessary, proper, desirable and expedient including seeking all approvals as may be required to give effect to this Resolution and to settle any question, difficulty or doubt that may arise in this regard.”

#### **4) Approval for Related Party Transactions.**

To consider and, if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the Company’s policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with **Mahindra & Mahindra Limited**, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for borrowings through eligible instruments, fixed assets purchase and other income or expenses items, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 60,865.00 Lakhs for a period commencing from the date of this approval till the 17<sup>th</sup> Annual General Meeting of the Company to be held in the year 2024, wherein fresh approval of the shareholders shall be obtained in this regard, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm’s length basis and in the ordinary course of business of the Company.

**FURTHER RESOLVED THAT** the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any

Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution.”

#### 5) Approval for Related Party Transactions.

To consider and, if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the Company’s policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with **Mahindra & Mahindra Financial Services Limited**, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for borrowings through eligible instruments, share capital infusion, fixed assets purchase, fixed assets sale and other income or expenses items, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 98,960.00 Lakhs for a period commencing from the date of this approval till the 17<sup>th</sup> Annual General Meeting of the Company to be held in the year 2024, wherein fresh approval of the shareholders shall be obtained in this regard, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm’s length basis and in the ordinary course of business of the Company.

**FURTHER RESOLVED THAT** Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution.”

#### 6) Approval for Related Party Transactions.

To consider and, if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the Company’s policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with **Tech Mahindra Limited**, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for borrowings through eligible instruments, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 60,000.00 Lakhs for a period commencing from the date of this approval till the 17<sup>th</sup> Annual General Meeting of the Company to be held in the year 2024, wherein fresh approval of the shareholders shall be obtained in this regard, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm’s length basis and in the ordinary course of business of the Company.

**FURTHER RESOLVED THAT** the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution.”

#### **7) Approval for Related Party Transactions.**

To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the Company’s policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with **Mahindra Holidays & Resorts (I) Limited**, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for borrowings through eligible instruments and expenses, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 25,100.00 Lakhs for a period commencing from the date of this approval till the 17<sup>th</sup> Annual General Meeting of the Company to be held in the year

2024, wherein fresh approval of the shareholders shall be obtained in this regard, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

**FURTHER RESOLVED THAT** the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution."

#### 8) Approval for Related Party Transactions.

To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with **Mahindra Insurance Brokers Limited**, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for borrowings through eligible instruments and other income or expenses items, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 45,075.00 Lakhs for a period commencing from the date of this approval till the 17<sup>th</sup> Annual General Meeting of the Company to be held in the year 2024, wherein fresh approval of the shareholders shall be obtained in this regard, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

**FURTHER RESOLVED THAT** the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution."



**NOTES:**

- (1) The Explanatory Statement pursuant to section 102 of the Companies Act, 2013, setting out the material facts relating to the business stated under Item Nos. 3 to 8 is annexed hereto.
- (2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- (3) A person can act as a Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other person or shareholder. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority as applicable, to attend and vote on their behalf at the Meeting. The Proxy-holder shall prove his identity at the time of attending the Meeting.
- (4) The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- (5) A route map giving directions to reach the venue of the 16<sup>th</sup> Annual General Meeting is given at the end of the Notice. The prominent landmark for the venue is that it is 'Near Worli T.V. Tower (Doordarshan Kendra)'.
- (4) **Transfer to Investor Education and Protection Fund:**

Pursuant to sections 124 and 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 ("the IEPF Rules") notified by the Ministry of Corporate Affairs with effect from 7<sup>th</sup> September 2016, as amended, all unclaimed/ unpaid dividend 7 years from the date they became due for

payment, are required to be transferred to the Investor Education and Protection Fund ("IEPF") administered by the Central Government.

Further, pursuant to section 124 of the Act read with the IEPF Rules all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

In case of the Company there are no dividends / shares and other unclaimed / unpaid monies to be transferred to IEPF.

- (5) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the Registrar and Transfer Agents for payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. Members who wish to change bank account details are requested to advise their Depository Participants about such change, with complete details of bank account.
- (6) Members are requested to intimate to the respective Depository Participant about changes, if any, in their registered addresses/ bank mandates, and quote their Client ID and DP ID in all correspondence.
- (7) Members may also note that the Notice of the 16<sup>th</sup> Annual General Meeting and the Annual Report for the Financial Year 2022-23 will also be available on the Company's website: [www.mahindrahomefinance.com](http://www.mahindrahomefinance.com).
- (8) Relevant documents referred to in the Notice will be available for inspection to Members prior to the Meeting upon request made to the Company Secretary on [joshi.navin@mahindra.com](mailto:joshi.navin@mahindra.com). During the continuance of the Meeting, too, the documents will be made available for inspection electronically by the Company Secretary, upon request.

- (9) **Registrars & Share Transfer Agents:**  
KFin Technologies Limited (Formerly KFin Technologies Private Limited)  
Unit: Mahindra Rural Housing Finance Limited  
Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District,  
Nanakramguda, Serilingampally Mandal,  
Hyderabad - 500 032  
Email : einward.ris@kfintech.com  
Tel. No.: +91 040 67162222 | Toll Free No.: 1800-345-4001  
Fax No.: +91 040 23001153
- (10) Members/Proxies/Representatives are requested to bring their Attendance Slip along with the copy of Annual Report to the Meeting.

**By Order of the Board  
For Mahindra Rural Housing Finance Limited**

*Sd/-*  
**Navin Joshi**  
**Company Secretary**  
**ACS 9049**

**E-mail ID : [joshi.navin@mahindra.com](mailto:joshi.navin@mahindra.com)**  
**Contact no. : 9819141295**

**Registered Office:**

Mahindra Rural Housing Finance Limited  
Mahindra Towers, P. K. Kurne Chowk,  
Worli, Mumbai - 400 018.  
CIN: U65922MH2007PLC169791  
Tel: +91 22 66526000  
Fax: +91 22 24984170/71  
Email: [investorhelpline.mrhfl@mahindra.com](mailto:investorhelpline.mrhfl@mahindra.com)  
Website: [www.mahindrahomefinance.com](http://www.mahindrahomefinance.com)

Place: Mumbai

Date: 19<sup>th</sup> April 2023

**Details of Directors seeking re-appointment**

**Information as required under Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2)**

<b>Name of the Director</b>	<b>Mr. Vivek Karve</b>
Category	Non-Executive Non- Independent
Director Identification No.	06840707
Age	52 years
Qualifications	Chartered Accountants, Grad CWA
Brief resume, Qualification(s), Experience and Nature of expertise in specific functional areas, Recognition or awards	<p>Mr. Vivek Karve has over 25 years of rich experience across different sectors viz. Consumer goods, IT consulting and Project Finance during his stints at P&amp;G, Siemens Information Systems and ICICI.</p> <p>Before joining Mahindra Finance, for nearly 20 years, he was with Marico Limited, a listed FMCG Company. In his last role as the Group CFO of Marico, he has successfully led various functions like Business Finance &amp; Commercial, Treasury and Insurance, Investor Relations, Internal Audit and Governance, Risk &amp; Compliance (GRC), Accounting &amp; Payroll, Taxation and M&amp;A.</p> <p>Mr. Vivek has served as a member of FICCI's Corporate Finance Committee.</p> <p>He is Chief Financial Officer of Mahindra &amp; Mahindra Financial Services Limited, holding company.</p> <p><b>Recognition or awards:</b> Best CFO award announced by Financial Express in 2018 in Large Enterprises category.</p>

<b>Name of the Director</b>	<b>Mr. Vivek Karve</b>		
	2 <sup>nd</sup> Best CFO Award announced by Institutional Investor Magazine in 2017.		
Terms and conditions of appointment or re-appointment	Non-Executive Non-Independent Director liable to retire by rotation.		
Details of remuneration sought to be paid and remuneration last drawn	N.A.		
Details of remuneration last drawn	N.A.		
Date of first appointment on the Board	17 <sup>th</sup> July 2021		
Shareholding in the Company	Nil		
Relationship with other Directors and Key Managerial Personnel of the Company	None of the Directors of the Company are <i>inter-se</i> related to each other or with the Key Managerial Personnel of the Company.		
Number of meetings of the Board attended during the Financial Year 2022-23	6 (Out of 6 Board meetings held)		
Other Directorships (Excluding Mahindra Rural Housing Finance Limited)	<b>Sr. No.</b>	<b>Company</b>	<b>Directorship</b>
	1.	Mahindra Insurance Brokers Limited	Director
	2.	Mahindra Finance CSR Foundation	Director
	3.	Mahindra Ideal Finance Limited (Sri Lanka)	Director
	4.	Process Intelligence and Dynamics Private Limited	Director

<b>Name of the Director</b>	<b>Mr. Vivek Karve</b>
Membership / Chairmanship of Committees of other Boards (Excluding Mahindra Rural Housing Finance Limited)	None
Justification for choosing the appointee as Independent Director	N.A.
Listed entities from which resigned in past three years	None

**Statement pursuant to Section 102(1) of the Companies Act, 2013.****ITEM NO. 3**

The Policy on Remuneration of Directors, *inter-alia*, provides for payment of remuneration to Non-Executive Directors (including Independent Directors).

Section 149 (9) of the Companies Act, 2013 (the Act) read with Schedule V of the Act provides that, subject to the approval of shareholders by way of a special resolution, independent directors may be remunerated notwithstanding absence or inadequacy of profits.

The Independent Directors of the Company are currently remunerated by way of commission as a fixed percentage of profits as approved by shareholders at their 13<sup>th</sup> meeting held on 15<sup>th</sup> July 2020. However, in view of the valuable contribution made by the Independent Directors towards overall engagement with the Company on various policies, strategic and governance related issues, it is proposed that their remuneration shall not be limited by the availability or otherwise of profits. Towards that end resolution at item no. 3 is proposed for the approval of shareholders.

The additional information in this regard, as required by Section II Part II of Schedule V of the Companies Act, 2013 are as under.

**I. GENERAL INFORMATION:****i) Nature of Industry:**

The Company provides Home Loans primarily in rural and semi-urban areas. The loans given by the Company are secured by the property financed and may be availed of by the customer for construction or purchase of a new property or for repairs, modernization or extension of an existing home.

**ii) Date or expected date of commencement of commercial production:**

The Company was incorporated on 9<sup>th</sup> April 2007. The Company started its business operations in October 2007.

- iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not Applicable.

- iv) **Financial performance based on given indicators - as per audited financial statements for the year ended 31<sup>st</sup> March 2023:**

<b>Particulars</b>	<b>Rupees (in crores)</b>
Turnover and Other Income	1,349.80
Net Profit as per Profit & Loss Account (after Tax	21.75
Profit/ (Loss) as computed under 198 of the Companies Act, 2013	(190.97)
Net Worth	1,481.63

- v) **Foreign Investments or collaborations, if any:** N.A.

## **II. INFORMATION ABOUT THE APPOINTEE:**

Not Applicable. The Resolution is for payment of Remuneration to Independent Directors.

## **III. OTHER INFORMATION:**

### **i) Reasons of loss or inadequate profits:**

The Company has posted profit for FY 2022-23. However, there is a loss for FY 2022-23 as per the computation under section 198 of the Companies Act, 2013. This is due to the fact that the additional provisions made for Non-Performing Assets (NPAs) during the COVID 19 period have been reversed during this



year. As per the requirements of section 198 of the Companies Act, 2013, the benefit of provision reversal does not accrue, however, the write-off is required to be considered. Due to this there is a loss under section 198 of the Companies Act, 2013 for FY 2022-23.

**ii) Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms:**

Not Applicable. As mentioned earlier, there is no loss for FY 2022-23.

**iii) Expected increase in productivity and profits in measurable terms:**

As mentioned earlier, the Company has been consistently earning profits.

**IV. Disclosures:**

The Resolution is the enabling provision which gives the limit within which the Board of Directors can pay remuneration to the Independent Directors.

The Resolution is an enabling resolution seeking approval of Members for payment of remuneration to Independent Directors within the limits prescribed in the resolution.

The Board recommends the Special Resolution set out at Item No. 3 of the Notice for approval of the Members.

Mr. Jyotin Mehta, Mrs. Anjali Raina and Dr. Narendra Mairpady, Independent Directors of the Company, and their relatives shall be deemed to be concerned or interested in the Special Resolution as set out at Item No. 3 of the Notice to the extent of remuneration that may be paid to them from time to time.

None of the other Directors, Key Managerial Personnel of the Company and their respective relatives are, in any way, financially or otherwise, concerned or interested, in passing of Resolution at Item No. 3 of the Notice.

**ITEM NOS. 4 to 7****Approval for Related Party Transactions.**

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) have been amended with effect from 7<sup>th</sup> September 2021, *inter-alia*, making the provisions of Regulation 23, pertaining to Related Party Transactions of the SEBI LODR applicable to the high value debt listed entities i.e. entities of which the listed debt, as at 31<sup>st</sup> March 2021, is Rs. 500 crore or more. Thus, making it applicable to Mahindra Rural Housing Finance Limited (MRHFL, the Company).

Sub-Regulation (4) of Regulation 23 of SEBI LODR, *inter-alia*, prescribes that all Material Related Party Transactions shall have prior approval of Shareholders. Explanation to sub-Regulation (1) of the said Regulation 23 states that a transaction with a related party shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

This necessitates prior approval of the Shareholders for certain Related Party Transactions of the Company considered material under the provisions of the said Regulation 23, and hence Resolutions at item nos. 4 to 7 of this Notice.

The Audit Committee has already granted omnibus approval to the transactions under consideration and the said transactions are in the ordinary course of business and at arm's length.

The details pertaining to the Material Related Party Transactions for which the approval of the Shareholders is sought are given below.

Sr. No.	Heads of information	Particulars				
1	Name of the Related Party	Mahindra & Mahindra Limited (M&M)	Mahindra & Mahindra Financial Services Limited (MMFSL)	Tech Mahindra Limited (TML)	Mahindra Holidays & Resorts (I) Limited (MHRIL)	Mahindra Insurance Brokers Limited (MIBL)
2	Name of the Director / KMP who is related / Common.	None	a) Mr. Ramesh Iyer (V.C. and M.D. of MMFSL)  b) Mr. Vivek Karve (CFO of MMFSL)	None	None	a) Mr. Ramesh Iyer b) Mr. Jyotin Mehta c) Mrs. Anjali Raina d) Mr. Vivek Karve
3	Relationship with the listed entity	Holding Company	Holding Company	Fellow Subsidiary Company	Fellow Subsidiary Company	Fellow Subsidiary Company
4	Nature of Concern	Financial	Financial	Financial	Financial	Financial
5	Type, Nature, material terms, monetary value and particulars of the contract or arrangement.	for borrowings through eligible instruments, fixed assets purchase and other income or expenses items for Rs. 60,865.00 Lakhs	for borrowings through eligible instruments, share capital infusion, fixed assets purchase, fixed assets sale and other income or expenses items for Rs. 98,960.00 Lakhs	for borrowings through eligible instruments for Rs. 60,000.00 Lakhs	for borrowings through eligible instruments and expenses for Rs. 25,100.00 Lakhs	For borrowings through eligible instruments and other income or expenses items for Rs. 45,075.00 Lakhs
6	Tenure of Annual Limits	For borrowings - Up to 5 years For others transaction - Annual	For borrowings - Up to 5 years For others transaction - Annual	Up to 5 years	For borrowings - Up to 5 years For others transaction - Annual	For borrowings - Up to 5 years For others transaction - Annual
7	Percentage of Annual Turnover of preceding financial year	45.09%	73.31%	44.45%	18.60%	33.39%

Sr. No.	Heads of information	Particulars				
8	Justification of RPT to be in the interest of listed entity	The related party transactions are undertaken by the Company at arm's length basis and are under the coverage of routine course of business. They are necessary for the day to day running of the business activities and hence are in the interest of the Company. Further the terms & conditions are competitive and the service standards are not compromised being dealing with known companies.				
9	Any other information relevant or important for the members to take a decision on the proposed resolution.	None	None	None	None	None

The above information was furnished to the Audit Committee of the Board while seeking approval of Related Party Transactions. The information given hereinabove is in compliance with the Securities and Exchange Board of India circular reference no. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22<sup>nd</sup> November 2021.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, including the common Directors, are concerned or interested, financially or otherwise, in the resolutions proposed at item nos. 4 to 7.

The Board of Directors recommends passing of the resolutions as set out at item nos. 4 to 7 of this Notice, as Ordinary Resolutions.

**By Order of the Board  
For Mahindra Rural Housing Finance Limited**

*Sd/-*  
**Navin Joshi**  
**Company Secretary**  
**ACS 9049**

**E-mail ID : [joshi.navin@mahindra.com](mailto:joshi.navin@mahindra.com)**  
**Contact no.: 9819141295**

**Registered Office:**

Mahindra Towers, P. K. Kurne Chowk,  
Worli, Mumbai - 400 018.

CIN: U65922MH2007PLC169791

Tel: +91 22 66526000

Fax: +91 22 24984170/71

Email: [investorhelpline.mrhfl@mahindra.com](mailto:investorhelpline.mrhfl@mahindra.com)

Website: [www.mahindrahomefinance.com](http://www.mahindrahomefinance.com)

Place: Mumbai

Date: 19<sup>th</sup> April 2023

- **ROUTE MAP** -

**16<sup>th</sup> Annual General Meeting of Mahindra Rural Housing Finance Limited** to be held at the Registered Office of the Company at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018, at 5.00 p.m., on Wednesday, 19<sup>th</sup> day of July 2023.

**Prominent Landmark :** Near Worli T.V. Tower (Doordarshan Kendra).



## MAHINDRA RURAL HOUSING FINANCE LIMITED

**Registered Office:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.  
**Corporate Office:** Sadhana House, 2<sup>nd</sup> Floor, Behind Mahindra Tower, 570 P. B. Marg, Worli, Mumbai - 400018.  
**Corporate Identity Number :** U65922MH2007PLC169791 | **Tel:** +91 22 6652 3500; **Fax:** +91 22 2497 2741  
**Website:** [www.mahindrahomefinance.com](http://www.mahindrahomefinance.com); | **E-mail:** [investorhelpline.mrhfl@mahindra.com](mailto:investorhelpline.mrhfl@mahindra.com)

### PROXY FORM

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]*

Name(s) of the Member(s) :  
Registered Address :  
E-mail ID :  
Client ID :  
DP ID :

I/We, being the Member(s) of **MAHINDRA RURAL HOUSING FINANCE LIMITED** holding \_\_\_\_\_  
Equity Shares hereby appoint :

1 Name :  
Address :  
E-mail ID :  
Signature :

**or failing him/her;**

2 Name :  
Address :  
E-mail ID :  
Signature :

**or failing him/her;**

3 Name :

Address :

E-mail ID :

Signature :

as my/our Proxy to attend and vote (on a Poll) for me/us and on my/our behalf at the **16<sup>th</sup> Annual General Meeting of Mahindra Rural Housing Finance Limited** to be held at 5.00 p.m., on Wednesday, 19<sup>th</sup> July 2023, at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018, and at any adjournment(s) thereof in respect of resolutions mentioned below :

<b>Resolu tion No.</b>	<b>Description</b>
<b>Ordinary Businesses</b>	
1.	Consideration and Adoption of the Audited Financial Statements of the Company for the financial year ended 31st March 2023, including the audited Balance Sheet as at 31st March 2023, the Statement of Profit and Loss for the year ended on that date and, the Cash Flow Statement for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2.	Re-appointment of Mr. Vivek Karve (06840707), as a Director liable to retire by rotation.
<b>Special Businesses</b>	
3.	Approval for payment of remuneration to the Independent Directors.
4.	Approval for Related Party Transactions.
5.	Approval for Related Party Transactions.
6.	Approval for Related Party Transactions.
7.	Approval for Related Party Transactions.
8.	Approval for Related Party Transactions.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

\_\_\_\_\_  
Signature of ShareholderAffix  
Revenue  
Stamp  
**Re. 1/-**



Signature of Proxy Holder(s)

**NOTE :**

- (1) A Proxy need not be a Member of the Company.
- (2) This form of Proxy in order to be effective should be duly stamped completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- (3) A person can act as Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights; provided that a Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other person or shareholder. The Proxy-holder shall prove his identity at the time of attending the Meeting.

**MAHINDRA RURAL HOUSING FINANCE LIMITED****Registered Office:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.**Corporate Office:** Sadhana House, 2<sup>nd</sup> Floor, Behind Mahindra Tower, 570 P. B. Marg, Worli, Mumbai - 400018.**Corporate Identity Number :** U65922MH2007PLC169791 | **Tel:** +91 22 6652 3500; **Fax:** +91 22 2497 2741**Website:** [www.mahindrahomefinance.com](http://www.mahindrahomefinance.com); | **E-mail:** [investorhelpline.mrhfl@mahindra.com](mailto:investorhelpline.mrhfl@mahindra.com)**ATTENDANCE SLIP****PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING ROOM.**Name and Registered Address of  
the Shareholder :

Joint Holder 1 :

Joint Holder 2 :

DP ID no. :

Client ID no. :

No. of Shares :

I hereby record my presence at the 16<sup>th</sup> Annual General Meeting of Mahindra Rural Housing Finance Limited being held at 5.00 p.m. on Wednesday, 19<sup>th</sup> July 2023, at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

Name(s) of the Shareholder(s)/Representative/Proxy (IN BLOCK CAPITALS)	
Signature(s) of the Shareholder(s)/ Representative/Proxy	

**Note:** You are requested to bring your copy of the Annual Report to the Meeting.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

To,  
The Members of  
**Mahindra Rural Housing Finance Limited**

Your Directors are pleased to present their sixteenth Report together with audited financial statements of your Company for the Financial Year ended 31<sup>st</sup> March 2023.

### FINANCIAL RESULTS

(Amount in Rs. Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Total Income	1,34,980.03	137,748.94
<b>Less : Expenses</b>		
Employee Benefits Expenses	40,442.66	32,131.33
Finance Costs	52,512.77	51,808.48
Depreciation and Amortization	2,625.74	1,510.48
Other Expenses	36,769.91	46,526.64
Total Expenses	1,32,351.08	131,976.93
Profit Before Tax	2,628.95	5,772.01
<b>Less : Tax Expenses</b>		
(1) Current Tax	-	4,385.77
(2) Deferred Tax	835.08	(3,150.64)
(3) (Excess) / Short Provision for Income Tax - earlier years	(380.91)	(236.39)
Profit After Tax	2,174.78	4,773.27
Profit brought forward from previous years	57,515.47	55,438.36
Amount available for Appropriation	59,690.25	60,211.63
Add: Other Comprehensive Income/(Loss)#	(187.19)	(166.16)
<b>Less: Appropriations</b>		
Special Reserve	450.00	2,505.00
Additional Special Reserve (u/s 29C of NHB Act, 1987)	25.00	25.00
Dividend on Equity Shares	-	-
Income-tax on dividend	-	-
Balance as at the end of the year	59,028.06	57,515.47

# Re-measurement of (loss)/gain (net) on defined benefit plans, recognised as part of retained earnings.

There have been no material changes and commitments affecting the financial position of the Company which occurred between the end of the Financial Year 2022-23 and the date of this Report.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### OPERATIONS

Your Company is committed to the Rise philosophy through its focus on creating value by 'Transforming Lives'. Your Company has shown a commendable turnaround after COVID-19 pandemic in disbursements. There has been a good growth in lending across both the Rural as well as the semi-urban focused affordable segment. There has also been an increase in branch footprint and your Company now operates out of 743 branches in 16 states, newly foraying into Punjab, Chandigarh and Haryana. The business aspects have been covered in the Management Discussion and Analysis hereinafter.

Your Company has utilized post COVID 19 period to re-invigorate the business, bolster human resources, make process improvements and be future ready to become a leader in the Housing Finance space.

#### **Disbursements:**

Loan disbursements during the financial year 2022-23 were Rs. 2,00,504.18 lakhs. Your Company continued to focus mainly on the retail segment and disbursed Rs. 1,03,082.12 lakhs towards 52,340 loans in the Rural segment and Rs. 97,422.06 lakhs towards 7377 loans under Affordable segment.

#### **Loan Assets**

As at 31<sup>st</sup> March 2023, the loan assets stood at Rs.7,19,893.96 lakhs, a decrease of 5.30 percent as compared to the previous financial year. Loan assets in respect of the rural housing decreased by 17.27 percent while affordable home loans grew by 25.61 percent and stood at Rs. 4,53,452.63 lakhs and Rs. 2,66,441.33 lakhs respectively, as at 31<sup>st</sup> March 2023.

#### **Financial Performance**

- Total Income: Rs. 1,34,980.03 Lakhs; decrease of 2.01 percent over previous year.
- Profit Before Tax: Rs. 2,628.95 Lakhs; decrease of 54.45 percent over previous year.
- Profit After Tax: Rs. 2,174.78 Lakhs; decrease of 54.44 percent over previous year.
- Loan Assets: Rs. 7,19,992.76 Lakhs; decrease of 5.31 percent over previous year.
- Capital Adequacy Ratio: 45.12 percent.

The profitability was mainly affected by additional provisioning made as a prudential measure in the light of uncertainties presented by the COVID-19 pandemic.

Your Company ranked 12<sup>th</sup> among India's Top 100 Best Companies to Work For 2021 by the Great Place to Work® Institute, India, in association with the Economic Times. This is the fourth time, in a row, that your Company has been bestowed with this certification. Also, your Company ranked among India's Top 25 Best Workplaces in

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

BFSI - 2020, by Great Place To Work® Institute, India. Your Company has been recognized four times as India's Best Workplaces in BFSI and three times as India's Best Workplaces in NBFCs. Also, in 'India's Best Leaders in Time of Crisis 2021' study by Great Place to Work® India, our erstwhile Managing Director Mr. Anuj Mehra was recognized as a leader who demonstrated exceptional ability in dealing with COVID-19 crisis.

Your Company was also awarded with special commendation for the Project-Climate Resilient Agriculture at the CSR Journal Excellence Awards 2021.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Indian Economy\*

Growth rate for Indian economy in FY 2022-23 was 7 percent vis-à-vis the growth of 8.7 percent in FY 2021-22. It seems that the growth rate for the previous year was a base effect upon which a mid-high real GDP growth rate has now settled. During FY 2022-23, there was a growth in both private expenditure as well as credit. There was also a boost to the exports and a reduction in the current account deficit. India also made strides towards an inclusive growth by reducing unemployment rate to 7.2 percent in H1 FY23 vis-à-vis 9.8 percent in H1 of previous year.

These are signs of recovery after muted consumption lead by loss of income and employment during COVID-19 pandemic in the previous two Financial Years. Overall health pointers predict stable demand for long-term consumption, making this year a turnaround year for the real estate and the housing mortgage industries.

However, the growth in consumption and credit resulted in inflationary pressures. The inflation in FY23 was at 6.8 percent, exceeding the RBI's target range. The economy experienced a secular increase in rates in the second half of the fiscal, making mortgage expensive compared to the last half decade.

#### Annual GDP growth rate (%)

2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
8.2	7.1	6.7	6.1	4.2	-6.6	8.9	7.0

\*Source: National Statistical Office (NSO)

#### Industry Review

The Indian mortgage market is estimated at Rs. 24 lakh Crore, growing at a 15 year CAGR of 17 percent. This makes India the largest market for home owners in the coming decade. 75 percent of this mortgage market is due to demand from semi-urban and rural markets.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

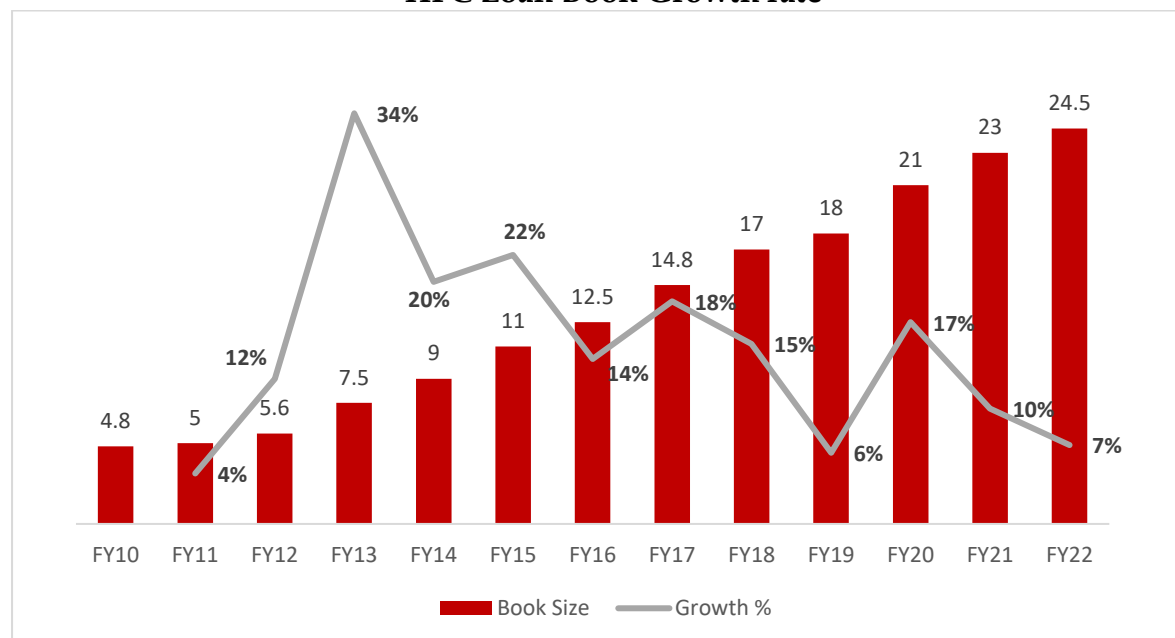
On account of exponential growth in housing credit there is a growing demand for housing. It is estimated that the housing shortage will be at 450 million units by 2027, and most of it would be in low cost and affordable Housing.

Historically, the correlation between GDP growth and the mortgage market has been high. High real GDP growth also implies a higher demand for housing. The key drivers for the market in the coming decade are:

- Aspirational demand (owning a house is one of the most popular material aspirations of an average young Indian).
- Improving affordability through a rising per capita income.
- Growth in tier 2/3 districts.
- Rising demand from North and Central Indian markets.
- Improving penetration in the < INR 35 lakh segment.
- Formalization of incomes and economy.
- Low leverage in Indian households.

While FY 2022-23 faced pressure due to rising interest rates, the overall demand for the credit was up by 10 percent. This shows robustness and lack of volatility and implies that the housing finance industry has withstood test of cyclicality.

### HFC Loan Book Growth rate



Source: RBI, NHB, Ambit Capital (January 2023)

In FY 22-23, the housing finance market grew by 14 percent Year-on-Year with 7 percent of the growth coming from volume. This was driven by (1) growth in tier 2 and tier 3 cities (2) shift from kutchha to pucca houses, and (3) demand for additional

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

properties (plus 1). The balance growth came from increasing ticket sizes driven by inflation and demand for larger properties due to availability of credit.

The affordable housing finance sector has seen a disproportionate growth from tier 2 and beyond cities and towns, increasing their loan exposure to beyond 9 percent from a 3 percent growth witnessed 5 years ago. Despite discontinuation of the CLSS through the Pradhan Mantri Awas Yojana (PMAY), there is no dampening of demand from the rural and semi-urban markets. National Housing Bank (NHB) had released a cumulative subsidy of Rs. 2,730 Crore in the 7 years (2015-22) during which the scheme was operational. PMAY has been a driver that converted latent demand from the underserved and underpenetrated sections of the population.

NBFCs and HFCs have taken commendable strides in bridging the demand-supply gap for the rural/semi-urban market as well the EWS/LIG segment who dwell in kutcha houses. The competitive landscape indicates that competition in the niche area of your company is low. Banks remain less active in the affordable housing space, and the NBFC space has very few players who serve the < INR 10 lakh ticket size successfully. The cost of acquisition is high and volumes are relatively low.

Semi-urban housing (i.e. houses with cost of Rs. 10 lakh to Rs. 50 lakh) has relatively higher competition from many NBFCs wherein volume, price and awareness are drivers.

### **Key Growth Drivers**

The housing finance sector is poised for a prime time of growth, with strong tailwinds in the form of aspirational demand and rising incomes, a large housing shortage and government impetus for growth, the long-term picture seems to be promising.

HFCs are biggest beneficiaries of the housing cyclical uptick by virtue of competitive product offerings and product pricing, lower turnaround time, superior customer service and last mile connectivity. Some of these are described in the following paragraphs.

### **Rural and Semi-Urban Geographies**

It is notable that housing finance industry in general and the rural/semi-urban low-mid income size segment in particular are on a runway of growth. The semi-urban market is growing at a 15-year CAGR of 23 percent with increasing ticket size.

Rural housing finance market has been growing exponentially at a 15 year CAGR of 15 percent which is pegged at 18 percent for the next decade. This is mainly because it caters to a price bracket that has the maximum demand and multi-faceted sources of income.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

Looking at the short-term scenario, the crop has been favorable and rural cash-flows are expected to improve, post harvesting. Post pandemic-led gig work, remote work opportunities and multiple income sources have increased expenditure in tier 2 cities and beyond.

### **Growing Demand**

Demand for residential properties has surged due to increased urbanization and rising household income. As per India Brand Equity Foundation (IBEF), India is amongst the top 10 price appreciating housing markets internationally. As per Bank Bazaar's Aspiration Index, owning a house is one of the most popular material aspiration for today's young Indian.

With rising purchasing power, continuously rising population, growing aspirations, increasing nuclear families, rapid urbanization, Government's intervention to provide easy loans, etc., the housing finance sector in India is anticipated to register a strong growth in the coming years.

With low GDP to Debt ratio, increase in disposable incomes compared to household liabilities combined with less than 12 percent penetration of home loans pan-India, the mortgage market is primed for growth.

It is estimated that India has an annual disbursement potential of Rs. 4-4.5 lakh Crore and this amount is estimated to grow at 10-14 percent CAGR in the next 15 years (based on nominal inflation rate).

### **Affordable housing to lead the way**

As per Morgan Stanley's outlook report on the Indian market and Money control report on Indian HFCs, India will have a shortage of 450 million homes in the period 2022-27. This shortage is constituted by the rural and semi-urban markets and 90 percent volume of demand is to be met by affordable housing segment (ticket size up to Rs. 35 lakhs).

As per an Ambit Capital report in January 2023, the affordable housing finance sector constitutes c.80 percent of the HFC market by volumes and c.48 percent by value.

### **Demand from self-employed and casually employed sector**

As per ICRA, the c.85 percent of the portfolio growth potential for AHFCs lies in tapping the self-employed and the casually employed. This segment has been the focus of many NBFCs and HFCs in last three years. The post-pandemic work landscape has also added dimensions of gig work, freelancing and multi-faceted incomes in urban areas, increasing the scope of casually employed customers significantly across geographies.



# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

This is also the customer sector that offers a higher NIM through higher spreads and risk based pricing. Rising interest rates in latter half of FY23 has made this segment sticky and competition has reduced. With the increased cyclicality of interest rates players with existing reach to customers are poised to capitalize on the base.

### Growth from Central and North India

Traditionally the housing finance industry has been dominated by Western and Southern India, with Maharashtra accounting for 23 percent of the mortgage market. However Central and North India account for 40 percent of Indian population and are growth drivers of future.

### Government Initiatives

The 2023-24 budget is all about leaving no citizen behind. The Indian Government announced multiple initiatives which would directly/indirectly support the growth of the housing finance sector. Some such initiatives are covered hereafter.

### Infrastructure push

- Ministry of Housing and Urban Affairs has been allocated over Rs. 79,000 crore in 2023-24. This is up from a Rs. 74,600 crore allocation previous year (revised from the original budget of Rs. 54,500 crore, a 66 percent rise).
- Rs. 9000 Crore credit guarantee scheme for the MSMEs to trigger a multiplier effect in the semi-urban affordable housing space.
- Capital investment outlay is being increased steeply for the third year in a row by 33 percent to Rs. 10 lakh Crore, which would be 3.3 percent of GDP. This will be almost three times the outlay in 2019-20.
- The 50-year interest free loan to state governments has been continued for one more year to spur investment in infrastructure, to incentivize them for complementary policy actions, with a significantly enhanced outlay of Rs. 1.3 lakh crore.
- The Union Government and Finance Ministry has increased the minimum income for Income Tax to Rs. 7 lakhs, increasing the Gross Disposable Income for the LIG segment.
- The new income tax slabs increase the exemption limit to Rs. 3 lakh and reduces the highest surcharge from 37 percent to 25 percent.
- Credit facility for farmers has been raised to Rs. 20 lakh Crore with a focus on fisheries (targeted investment of INR 6,000 Crores), Co-operative based economic models and horticulture.
- Agriculture Accelerator is being set up in rural areas to support and incentivize the start-ups in the agri-tech sector started by the rural youth.
- One hundred critical transport infrastructure projects for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

identified. They will be taken up on priority with investment of Rs. 75,000 crore, including Rs. 15,000 crore from private sources.

- An Urban Infrastructure Development Fund (UIDF) is proposed to be established through use of priority sector lending shortfall. This will be managed by the National Housing Bank and will be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities.

### Industry Outlook

India's housing sector has strong growth potential in the coming decade, as it flourishes upon growth opportunities associated with the country's development cycle and socio-economic transformation. The Government's sharp focus on rural development, building infrastructure and housing for all bodes well for the housing market, especially the segment your Company caters to. Competition is high and entry barriers are low in this industry. AHFC, the segment your company operates in, offers the scope for niche creation through network, distribution and penetration. Customer-centricity is a key determinant of success and price keeps margins in check. The large market and sizable white space offers a long growth runway and a exciting opportunity to capitalize, for winners.

### SWOT Analysis

#### Strengths

- i) Extensive reach across geographies and vast distribution network, specifically across rural areas and small towns.
- ii) Niche presence has been established by a combination of presence in under-penetrated regions, reaching the underserved customers and having presence across a vast geography.
- iii) Robust collection system with the capability of physically reaching out to customers.
- iv) Simplified and prompt loan request appraisals and disbursements.
- v) Locally empowered workforce, with the capability of taking thoughtful decisions based on local factors.
- vi) Agile organizational practices enabling the adoption of technological changes and business model needs.
- vii) Ability to meet the expectations of a diverse group of investors, and strong credit ratings.
- viii) Innovative resource mobilization techniques and prudent fund management practices.

#### Weaknesses

- i) Dependence on agriculture cycle and monsoon.
- ii) Higher frontline attrition and people-intensive collections team.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

- iii) Rural housing is a high cost model.
- iv) Limited digital scale due to multiple local customizations based on needs of the customers, property types.

### Opportunities

- i) Your Company is positioned to ride the growth wave. Sustained demand in the affordable housing finance space defying pandemic challenges formed the fulcrum of credit recovery for HFCs as most focused on low ticket, low income group customer segments. Therefore, the current upcycle in the housing space will be led by affordable housing finance market.
- ii) The recent trend of demand for spacious homes and better livability has given boost to housing market in Tier 2 and Tier 3 cities.
- iii) Largely untapped and fragmented market spread across rural and urban geographies, giving rise to possible shift of the urban population to smaller centers.
- iv) Rural market housing shortage and the opportunity to capitalize on the increasing ticket size and demand from rural areas.
- v) Evolving and increasing demand from the self-employed and the casually employed workforce due to emergence of gig work, freelancing and multi-faceted income sources post COVID pandemic.
- vi) Additional demand enhancement from Central and North India; the region has c.40 percent of India's population and your company, with a diversified geographical presence, is poised to capture this opportunity.
- vii) Government's enhanced focus on 'housing for all' and policy changes supporting it.
- viii) Improving rural infrastructure and budgetary support, ensuring prosperity in the rural economy.
- ix) Government's focus on digitalization with the launch of multiple initiatives in order to enhance digital presence of rural economy.

### Threats

- i) Dependence on agriculture and weather cycle in the rural housing vertical leading to volatility.
- ii) Steep competition in the Affordable Housing space, leading to price-based competition and low yields.
- iii) Technological disruptions in the industry giving rise to threat from substitutes.
- iv) Competition from NBFCs and Banks, if they plan to expand in the rural geographies.
- v) Liquidity.
- vi) Regulatory restrictions: Continuously evolving Government regulations.
- vii) Uncertain economic environment.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### Segment-wise or product-wise performance

The Company does not have segments and operates only in one segment. The performance of the Company is covered in the paragraphs 'Financial Performance' and 'Operations' of the Board Report to which this MDA is annexed.

### Company Outlook

India's housing sector is poised for growth. A large gap for housing units, an aspirational consumer base, a young population, rising per capita income and low indebtedness of an average Indian household has primed housing as well the mortgage market for growth. Finally, the Government's focus on 'Housing for All', Infrastructure and last-mile connectivity along with an overall focus on inclusive development with a strong focus on rural and semi-urban areas, low and middle-income groups augurs well for the residential housing finance market.

With inherent strengths like brand image, strong balance sheet, reach, customer base, deep distribution network, trained work force and insight into the market it serves, your Company is in a position to drive growth. Your Company has adopted practices that would help accelerate growth by re-formulating product offerings and re-engineering processes.

With continued focus on low and middle income rural customers (agriculturists and allied workers like dairy farmers, fishermen, horticulturists, local government employees, traders, shopkeepers, chaiwallah, sabziwallah, cottage industrialists, MSME owners, artisans, craftsmen, tailors, handymen, daily wage labourers, domestic assistants, cooks, car washers, garage mechanics, factory workers, shopfloor workers, among others) having average income levels of less than Rs. 50,000 per month comprising of borrowers with limited credit history (many of whom are first time home-owners / pucca home-owners), your Company has developed differentiated products in deep pockets of the country. Incorporating a high touch approach to business, your Company has adopted on foot, well-networked model characterized by in-person connect, in-house and community-led customer sourcing supported by referrals mostly from existing or former customers, collection system powered by people and local knowledge, wide spread branch network, and a localized and customized approach to business backed by a solid national-level brand.

Your Company is also taking rapid strides in growing the book in the high demand-high growth mid-size affordable housing segment. Led by aspirational demand, increasing/multiple sources of income and population expansion in district headquarters, tier-3 and tier-2 cities, semi-urban housing finance market is poised to growth at 18 percent CAGR for the next 15 years. With growth of GDP, increasing governmental boost to technology and semi-urban growth, mortgage market uptick, housing shortage and formalizing of the real estate space, Affordable Housing sees all signs of accelerated growth.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

Your Company's capability in tackling credit appraisals, assessing cases of poor documentation, intense KYC checks backed by a robust underwriting system, effective disbursement processes and a physical team as well as process capabilities for strong and systematic follow-ups makes it a natural fit to capitalize on the growth wave while maintaining pricing power. The existing branch network and brand equity helps augment Company's presence.

Your Company has taken efforts to scale and standardize operations through building a digitized platform for end-to-end operations. These efforts would help your Company to tighten control on underwriting, form a base for better risk-pricing, standardize documentation and reduce the turnaround time. It would also bolster your Company's efforts to be a differentiator in terms of customer excellence. The efficiency, time and effectiveness would help your Company compete in the highly competitive AHFC sector and emerge as a long-term winner by reducing operational costs.

Since your Company primarily operates in rural and semi-urban areas, the economic factors are in its favor and the growth trend is high with ample market opportunity. Some of the factors are listed below.

### **Overall Market Opportunity**

- Spending growth is expected to be slightly muted due to increasing inflationary pressures. However, investment in residential housing sector is expected to be strong.
- Strong-hold in existing markets as well as demonstrated ability to quickly enter new markets, provides opportunities in the existing high-growth western and southern Indian markets along with the opportunity to penetrate the Hindi belt comprising of Uttar Pradesh, Uttarakhand, Bihar, Chhattisgarh, Jharkhand and Madhya Pradesh. Increasing demand from Central India acts as tailwind.
- Reduction in unemployment in the economy.

### **Rural Markets**

- Current crop has been favorable and, post harvesting, rural cash flows have been stable.
- Agriculture exports have increased by 10 percent Year-on-Year.
- The Government increased the MSP on crops to 1.5 times the weighted average production cost.

### **Semi-Urban Markets**

- Demand driven by multi-faceted income sources.
- Opportunities due to formalization of real estate in tier 2/3 cities.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

- Infrastructure push through the road and logistics investment by Government, leading to higher job creation and better connectivity in tier 2 markets and beyond.

### Risks and concerns

- Customers / Potential Customers are agriculture / weather cycle dependent in the rural housing segment. There is a potential El Nino effect expected in 2023 Monsoon season.
- Higher competition from private housing finance companies, especially in the premium and semi-urban affordable housing segment.
- Pressure on earnings due to margin erosion led by competition, rate hikes and investment required for expansion in distribution.
- There are inflationary pressures and rate hikes and this might lead to demand depression in the upcoming period.

### Internal control systems and their adequacy

In addition to an adequate internal control system safeguarding all assets and ensuring operational excellence, the Company also has a team of internal auditors. The internal audit reports are discussed with the management and reviewed by the Audit Committee of the Board. The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

### Discussion on financial performance with respect to operational performance

The financial and operational performance is elaborated in the paragraphs 'Financial Results' and 'Operations' in the Board Report to which this Management Discussion and Analysis is annexed.

### Material developments in Human Resources / Industrial Relations front, including number of people employed

There were no material developments in Human Resource / Industrial Relations front during the year under consideration. The Company had 10,731 permanent employees as at 31<sup>st</sup> March 2023.

**Details of significant changes (i.e. change of 25% or more as compared to the immediately previous Financial Year) in key financial ratios, along with detailed explanations therefor.**

Particulars	FY 23	FY 22	Change
Net Profit Margin (%)	1.61%	3.47%	-54%
Details of any change in return on Net Worth	1.48%	3.34%	-56%

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### Explanation:

The Net Profit Margin and the Return on Net Worth has been lower in the financial year ended 31<sup>st</sup> March 2023 as compared to previous financial year mainly due to muted disbursements in previous two financial years on account of COVID-19 pandemic, which has resulted in reduced growth in loan assets.

Also, loss on account of higher settlements and stringent write offs has resulted in lower profits.

### CORPORATE GOVERNANCE

The Company has in place 'fit & proper policy' for Directors and internal guidelines for Corporate Governance in pursuance of the provisions of Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 issued by the Reserve Bank of India vide Notification no. RBI/2020-21/73. DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17<sup>th</sup> February 2021. As required under the provisions of the said directions, internal guidelines on Corporate Governance framed by the Board are available on the website of the Company at the following link:

<https://www.mahindrahomefinance.com/src/assets/downloads/MRHFL%20Corporate%20Governance.pdf>

Pursuant to aforesaid directions, declarations in the prescribed format have been received from all Directors. Deed of Covenants, as prescribed under the said directions, have been signed by all Directors and the Company.

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), a Report on Corporate Governance along with a Certificate from Messrs. KSR & Co., Company Secretaries LLP regarding compliance with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and paragraphs C, D and E of Schedule V of SEBI LODR forms part of the Annual Report.

### TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 475 lakh to the Statutory Reserves. No amount is proposed to be transferred to the General Reserve.

### DIVIDEND

The Reserve Bank of India vide its circular no. DOR.ACC.REC.No.23/21.02.067/2021-22 dated 24<sup>th</sup> June 2021, issued guidelines, *inter-alia*, prescribing conditions to be

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

satisfied by Non Banking Finance Companies and Housing Finance Companies before declaring dividend. As your Company does not satisfy condition(s) prescribed in the said guidelines, your Directors do not recommend dividend for the financial year ended 31<sup>st</sup> March 2023 (previous year: NIL).

### NHB / RBI COMPLIANCES

The Company continues to comply with all the applicable laws, regulations, guidelines, etc. prescribed by the National Housing Bank and Reserve Bank of India, from time to time.

### FINANCE

During the year under consideration, your Company was sanctioned Term Loans amounting to Rs. 1,16,000 lakhs for tenure ranging from 4.5 years to 5 years and WCDL Limit amounting to Rs. 5,000 lakhs (1 Year renewal line) from Banks.

As on 31<sup>st</sup> March 2023, outstanding borrowings from Banks stood at Rs. 2,65,512.47 lakh (of Long Term Loans) and outstanding borrowings from National Housing Bank amounted to Rs. 11,125.19 lakh.

During the year under consideration, your Company raised Rs. 27,500.00 lakh through issue of 2,750 Secured Redeemable Listed Non-Convertible Debentures (NCDs / MLDs) of Rs. 10,00,000 each and Rs. 30,000.00 lakh through issue of 30,000 Secured Redeemable Listed Non-Convertible Debentures (NCDs / MLDs) of Rs. 1,00,000 each on a private placement basis.

Your Company has been regular in repayment of its borrowings and payment of interest due thereon. There were no NCDs/Sub-debts which have not been claimed by the investors or not paid by the Company after the date on which the NCDs/Sub-debt became due for redemption. None of the Securities were suspended from trading during the year under consideration.

As on 31<sup>st</sup> March 2023, your Company had an available investment of Rs. 1,50,747.93 lakh in the form of Fixed Deposits, Units of Mutual Funds and Government securities.

### LISTING

Your Company's Non-Convertible Debentures/Sub-debt are listed on BSE Limited, and the Company has paid the requisite listing fees in full.

### CREDIT RATING

During the year under consideration, CRISIL Ratings Limited has upgraded Company's rating from 'CRISIL AA+/Stable' outlook to 'CRISIL AAA/Stable'



# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

outlook to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt and re-affirmed 'CRISIL A1+' rating to the Company's Commercial Paper.

During the year under consideration, CRISIL Ratings Limited has assigned 'CRISIL PPMLD AAA/Stable' outlook to the Company's Long-Term Principal Protected Market Linked Debentures (MLDs).

India Ratings & Research Private Limited has re-affirmed 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.

During the year under consideration, India Ratings & Research Private Limited has assigned 'IND PPMLD AA+/Stable' outlook to the Company's Principal Protected Market Linked Debentures (MLDs).

CARE Ratings Limited (Formerly known as 'Credit Analysis & Research Limited') has re-affirmed the rating to the Company's Non-Convertible Debentures and Subordinated Debt as 'CARE AA+/stable' outlook.

### ACHIEVEMENTS

Your Company has been ranked 30<sup>th</sup> among India's Top 100 Best Companies to Work For 2022 by the Great Place to Work® Institute, India, in association with the Economic Times. This is the fourth time your Company has been bestowed with this certification in a row. Also, the Company was ranked among India's Top 50 Large workplaces, by Great Place To Work® Institute, India to successfully inspire their workforce to Innovate and Create.

Gujarat and Bihar won the CSR Gold Award for achieving the group's highest ESOP volunteering hours in the non-factory medium and small categories, respectively. Employees in Gujarat and Bihar have showed commendable participation in our CSR Calendar activities such as Hariyali and Blood Donation Drives, as well as eager participation in the CSR projects implemented in these regions, displaying a consistent zeal for social responsibility above and beyond their job responsibilities. For their dedicated service to society, these regions were conferred with an award under the 'Rise for Social Change' pillar in the Rise Awards 2023. It is also noteworthy that the organization on the whole clocked 77,000+ hours in FY23.

### SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital of the Company as on 31<sup>st</sup> March 2023 was Rs. 122,88,78,700, comprising of 12,28,87,870 equity shares of the face value of Rs. 10 each, fully paid-up.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

There was no change in the Share Capital during the year under consideration.

During the year under consideration, your Company has neither issued shares with differential voting rights as to dividend, voting or otherwise, nor has issued sweat equity. The Company issued stock options under Employee Stock Option Scheme referred to in this Report.

As on 31<sup>st</sup> March 2023, none of the Directors of the Company hold instruments convertible into equity shares of the Company, except the stock options.

### STOCK OPTIONS

The details of the Stock Option Scheme required to be disclosed under Rule 12 of The Companies (Share Capital and Debentures) Rules, 2014, for the Financial Year 2022-23 are given below:

(a)	Options granted	1,37,263
(b)	Options vested	8,24,662
(c)	Options exercised	2,68,667
(d)	The total number of shares arising as a result of exercise of option	2,68,667
(e)	Options forfeited /lapsed	1,97,275
(f)	The exercise price	67 & 10
(g)	Variations of terms of options	None
(h)	Money realized by exercise of options	1,09,82,393
(i)	Total number of options in force as on 31 <sup>st</sup> March, 2023	16,57,128
(j)	Employee wise details of options granted to:	
	(i) Key Managerial Personnel	Nil
	(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	Sourabha Satish Kolhapure Amrit Pal Singh Sajan Pradhan Simit Swarup Dash Nikhil Malhotra
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	None

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### DEPOSITORY SYSTEM

As on 31<sup>st</sup> March 2023, all the equity shares of your Company were held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

### CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of your Company was 45.12 percent as on 31<sup>st</sup> March 2023, which is well above the 15 percent CRAR prescribed by the Reserve Bank of India.

### IMPAIRMENT OF FINANCIAL INSTRUMENTS UNDER IND-AS

During the year under consideration, the Company has prepared its financials as per the Indian Accounting Standard (IND-AS). The Company has adopted a forward looking Expected Credit Loss (ECL) model for impairment. When an asset is credit impaired / there is a significant increase in credit risk. Company recognises impairment basis lifetime ECL. This model considers historic, current and forward looking information (including macro economic data) in deriving impairment losses, etc.

As per Ind AS 109 on Financial Instruments, your Company is required to carry total provisions of Rs. 35,468.21 lakh towards expected future credit losses which is 4.93 percent on Loan Assets of Rs. 7,19,893.96 lakh. Of this, provision of Rs. 20,784.65 lakh is created towards Stage 3 loans of Rs. 75,306.73 lakh. Provisions amounting to Rs. 14,683.56 lakh is created on Stage 1 and Stage 2 loan assets of Rs. 6,44,587.23 lakh.

### INSPECTION BY NATIONAL HOUSING BANK (NHB)

During the year under consideration, an Inspection report for the financial position as on 31<sup>st</sup> March 2021, carried out by NHB was received. The report was reviewed by the Audit Committee and the Board of Directors and the Management's response on actions taken was submitted to NHB.

Further, regulatory inspection for the financial position as on 31<sup>st</sup> March 2022 was carried out by NHB during the year under consideration.

### INSURANCE PROTECTION TO BORROWERS

Your Company has tied up with Kotak Mahindra Old Mutual Life Insurance Limited, HDFC Standard Life Insurance Company Limited, Cholamandalam MS General Insurance Company Limited, TATA AIG General Insurance Company Limited and Max Life Insurance Company Limited for insurance of its housing loan products along

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

with life insurance called 'Sampoorna Suraksha Plan' which covers the borrowers of the Company.

### DIGITALISATION INITIATIVE

In the past year, Company's Information Technology department has achieved number of milestones contributing to the success of the organization.

We are in the last leg of implementation of a major upgrade to the Core loan management system FinnOne NEO, which will enhance capability, scalability, agility to launch product and controls over data. It will tune our processes and improve productivity. It will enable us for integrated customer communication during life cycle of loan.

The application for litigation is implemented which will smoothen onboarding process of advocates, quicker initiation of legal proceedings and policy driven processes for litigations.

In Synergy with FSS, we are continuously improving our cyber security posture with latest security technologies to protect organization and customers from cyber threats to protect confidentiality, Data Integrity & availability of applications.

With digitization we have integrated lead management system with document management system, RH scoring API, Leena AI integrations with existing systems. Handled compliance requirement like IRAC asset classifications, sanction letters in vernacular languages.

We have been actively pursuing cloud initiatives for reliability of infrastructure. In the coming year, we plan to continue our focus on cloud computing with several new initiatives.

With focus on innovation and operational excellence we remain committed to delivering high-quality IT services to our employees and customers.

### COMPLIANCE

Your Company is in compliance with the applicable provisions of Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 and other directions/ guidelines issued by RBI/NHB as applicable from time to time.

### DIRECTORS

Pursuant to the provisions of section 152 of the Companies Act, 2013, Mr. Ramesh Iyer (DIN: 00220759) a Non-Executive Non-Independent Director of the Company, retired

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### BOARD'S REPORT - 2022-23

by rotation at the 15<sup>th</sup> Annual General Meeting of the Company held on 22<sup>nd</sup> July 2022 and being eligible, has offered himself for re-appointment as the Director of the Company. Accordingly, he has been re-appointed by the shareholders of the Company.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 23<sup>rd</sup> April 2022 appointed Mr. Amit Kumar Sinha (DIN: 09127387) as an Additional Director (Non-Executive Non-Independent, liable to retire by rotation) with effect from 23<sup>rd</sup> April 2022 to hold office till the 15<sup>th</sup> Annual General Meeting of the Company or within a time period of three months from the date of appointment, whichever is earlier, effective from the date of approval by the shareholders.

The Shareholders, at their 15<sup>th</sup> Annual General Meeting, held on 22<sup>nd</sup> July 2022, appointed Mr. Amit Kumar Sinha as Non-Executive Non-Independent Director of the Company.

Mr. Amit Kumar Sinha (DIN: 09127387) ceased to be the Director of the Company with effect from 19<sup>th</sup> March 2023, upon resignation due to his new role as the Managing Director of Mahindra Lifespace Developers Limited.

The Board of Directors also places on record its sincere appreciation towards his short but valuable contribution of Mr. Amit Kumar Sinha as the Director of the Company.

During the year, Mr. Rajnish Agarwal (DIN: 03335692) superannuated prior to his retirement date as per the service terms, on account of challenging circumstances on the personal front and hence ceased to be the Managing Director & Chief Executive Officer (Key Managerial Personnel under section 203 of the Companies Act, 2013) of the Company with effect from close of the business hours on 30<sup>th</sup> September 2022.

The Board placed on record its sincere appreciation for the contribution of Mr. Rajnish Agarwal in his short, albeit effective, stint as the Managing Director & Chief Executive Officer of the Company.

Based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members, the Board of Directors, at its meeting held on 9<sup>th</sup> September 2022, approved the appointment of Mr. Shantanu Rege (DIN: 06661312) as an Additional Director with effect from 1<sup>st</sup> October 2022.

Upon the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members, the Board of Directors, at its meeting held on 9<sup>th</sup> September 2022, approved the appointment of Mr. Shantanu Rege (DIN: 06661312) as the Managing Director & Chief Executive Officer of the Company for a period of three years commencing from 1<sup>st</sup> October 2022 to 30<sup>th</sup> September 2025, in place of Mr.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

Rajnish Agarwal (DIN:03335692) who has resigned due to challenging circumstances on the personal front.

The Shareholders, at their Extra-ordinary General Meeting held on 28<sup>th</sup> October 2022, approved the appointment of Mr. Shantanu Rege as the Director of the Company with effect from 1<sup>st</sup> October 2022. In the said meeting, the shareholders also approved the appointment of Mr. Shantanu Rege as the Managing Director & Chief Executive Officer of the Company, for a period of three years commencing from 1<sup>st</sup> October 2022 to 30<sup>th</sup> September 2025, (both days inclusive).

### RETIREMENT BY ROTATION

Mr. Vivek Karve (DIN: 06840707) retires by rotation and being eligible, offers himself for re-appointment at the 16<sup>th</sup> Annual General Meeting of the Company.

### KEY MANAGERIAL PERSONNEL

Mr. Shantanu Rege, Managing Director & Chief Executive Officer; Mr. Dharmesh Vakharia, Chief Financial Officer and Mr. Navin Joshi, Company Secretary are the Key Managerial Personnel (KMPs) of the Company pursuant to the provisions of sections 2(51) and 203 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

During the year under consideration, Mr. Rajnish Agarwal (DIN: 03335692) ceased to be the Managing Director & Chief Executive Officer of the Company with effect from the close of business hours on 30<sup>th</sup> September 2022, upon resignation.

Mr. Shantanu Rege (DIN: 06661312) has been appointed as the Managing Director & Chief Executive Officer of the Company for a period of three years commencing from 1<sup>st</sup> October 2022 to 30<sup>th</sup> September 2025.

### COMPOSITION OF THE BOARD

As on 31<sup>st</sup> March 2023, the composition of the Board of Directors of your Company was in conformity with the provisions of the Companies Act, 2013 ("the Act"), as amended from-time-to-time and SEBI LODR.

As on 31<sup>st</sup> March 2023, the Board had six directors comprising of a Non-Executive Non-Independent Chairman, a Managing Director, one Non-Executive Non-Independent Director and three Independent Directors. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objectives of enhancing stakeholders' value are met.

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. None of the Independent Director of the

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

Company have resigned during the financial year 2022-23. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned in section 149(6) of the Act.

None of the Directors hold directorships in more than 10 public companies as on date of this report. None of the Directors are related to each other as on date of this report.

### BOARD MEETINGS AND GENERAL MEETINGS

During the Financial Year 2022-23, the Board of Directors met six times i.e. on 23<sup>rd</sup> April 2022; 19<sup>th</sup> July 2022; 9<sup>th</sup> September 2022; 21<sup>st</sup> October 2022; 25<sup>th</sup> January 2023; and 14<sup>th</sup> March 2023.

The Board met at least once in every calendar quarter and the maximum time gap between any two meetings was not more than one hundred and twenty days. These meetings were well attended. The 15<sup>th</sup> Annual General Meeting ('AGM') of the Company was held on 22<sup>nd</sup> July 2022.

During the year under consideration, the Extra-ordinary General Meeting ('EGM') of the members was held on 28<sup>th</sup> October 2022.

Detailed information on the meetings of the Board, its Committees, EGM and the AGM is included in the Report on Corporate Governance, which forms part of this Annual Report.

### MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the year under consideration, on 14<sup>th</sup> March 2023. The meeting was conducted without the presence of any of the non-independent Directors or Company officials.

At this meeting, the Independent Directors reviewed the performance of Non-Independent Directors, and the Board as a whole, reviewed the performance of the Chairman of the Company, assessed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees which is necessary for the Board to effectively and reasonably perform and discharge its duties.

### RE-APPOINTMENT OF INDEPENDENT DIRECTOR

No Independent Director of the Company was / is due for re-appointment in FY 2023 and in FY 2024.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during the Financial Year 2022-23, in terms of the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the website of the Company and can be accessed at the web-link: <https://www.mahindrahomefinance.com/src/assets/downloads/Familiarisati-n-Programmes-for-Independent-Directors-FY-2022-23.pdf>

### COMMITTEES OF THE BOARD

The Board of Directors has seven statutory Committees viz. Audit Committee, Nomination and Remuneration Committee, Asset Liability Committee, Corporate Social Responsibility Committee, Risk Management Committee, Stakeholders Relationship Committee and IT Strategy Committee. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors.

#### (a) AUDIT COMMITTEE

Your Company has an adequately qualified and experienced Audit Committee. As on 31<sup>st</sup> March 2023, the Audit Committee comprises of four Non-Executive Directors of which three are Independent Directors. The Committee comprises of Mr. Jyotin Mehta (Chairman), Mrs. Anjali Raina and Dr. Narendra Mairpady, Independent Directors, and Mr. Vivek Karve, Non-Executive Non-Independent Director.

The Audit Committee met six times during the year under consideration i.e., on 23<sup>rd</sup> April 2022; 19<sup>th</sup> July 2022; 7<sup>th</sup> October 2022; 21<sup>st</sup> October 2022; 25<sup>th</sup> January 2023 and 29<sup>th</sup> March 2023. Details of which are provided in the Corporate Governance Report forming part of this Annual Report.

The Board has accepted all the recommendations made by the Audit Committee during the year under consideration.

#### (b) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 (the Act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee, *inter-alia*, allocates the amount of expenditure to be incurred by the



# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

Company on CSR activities as enumerated in Schedule VII to the Act and reviews the CSR Policy periodically.

During the year under consideration, The CSR Committee was re-constituted by inducting Mr. Shantanu Rege as a Member. Mr. Rajnish Agarwal ceased to be the Managing Director of the Company and consequently as a member of the CSR Committee. The CSR Committee, as on 31<sup>st</sup> March 2023, comprised of Mr. Ramesh Iyer, Chairman of the Board and Non-Executive Non-Independent Director, who is also the Chairman of the Committee; Mr. Vivek Karve, Non-Executive Non-Independent Director; Mrs. Anjali Raina, Independent Director and Mr. Shantanu Rege, Managing Director & Chief Executive Officer.

During the year under consideration, the CSR Committee met twice i.e. on 20<sup>th</sup> April 2022 and 20<sup>th</sup> October 2022, details of which are provided in the Corporate Governance Report forming part of the Annual Report.

The Ministry of Corporate Affairs ("MCA") issued Notifications on 22<sup>nd</sup> January 2021, notifying the amendments stated in the Companies (Amendment) Act, 2019 and the Companies (Amendment) Act, 2020, thereby amending Section 135 of the Companies Act, 2013, which became effective from 22<sup>nd</sup> January 2021.

Further, MCA also notified the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

These amendments made significant changes to the regulatory landscape of the CSR activities and envisaged various actions on the part of the companies who undertake CSR activities.

As required under the new regulatory framework for the CSR activities, the Board of Directors, at its meeting held on 20<sup>th</sup> April 2021 and 21<sup>st</sup> October 2022, *inter-alia*:

- a) Approved the revised CSR Policy for the Company, aligned to the new regulatory framework in this regard; and
- b) Modified the charter for the CSR Committee incorporating therein the roles and responsibilities as envisaged under the new regulatory framework;

The revised CSR Policy of the Company is displayed on the website of the Company at [the web-link: https://www.mahindrahomefinance.com/src/assets/downloads/CSR---Policy.pdf](https://www.mahindrahomefinance.com/src/assets/downloads/CSR---Policy.pdf)

The Board of Directors at its meeting held on 19<sup>th</sup> April 2023 reviewed the CSR activities undertaken by the Company during the Financial Year 2022-23. The Annual Report on the CSR activities undertaken by the Company in the Financial Year 2022-23 is appended as **Annexure I** to this Report.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

The Chief Financial Officer has certified that the amount sanctioned for the CSR activities has been spent towards such activities, as required under the regulations and the said certificate was presented to the Board at its meeting held on 19<sup>th</sup> April 2023.

The Board of Directors, at the said meeting also approved the action plan for the CSR activities for the Financial Year 2023-24. The same will be displayed on the website of the Company.

### Other Board Committees

The other Committees of the Board are:

- a) Nomination and Remuneration Committee
- b) Asset Liability Committee
- c) Risk Management Committee
- d) Stakeholders Relationship Committee
- e) IT Strategy Committee

The details with respect to the composition, powers, roles, terms of reference, meetings held and attendance of the Directors at such meetings of the relevant Committees are given in detail in the Report on Corporate Governance which forms part of the Annual Report.

Besides the above Statutory Committees, the Board of Directors also has following voluntary committees.

- a) Loans & Investment Committee.
- b) Committee of Directors for allotment of Non-Convertible Debentures and Subordinated Debt.

### PERFORMANCE EVALUATION OF THE BOARD

Pursuant to the provisions of the Companies Act, 2013 and SEBI LODR, the Board of Directors has carried out an annual evaluation of its own performance and that of its committees as well as performance of Directors individually. This year board evaluation was done digitally and henceforth it will be done digitally every year. The questionnaires are aligned with group methodology and philosophy.

Well-defined and structured questionnaires were used in the evaluation process, covering various aspects of the Board's functioning such as adequacy of composition of the Board and its committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspective. Evaluation was carried out based on feedback received from Directors.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

A separate exercise was carried out by the Nomination and Remuneration Committee to evaluate performance of individual Directors. Performance evaluation of Independent Directors was carried out by the entire Board excluding the Director being evaluated. Performance evaluation of Non-Independent Directors and the Board, as a whole, was carried out by Independent Directors. Performance evaluation of the Chairman was carried out by Independent Directors. Directors have expressed satisfaction with the evaluation process.

All Directors of the Company as on 31<sup>st</sup> March 2023 participated in the evaluation process. The Directors expressed satisfaction on the parameters of evaluation, the implementation of the evaluation exercise and the outcome of the evaluation process. The evaluation exercise for FY 2023 concluded that the Board functions in a satisfactory manner and effectively reviews all important areas. Suggestions provided to enhance the Board's effectiveness through deeper focus in certain areas have been noted and taken up for implementation. The suggestions from previous evaluations were implemented by the Company during FY 2023.

Mr. Jyotin Mehta and Dr. Narendra Mairpady are exempted from appearing for online proficiency self-assessment test as per Rule 6(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014 ("the said Rule") and Mrs. Anjali Raina has passed the online proficiency self-assessment test.

The Board is of the opinion that Mr. Jyotin Mehta, Mrs. Anjali Raina and Dr. Narendra Mairpady satisfy the criteria as defined under Rule 8(5) of the Companies (Accounts) Rules, 2015 with regard to integrity, expertise and experience (including the proficiency) for the Independent Directors.

### DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

The Company has received declarations from all Independent Directors confirming that they fulfil the criteria of independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013.

### COMPANY'S POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has adopted the following policies, as required under sub-section (3) of section 178 of the Companies Act, 2013.

- (i) Policy to determine qualifications, positive attributes and independence of Directors, and evaluation of the Board, Committees and individual Directors;
- (ii) Policy on Remuneration of Directors; and
- (iii) Remuneration Policy for Key Managerial Personnel, Senior Management & Other Employees.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

The Company has amended the policies as and when required under the regulatory provisions applicable to the Company.

The Nomination and Remuneration Committee while recommending appointment of Directors, considers desirable qualifications which may, amongst other things, include professional qualifications, skills, professional experience, background, and knowledge, apart from the criteria of independence as prescribed under the Companies Act, 2013.

The Policy on Remuneration of Directors, and Remuneration Policy for Key Managerial Personnel, Senior Management & Other Employees are in accordance with the provisions of sub-section (4) of section 178 of the Companies Act, 2013 is available on the website of the Company at the web-link <https://www.mahindrahomefinance.com/wp-content/uploads/2019/Policy-on-Remuneration-of-Directors.pdf> and <https://www.mahindrahomefinance.com/wp-content/uploads/2019/Remuneration-Policy-for-KMP-Senior-Management-&-Other-Employees.pdf>

The Policy on Remuneration of Directors and Remuneration Policy for KMPs and Employees of the Company are also appended as **Annexure II** to this Report in accordance with the provisions of sub-section (4) of section 178 of the Companies Act, 2013.

### PARTICULARS OF REMUNERATION

Disclosures pursuant to section 197(12) of the Companies Act, 2013, and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are as under:

#### **1 The ratio of the remuneration of each Director to the median remuneration of employees of the Company for the Financial Year 2022-23:**

Name of the Director	Category	Ratio of the remuneration of each Director to median remuneration of employees
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	<sup>(1)</sup> NIL
Mr. Jyotin Mehta	Independent Director	6.02X
Mrs. Anjali Raina	Independent Director	5.85X

**MAHINDRA RURAL HOUSING FINANCE LIMITED**

**BOARD'S REPORT - 2022-23**

Name of the Director	Category	Ratio of the remuneration of each Director to median remuneration of employees
Dr. Narendra Mairpady	Independent Director	5.44X
Mr. Vivek Karve	Non-Executive Non-Independent Director	<sup>(1)</sup> NIL
<sup>(2)</sup> Mr. Shantanu Rege	Managing Director & CEO (October 2022 onwards)	<sup>(6)</sup> 28.70X
<sup>(3)</sup> Mr. Rajnish Agarwal	Managing Director & CEO (upto September 2022)	<sup>(5)</sup> 79.54X
<sup>(4)</sup> Mr. Amit Kumar Sinha	Non-Executive Non-Independent Director	<sup>(1)</sup> NIL

- (1) Mr. Ramesh Iyer, Mr. Vivek Karve and Mr. Amit Kumar Sinha did not receive any remuneration from the Company during the year under consideration.
- (2) Mr. Shantanu Rege has been appointed as a Managing Director & Chief Executive Officer with effect from 1<sup>st</sup> October 2022.
- (3) Mr. Rajnish Agarwal ceased to be the Managing Director & Chief Executive Officer w.e.f. the close of business hours on 30<sup>th</sup> September 2022.
- (4) Mr. Amit Kumar Sinha was appointed as the Director of the Company w.e.f. 23<sup>rd</sup> April 2022 and ceased to be the Director w.e.f. 19<sup>th</sup> March 2023.
- (5) Ratio of the remuneration of each Director to median remuneration of employees is given till date of cessation, wherever applicable.
- (6) Ratio of the remuneration of each Director to median remuneration of employees is given from the respective date of appointment of such director.

**2 The percentage increase in remuneration of each Director, Chief Financial Officer, and Company Secretary during the Financial Year 2022-23:**

Name of the Director / KMP	Category	Percentage increase in Remuneration
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	<sup>(1)</sup> NIL
Mr. Jyotin Mehta	Independent Director	-0.69%

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Name of the Director / KMP	Category	Percentage increase in Remuneration
Mrs. Anjali Raina	Independent Director	-0.71%
Dr. Narendra Mairpady	Independent Director	-2.25%
Mr. Dharmesh Vakharia	Chief Financial Officer	35.74%
Mr. Navin Joshi	Company Secretary & Compliance Officer	37.69%
Mr. Vivek Karve	Non-Executive Non-Independent Director	<sup>(1)</sup> NIL
Mr. Shantanu Rege	Managing Director & CEO	<sup>(2)</sup> NIL
<sup>(3)</sup> Mr. Rajnish Agarwal	Managing Director & CEO	<sup>(5)</sup> 177.35%
<sup>(4)</sup> Mr. Amit Kumar Sinha	Non-Executive Non-Independent Director	<sup>(1)</sup> NIL

- (1) Mr. Ramesh Iyer, Mr. Vivek Karve and Mr. Amit Kumar Sinha did not receive any remuneration from the Company during the year under consideration.
- (2) Mr. Shantanu Rege has been appointed as a Managing Director & CEO with effect from 1<sup>st</sup> October 2022.
- (3) Mr. Rajnish Agarwal ceased to be the Managing Director & CEO with effect from 30<sup>th</sup> September 2022.
- (4) Mr. Amit Kumar Sinha was appointed as the Director of the Company w.e.f. 23<sup>rd</sup> April 2022 and ceased to be the Director w.e.f. 19<sup>th</sup> March 2023.
- (5) Last year the remuneration was from 1<sup>st</sup> October 21 to 31<sup>st</sup> March 2022 & during the current year the remuneration is from 1<sup>st</sup> April 22 to 30<sup>th</sup> September 2022.

**3 The percentage increase in the median remuneration of employees in the Financial Year:**

14.21 percent, considering employees who were in employment for the whole of the Financial Year 2021-22 and Financial Year 2022-23 .

**4 The number of permanent employees on the rolls of Company as on 31<sup>st</sup> March 2023:**

As on 31<sup>st</sup> March 2023, there were 10,731 permanent employees on the rolls of the Company.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

- 5 Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2021-22 and its comparison with the percentile increase in the managerial remuneration and justification thereof, and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

For employees other than Managerial Personnel who were in employment for the whole of the Financial Years 2021-22 and 2022-23, the average increase is 12.01 percent. The managerial remuneration has increased by 16.36 percent. The increase in the remuneration of non-managerial personnel is in accordance with the performance appraisal based on the Key Result Areas (KRAs) and the overall performance of the Company. The remuneration of the Key Managerial Personnel and Directors is based on the approved Remuneration Policy. There were no exceptional circumstances for increase in the managerial remuneration.

- 6 Affirmation that the remuneration is as per the Remuneration Policy of the Company:**

The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees, adopted by the Company.

Mr. Rajnish Agarwal, who was the Managing Director & CEO of the Company till the close of business hours on 30<sup>th</sup> September 2022, did not receive any remuneration or commission from the Holding Company. However, he was granted stock options under the Employees' Stock Option Scheme of the Holding Company, Mahindra & Mahindra Financial Services Limited, and has exercised the stock options during the year under consideration, which were granted in earlier year(s).

Mr. Shantanu Rege, who became the Managing Director & CEO of the Company with effect from 1<sup>st</sup> October 2022 did not receive any remuneration or commission from the Holding Company after becoming the Managing Director of the Company.

Details of employee remuneration as required under provisions of section 197(12) of the Companies Act, 2013, read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are available on your Company's website at the web-link: <https://www.mahindrashomefinance.com/investors/>

None of the employees is a relative of any Director of the Company.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

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None of the employees holds, either by himself / herself or along with his / her spouse or dependent children, more than two percent of the Equity Shares of the Company.

### HUMAN RESOURCES AND TRAINING

The onset of the post-pandemic era required your company to continually adapt to the changing dynamics of the new normal, challenging both its established business & people practices. Hence, your Company swiftly re-modelled its policies and processes to conform to the new norms. Your Company has always made it a priority to serve and uplift rural India through its personalized doorstep service model, exceeding the standards of a typical housing loan company. However, the post-pandemic period presented both opportunities and challenges for our customers and its employees. With the markets resuming operations, your Company saw tremendous opportunities to enter new geographies and extend your rural and affordable home loan solutions to new customers. However, the Company needed to find new ways to rise above its peers and stay relevant in the post-pandemic set-up. Your employees, on the other hand, needed digital empowerment to conduct day-to-day business to create impact across different channels.

To identify new ways to improve customer and employee experiences, your Company launched its flagship internal ideation program, 'Leave A Mark', based on the 'kaizen' philosophy to better understand previously unidentified challenges arising in the post-pandemic era. By involving employees in the process of identifying challenges and generating ideas, the Company aimed at tapping into the employees' collective knowledge and experience to foster inclusivity. The initiative empowered employees across the organization to devise solutions thereby imbibing the #leaveamark spirit. For better team collaboration and idea generation, your Company also launched 'Quality Control Circle' to form Circles Of Excellence (COE) in regions, to brainstorm and identify business concerns, to get quick solutions and, replicate good initiatives done in other regions.

To create a common framework for employees to drive positive change in the lives of customers and enable them to rise, we effectively communicated the three Mahindra leadership competencies CAB (Collaborate, Agile, Bold) in a top-down approach. Through formal communication, practices, and strategic meetings, your Company is embracing CAB by ensuring optimal use of existing resources, empowering teams to experiment to create new practices and communicate with relevant stakeholders for efficient decision-making.

Our commitment to prioritizing employee ownership and communication has allowed us to build a strong and loyal workforce, which in turn has contributed to the growth and success of the organization. Hence, to ensure that employees' concerns & fears are resolved, senior leadership directly addressed employees' concerns through National, Regional Webcasts and 'Sammelans' (digital town halls) ensuring effective



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two-way communication for building trust & mutual understanding. As a part of our rapid experimentation strategy, we introduced 'Ask Your MD', an initiative that allows the frontline talent to discuss business-related issues directly with the Managing Director & CEO. This led to enhancing communication & collaboration within the Company, leading to better problem-solving and decision-making. Additionally, to build an environment of inclusivity and to hear female voices, we introduced the '#ShaktiForum' to cover critical topics like health, wellness, policies, suggestions, and organizational support required at important junctures for female employees. Thus, by actively listening to and engaging with all employees, your Company has continued to thrive and grow.

To stay competitive and agile in today's rapidly changing business landscape, your Company enabled employees to acquire new skills and knowledge through the launch of an 'On-the-Job' training pilot for Territory Managers and below roles. Additionally, your Company revamped and standardized its existing training programs in rural & affordable housing in a classroom physical set-up, where all newly joined frontline employees from various functions went through the 'Shubhaarambh training program' (2-3 days). Your Company also synergized with the Mahindra Group for developing leadership & managerial developmental programs at senior and mid-level managerial positions, acting as a bedrock for Succession planning.

Your Company's focus on the productivity and performance of its employees continues. Using talent management at scale, your Company devised strategies to maximize the potential of its employees, resulting in increased productivity and overall business performance. Your Company re-launched its Internal Job Posting (IJP) portal, which allowed it to tap into the internal talent pool across the company thereby enabling employees to develop cross-functional and fungible skills. The cross-pollination of talent resulting from this initiative helped bringing in numerous benefits, including fostering innovation, enhancing problem-solving abilities, and increasing productivity through a culture of collaboration and diversity of thought. Finally, by ensuring a smooth transition into leadership roles through potential talent development, helped build a strong succession pipeline aligned with the strategic goals of the organization.

To provide a smooth employee experience, your Company leveraged digital applications for simplifying and streamlining people processes and systems. This was achieved through the launch of "Ask MyPAL", an AI-powered HR chatbot, that is available 24/7 and ensures easy accessibility to grievance redressal channels, HR policies, HR services and raising HR tickets on an employee's handheld device. The introduction of the HR Chatbot not only helped in addressing employee queries efficiently but also highlighted the paramount importance of digitizing and reengineering HR processes and experiences.

Your Company, in tandem with the Group efforts, implemented 'Project Anubhav' to improve the digital employee experience. Through the project, your Company aimed

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to create a digital workplace experience for employees across all cohorts (field force, support staff, remote staff employees) by re-looking and revamping the existing practices like adoption of the digitized pre-onboarding module, improving branch connectivity & UI/UX simplification of current interfaces. Phase one of this project was instrumental in building a better Employee Experience (EX) and we are working towards building more efficient people operations and driving greater success.

Your Company also understands the importance of providing multiple channels for employees to voice their concerns and have them addressed in a timely manner. To achieve this, you have diversified the modes of recording grievances like the Whistle-blower policy (to report unethical or illegal activities), multi-lingual employee call center (avoid language barriers), our 'Insaaf' disciplinary policy (employees are held to the same standards), 'Champions Chai aur Chat' (regional HR representatives travel to branches to discuss issues/ concerns) to promote a culture of transparency, fairness, and inclusivity within the organization.

Diversity, Equity & Inclusion is an instrumental piece of the senior management agenda - ensuring that inclusion is deeply ingrained in the Company culture. Your Company has held DE&I sessions for senior-level employees to stay abreast of the changing dynamics in managing an inclusive workplace. Your Company amalgamates learning with implementation of new policies and revamping of older policies to support women employees by introducing female wellness policies and supporting women employees embracing motherhood. To ensure wellness amongst employees, we tied up with Dr Reddy's Foundation for Health Education (DRFHE) to extend holistic support to employees, wherever possible, through a series of well-being initiatives.

Strengthening our commitment to diversity and inclusion, we have been able to attract and recruit talent from a wide range of backgrounds and experiences through campus hiring. We have also put additional emphasis on hiring individuals who share similar values, to develop a highly diverse and skilled workforce. We have blended our hyper-localized hiring strategy with premium Tier 2-3 B-schools, to cultivate a robust talent pool at the middle management level.

To understand the real sentiments of our employees, we also conducted a year-long in sighting session on ground-level talent attrition. These include collective qualitative inputs from active & attrite employees of both rural and affordable housing businesses pan-India, keeping in mind the 'Great Place To Work Trust Index' at the core. This helped in developing strategies and recommend solutions pertaining to core areas of challenges identified through the exercise.

For future readiness, your Company will facilitate the transition of traditional HR roles to HR Business Partner roles by nurturing a strategic, data driven mindset and aligning the HR practices with the overall organization strategy. Your Company will also be conducting a Talent benchmarking exercise in the areas of Talent Sourcing,

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Performance Management, Productivity, Retention Analytics, Organization Structure, and Engagement. Lastly, your Company will develop a distinctive Employee Value Proposition (EVP) for the Rural and Affordable Housing sectors to attract, hire, and retain the best talent by arming them with the necessary resources and providing a proper balance of rewards and recognition to empower them to achieve excellence.

**A brief outline of the Company's CSR policy, including overview of projects or programs undertaken / proposed to be undertaken and a reference to the web-link to the CSR policy.**

As one of the 'Rise' businesses of the Mahindra Group, your Company exists to drive positive change across rural and semi-urban India. The Company CSR's Holistic development approach is aligned with the Company's vision of 'Transforming Lives by helping Indian communities Rise'. Given the geographical breadth and depth of operations, your Company strives to work and uplift the underserved communities through core business offerings on the one hand as well as a holistic community development through CSR on the other.

To achieve these objectives, empowerment is the key, not only for the well-being of individuals, families and rural communities, but also for the overall economic growth of the country.

Your Company's CSR objectives are aligned to the SDGs of the United Nations. Therefore, they augment and facilitate the efforts undertaken by the Government of India towards SDG 2023. The CSR projects undertaken in FY23 are aligned to 6 of the 17 SDGs of the UN. Your Company is also a part of UN BCtA and helps the UNDP with innovations that reduce poverty and accelerate progress towards the SDGs.

In FY23, your Company worked actively in the spaces of 'Rural Development', 'Livelihood Generation' and 'Education of Girl Children.'

Your Company undertook 4 signature projects on 'Rural Development' and 'Livelihood Generation' in partnership with various NGOs:

### 1. Sanitation & Hygiene Project



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A flagship programme undertaken for the sixth year in a row which aims to improve access to sanitation. The company partnered with an NGO and constructed individual household latrines for marginalized families present in the villages of Nilgiri District, Tamil Nadu. It is impacting hundreds of villagers and improving their health and wellbeing through improved sanitation practices.

### 2. Watershed Development Project



Undertaken now for three years in a row, the company partnered with an NGO to plan and execute the Watershed Development project to raise ground water levels by creating & maintaining different types of watershed structures. This project is going to create long term Social and Economic impact on the lives of thousands of farmers present in the Jalgaon District of Maharashtra.

### 3. Waterwheel Distribution



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The Company partnered with an NGO and executed the Waterwheel distribution program in 13 remote villages in Barmer District, Rajasthan. The project has been undertaken for the third time year in a row and has impacted thousands of underprivileged families by safeguarding their physical health and well-being and ensuring easy access to 'Safe Drinking Water'.

### 4. Climate Resilient Agriculture



To enhance farmers' income through sustainable agricultural practices, the company has implemented Climate Resilient Agriculture program for the second time in the villages in Buldhana district, Maharashtra. In partnership with an NGO, the project has impacted thousands of marginalized farmers and helped them reduce their operational expenses incurred whilst farming, to use technologically improved Agri-Practices, Market Linkage and different sustainable ways of farming. At the same time, your employees engaged with the local farmers and spent volunteering hours promoting sustainable agriculture practices.



Apart from these, your Company continued with its commitment towards - 'Quality Education to Underprivileged Girls' through the Nanhi Kali Programme. The company supported beneficiary girl children from Punjab and UP. This programme gifts education to girl children, provides basic amenities for them to attend school with dignity and promote holistic development through an integrated sports curriculum. It also contributes to the overall upliftment of the community by enabling the past 'Nanhi Kalis' to become mentors and champions for the education of girl children.

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Your Company has participated in Mahindra Group's initiative to encourage 'Individual Social Responsibility' through 'Myseva' - a platform specially designed for employees to share and be recognized for their acts of kindness. Your company has taken special efforts around technology integration for Myseva and streamlined the process to help employees capture time spent on social service in their personal capacity.

Your Company has ensured compliance with all guidelines and regulations to facilitate best-in-class execution while fulfilling the statutory requirements of the Companies Act. It has a duly constituted CSR Committee in accordance with section 135 of the Companies Act, 2013, to assist the Board in fulfilling its Corporate Social Responsibility objectives. All projects were undertaken and completed after following all Due Diligence prescribed by Ministry of Corporate Affairs and in accordance with provisions of Section 135 of the Companies Act, 2013.

Your Company has striven to 'Rise for Social Good' and will continue to do so. To fulfil this goal, your company has applied and adhered to its CSR framework that determines the best of its funds to create true 'Corporate Social Value'.

The revised CSR Policy of the Company is displayed on the website of the Company at [the web-link: https://www.mahindrahomefinance.com/src/assets/downloads/CSR---Policy.pdf](https://www.mahindrahomefinance.com/src/assets/downloads/CSR---Policy.pdf)

### CODES OF CONDUCT FOR CORPORATE GOVERNANCE

The Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and, would always be, an integral part of Company's ethos.

The Company has, for the year under consideration, received declarations under the Codes from Directors and Senior Management Employees of the Company affirming compliance with the respective Codes.

### AUDITORS

#### STATUTORY AUDITORS

In compliance of the guidelines prescribed by the Reserve Bank of India (the RBI) vide circular no. RBI/2021-22/25 - Ref.No.DoS.CO.ARG/ SEC.01/0891.001/2021-22 dated April, 27, 2021 ("RBI Guidelines"), BSR & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 101284W/W-100022), who were appointed as the Statutory Auditors of the Company at the 10<sup>th</sup> Annual General Meeting of the members of the Company held on 17<sup>th</sup> July 2017 for a term of five years to hold office

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from the conclusion of the 10<sup>th</sup> Annual General Meeting till the conclusion of the 15<sup>th</sup> Annual General Meeting of the Company, held the office for a shorter term i.e. till 31<sup>st</sup> October, 2021.

Pursuant to section 139 of the Companies Act, 2013, the Members at their Extraordinary General Meeting held on 30<sup>th</sup> October 2021 appointed M/s. Gokhale & Sathe, Chartered Accountants (ICAI Firm Registration No. 103264W) as the Statutory Auditors of the Company, to hold office from 1<sup>st</sup> November 2021 till the conclusion of the 15<sup>th</sup> Annual General Meeting of the Company to conduct audit of accounts of the Company for the financial year ending 31<sup>st</sup> March 2022, upon the recommendation of the Audit Committee and Board of Directors of the Company. The appointment of M/s. Gokhale & Sathe as the Statutory Auditors for a further term of two years i.e. from the 15<sup>th</sup> Annual General Meeting till the conclusion of the 17<sup>th</sup> Annual General Meeting of the Company was proposed for the approval of the Members. The Members at their 15<sup>th</sup> Annual General Meeting i.e. the AGM for the year 2022 approved the said appointment.

The Report given by the Statutory Auditors on the Financial Statements of the Company for the Financial Year 2022-23 is a part of the Annual Report. The Report is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

### SECRETARIAL AUDITOR

Messrs. KSR & Co., Company Secretaries LLP are the Secretarial Auditors of the Company and conduct the Secretarial Audit of the Company pursuant to the provisions of section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2021-22 furnished by the Secretarial Auditor is appended to this Report as **Annexure III**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

During the year under consideration, the Statutory Auditors and Secretarial Auditor have not reported to the Audit Committee any instances of frauds committed in the Company by its officers or employees, under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

### ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards)

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Rules, 2015, as amended and notified under section 133 of the Companies Act, 2013, ("the Act") and other relevant provisions of the Act.

### ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134, read with Rule 11 of the Companies (Management and Administration) Rules, 2014, an Annual Return of the Company has been placed on the website of the Company and can be accessed at the web-link <https://www.mahindrahomefinance.com/investors/>.

### EXTRACT OF THE ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with amended Rule 12(1) of the Companies (Management and Administration) Rules, 2014, your Company is no longer required to attach extract of the annual return with the Director's Report in Form MGT-9.

### VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a Vigil Mechanism, in the form of a Whistle Blower Policy, for Directors and Employees to report their genuine concerns.

As per the Whistle Blower Policy of the Company, Employees are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity, to the Chairman of the Audit Committee of the Board or Chairman of the Company or the Corporate Governance Cell.

Under the Whistle Blower Policy, confidentiality of those reporting violation(s) is protected and they are not subjected to any discriminatory practices. No personnel have been denied access to the Audit Committee.

The Whistle Blower Policy of the Company is available on the website of the Company at the Web-link: <https://www.mahindrahomefinance.com/src/assets/downloads/Whistle-Blower-Policy-MRHFL.pdf>

### INTERNAL CONTROL SYSTEM

Your Company has in place an adequate internal control system to safeguard all assets and ensure operational excellence. It also has a team of Internal Auditors to conduct internal audit. Independent audit firms ensure that all transactions are correctly authorised and reported. Internal Audit reports are discussed with the Management and reviewed by the Audit Committee of the Board. The Audit Committee also



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## BOARD'S REPORT - 2022-23

reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

### INTERNAL FINANCIAL CONTROL SYSTEM

Your Company has put in place adequate policies and procedures to ensure that the system of internal financial controls is commensurate with the size and nature of the Company's business. These systems provide a reasonable assurance with respect to providing of financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records, and ensuring compliance with corporate policies.

### RISK MANAGEMENT

Risk is an integral part of doing business. The risk management framework of the Company is aligned to Company's objectives. It balances risks and rewards based on the judgment of impact of foreseeable risks and the likelihood of their occurrence.

The risk management framework of the Company has following elements:

- A strategy that is driven by objectives and principles.
- Assignment of responsibilities.
- A risk management culture spread across the Company.

The risk management framework is based on assessment of all risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This risk management mechanism is supported by regular review, control, self-assessment and monitoring of key risk indicators. The key risks are:

#### 1) Liquidity Risk

It is a risk of being unable to raise required funds at optimal cost and tenure to meet operational and debt-servicing requirements.

**Mitigation:** The liquidity position is regularly monitored based on future cash flows. Company raises funds by adhering to the asset-liability management tolerance level. It is ensured that funds are raised from different lenders like banks, financial institutions and raising of funds from varied sources like Term loan, Non-Convertible Debentures, Commercial Papers etc. The Company reviews its liquidity on an on-going basis and ALCO meets regularly and assesses the requirement of funds.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

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### 2) Interest Rate Risk

Interest rate fluctuations adversely affect efficient borrowing and interest margins.

**Mitigation:** The Company has policies for assessment of various types of risks and modifications in assets and liabilities to manage such risks.

### 3) Operational Risk

Operational risks are the risks which adversely impact the business, reputation and profitability of the company.

**Mitigation:** Our operational systems including faster loan disbursement through quick credit appraisals, monitoring, reporting and regular internal audits provide a check on deviation from any contingent operational inefficiency.

### 4) Credit Risk

Credit risk means a direct monetary loss to the Company due to non-repayment of the principal amount of loan, or interest thereon, by the borrower.

**Mitigation:** The Company has robust systems for credit appraisal, disbursement and monitoring thereafter. This ensures containment of credit risks within the given business model of the Company.

### 5) Business Risk

The Company, due to the nature of its business, is exposed to various external risks, having direct bearing on the sustainability and profitability. Major among them are Industry Risk and Competition Risk.

**Mitigation:** We have developed tailor-made products for our customers to penetrate deep in our niche' market. We also continuously endeavor to expand our markets geographically. With our strong sales force, variety of products, and customer friendly culture, the Company can efficiently counter the competition. Using analytics and algorithm, we have developed customer credit scores model.

### 6) Regulatory Risk

Regulatory risk is the risk of non-compliance with the laws or changes in regulatory environment, affecting the business adversely.

**Mitigation:** We have a zero tolerance for non-compliance. There is a strong focus across the length and breadth of the organization towards the compliance of all applicable laws. We have a flexible structure which responds favorably to any regulatory changes, assessing the risk therefrom and adjusting to it seamlessly.

## 7) Human Capital Risk

Our business is people intensive and hence it is utmost necessary to attract, train, retain and develop quality human resources.

**Mitigation:** We provide excellent working environment and work-life balance. The compensation paid by the Company is comparable with industry standard. Our policies are employee friendly. We undertake all the efforts to resolve employee grievances and improve upon our human resource development.

## 8) Pandemic Risk

COVID-19 pandemic has opened up businesses all over the world to an imminent and imposing risk. It may recur, or return in a new form, or there may be some other pandemic with graver threat. The threat or Risk of Pandemic is not so distant anymore and needs to be provided for. The pandemic is not only a threat in itself but it also opened up a pandora's box of various social, economic and other risks, including business risk and risk of enhanced defaults by customers.

**Mitigation:** Our pro-active crisis management, strong business continuity processes and robust infrastructure ensured uninterrupted services to our customers, while maintaining health and safety of employees.

## 9) Information Technology Risk

In the interest of diligence and accuracy, the Company has computerized and digitized many of its business processes and continues to improve upon the same. With increasing need for automation, Information Technology (IT) and cyber risks have become a common matter of concern and their scope has increased many fold.

**Mitigation:** To control the IT and cyber risks, the Company has effective monitoring and reporting systems. The management periodically reviews various technology risks. The Company has management level committee(s) to manage IT and Cyber Risks. The Company also has a board level IT Strategy Committee to look in to and advise about strategic matters pertaining to information technology and mitigation of risks pertaining to these areas. The Company has the required IT infrastructure in place, as prescribed under regulatory provisions, including various policies, processes, IT audit etc. and complies with the regulatory requirements in this regard.

## 10) Market Risk

Market risk is the risk of reduction in earnings or losses arising from adverse impact of dynamism and volatility of various factors and forces affecting the market.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

**Mitigation:** The Company is largely insulated against market risks due to continuous monitoring of market situation and diligent response to all probable adverse factors. Company's conservative and prudent liquidity management, asset liability management and business practices go a long way in ensuring Company's survival and growth even during tough times.

### Internal Capital Adequacy Assessment Process (ICAAP)

Under the scale-based regulations, Housing Finance Companies are required to make a thorough internal assessment of their need for capital, commensurate with the risks in their business. This internal assessment shall be on similar lines as ICAAP prescribed for all commercial banks under Pillar II of Master Circular - Basel III Capital Regulations dated 1<sup>st</sup> July 2015. The methodology for internal assessment of capital shall be proportionate to the scale and complexity of operations as per their Board approved policy. As required by regulator, the Company has in place a board approved policy on Internal Capital Adequacy Assessment which is effective from 1<sup>st</sup> October 2022.

### Chief Risk Officer

Pursuant to the recommendation of the Risk Management Committee and the Nomination and Remuneration Committee and in compliance of the provisions of Policy Circular bearing no. NHB/ND/DRS/ Policy Circular No. 95/2018-19 dated May 29, 2019 issued by the National Housing Bank and Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 issued vide Circular no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 issued by the Reserve Bank of India, Mr. Hitesh Agrawal has been appointed as the Chief Risk Officer (CRO) of the Company for a tenure of 5 (five) years with effect from 16<sup>th</sup> February 2022.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 134(5) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

- i. In the preparation of the annual accounts for Financial Year ended 31<sup>st</sup> March, 2023, applicable accounting standards have been followed and there are no material departures in adoption of these standards.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2023, and of the profit of the Company for the year ended on that date.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- iv. The Directors have prepared the annual accounts for the Financial Year ended 31<sup>st</sup> March 2023, on a 'going concern' basis.
- v. The Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and have been operating effectively.
- vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

### COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied with by your Company.

### COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit, as prescribed under the provisions of Section 148 (1) of the Companies Act, 2013, are not applicable for the business activities carried out by the Company.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Sub-section (4) of Section 186 of the Companies Act, 2013 stipulates that companies shall disclose in the financial statement, full particulars of loans made and guarantees given or securities provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security. However, sub-section (11) of the said section 186 exempts Housing Finance Companies from making such disclosure in the financial statements for the loans granted and /or guarantees / securities provided by such Housing Finance companies in the ordinary course of business.

Pursuant to the provisions of Section 186(4) of the Act, the Company has not made any loans and guarantees given or securities provided during the current year. The Company's Investments, as envisaged under Section 186 of the Companies Act, 2013,

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

are within the limits mentioned in the said section, and are included in the Financial Statements, forming part of this Annual Report.

### **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are provided in **Annexure IV**, appended to this Report.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/ transactions entered into by the Company with Related Parties during the Financial Year 2022-23 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. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The Policy on Related Party Transactions, as approved by the Audit Committee and the Board of Directors of the Company, is appended to this Report as **Annexure V**. The same is also uploaded on the website of the Company and can be accessed at the following web-link: [https://www.mahindrachomefinance.com/wp-content/uploads/2022/07/MRHFL---Related-Party-Transactions-Policy\\_2022.pdf](https://www.mahindrachomefinance.com/wp-content/uploads/2022/07/MRHFL---Related-Party-Transactions-Policy_2022.pdf)

### **SUBSIDIARIES / ASSOCIATES / JOINT VENTURES**

The Company did not have any Subsidiary / Associate / Joint Venture as on 31<sup>st</sup> March 2023, or during the Financial Year ended on that date.

### **CHANGE IN THE NATURE OF BUSINESS**

There was no change in the nature of business carried on by the Company during the year under consideration.

### **PUBLIC DEPOSITS AND LOANS / ADVANCES**

The Company has not accepted deposits from the public or its employees during the year under consideration. There were no unclaimed Deposits or interest thereon or unpaid dividend due for transfer to Investor Education and Protection Fund, during the year under consideration.

The Company has not made any loans/advances in the nature of loans which are otherwise required to be disclosed in the Annual Accounts of the Company pursuant to Regulation 53 (f) read with paragraph A of Schedule V of the Securities and

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Disclosures of transactions of the Company with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the Company - Mahindra & Mahindra Financial Services Limited ("MMFSL") is an entity belonging to the promoter group (holding company) which holds 98.43% shareholding in the Company as on 31<sup>st</sup> March 2023. Refer Note Number 49 to Financial Statements in the Annual Report for the detailed disclosure of transactions with MMFSL.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There were no significant and material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status and Company's operations in future.

### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The Company has in place a detailed Policy in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, ('POSH Act') and Rules made thereunder, to prevent sexual harassment of its employees.

The POSH Policy is also available on the website of the Company and can be accessed at the web-link <https://www.mahindrahomefinance.com/investors/> .

The Company has complied with the provisions relating to the constitution of the Internal Complaints Committee (ICC) under the POSH Act to redress complaints received regarding sexual harassment.

Status of complaints for the Financial Year 2022-23 is as follows:

a.	Number of complaints filed during the financial year	0
b.	Number of complaints disposed off during the financial year	0
c.	Number of complaints pending as at end of the financial year	0

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### CONFIRMATIONS

During the year, your Company has not made any application and there are no proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).

During the year under review, the Company has not made any one-time settlement for loans taken from the Banks or Financial Institutions, and hence the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.

### GENERAL INFORMATION

Quarterly Financial Results of the Company are furnished to BSE Limited. Quarterly Financial Results are published in Business Standard in English and also communicated to the Debenture holders. Official news releases, including quarterly results, are also disseminated on the Company's website.

As prescribed under Regulation 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of the Debenture Trustees are given below:

#### **Axis Trustee Services Limited**

Corporate Office

The Ruby, 2<sup>nd</sup> Floor, SW,

29 Senapati Bapat Marg,

Dadar (West),

Mumbai- 400 028

Telephone: (022) 6230 0451/446

Fax: (022) 6230 0700

E-mail: [debenturetrustee@axistrustee.in](mailto:debenturetrustee@axistrustee.in)

### ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their sincere appreciation for the support received from National Housing Bank, RBI, Company's customers, Bankers, Investors, and Shareholders during the year under consideration. Your Directors also acknowledge the hard work, dedication, and commitment of employees.

**For and on behalf of the Board**

**Ramesh Iyer**  
*Chairman*



# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### **Registered Office:**

Mahindra Towers,

P. K. Kurne Chowk, Worli,

Mumbai - 400 018.

CIN: U65922MH2007PLC169791

Tel.: 91 22 6652 3500; Fax: 91 22 2497 2741

E-mail: [customercare.mrhfl@mahfin.com](mailto:customercare.mrhfl@mahfin.com)

Website: [www.mahindrahomefinance.com](http://www.mahindrahomefinance.com)

Place: Mumbai

Date: 19<sup>th</sup> April 2023

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### ANNEXURE I TO THE BOARD'S REPORT

#### **Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013, and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.**

#### **1. Brief outline on CSR Policy of the Company**

As one of the 'Rise' businesses of the Mahindra Group, your Company exists to drive positive change in across rural & semi-urban India. Every endeavour by the Company is devised keeping in mind the mission of Transforming Lives. Your Company's CSR initiatives are specifically inclined towards transforming the lives of people from socially and economically disadvantaged sections of society and creating possibilities to enable them to Rise above their challenging circumstances. To achieve these objectives, empowerment is the key-not only for the well-being of individuals, families and rural communities, but also for the overall economic growth of the country.

#### **Guiding Principles**

- All CSR Projects should be in accordance with the points mentioned in Schedule VII of the Companies Act, 2013.
- All CSR projects / interventions must be undertaken in India (except training of Indian Sports Personnel representing any State or Union territory at national level or India at international level).
- The Company may seek help from International Organizations in designing, monitoring, and evaluating its CSR Projects, and in assisting with capacity building of its personnel. However, it is clarified that such organizations cannot take the responsibility of actual implementation of the CSR initiatives.
- The initiatives undertaken in pursuance of normal course of business of the company cannot be considered as CSR interventions.
- Projects or programs or Interventions that benefit employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019) shall not be considered as CSR activities.
- CSR interventions should be in project/program mode. Occasional events such as marathons/awards/charitable contribution/advertisement/sponsorship of TV programs etc. and any other sponsorship activity deriving marketing benefits for the company's products or services will not qualify as part of CSR expenditure.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### 2. Composition of the CSR Committee.

The Company has duly constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013, to assist the Board and the Company in fulfilling its Corporate Social Responsibility objectives. The Composition of the Committee is as follows:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Ramesh Iyer	Chairman	2	2
2.	Ms. Anjali Raina	Independent Director	2	2
3.	Mr. Vivek Karve	Director	2	1
4.	Mr. Shantanu Rege <sup>1</sup>	Managing Director & CEO	1	1
5.	Mr. Rajnish Agarwal <sup>2</sup>	Managing Director & CEO	1	1

1. Appointed as a Member w.e.f. 1<sup>st</sup> October 2022.

2. Ceased to be a Member w.e.f. 30<sup>th</sup> September 2022.

### 3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

**CSR Policy** - <https://www.mahindrahomefinance.com/src/assets/downloads/CSR---Policy.pdf>

**CSR Committee** - <https://www.mahindrahomefinance.com/investors/>

**CSR Project** - <https://www.mahindrahomefinance.com/src/assets/downloads/Key-CSR-Projects-for-FY-23.pdf>

### 4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. - Not Applicable

5.

#### (a) Average net profit of the company as per sub-section (5) of section 135.

Rs. 23,035.01 Lakhs. (Average of last 3 financial years)

#### (b) Two percent of average net profit of the company as per sub-section (5) of section 135.

Rs. 460.70 Lakhs

#### (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

Not Applicable

**(d) Amount required to be set-off for the financial year, if any.**

Not Applicable

**(e) Total CSR obligation for the financial year [(b)+(c)-(d)].**

Rs. 460.70 Lakhs

6.

**(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).**

Rs. 460.23 Lakhs

**(b) Amount spent in Administrative Overheads.**

Rs. 0.47 Lakhs

**(c) Amount spent on Impact Assessment, if applicable.**

Not Applicable

**(d) Total amount spent for the Financial Year [(a)+(b)+(c)].**

Rs. 460.70 Lakhs

**(e) CSR amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Rs. 460.70 Lakhs.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

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

Not Applicable

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

**MAHINDRA RURAL HOUSING FINANCE LIMITED**

**BOARD'S REPORT - 2022-23**

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years: **Not Applicable**

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
1	FY-1	-	-	-	-	-	-	-
2	FY-2	-	-	-	-	-	-	-
3	FY-3	-	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes -      No -

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s)  [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
-							

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

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

**For Mahindra Rural Housing Finance Limited**      **For and on behalf of the Corporate Social Responsibility Committee**

**Shantanu Rege**  
**Managing Director & CEO**

**Ramesh Iyer**  
**Chairman, Corporate Social Responsibility Committee**

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### ANNEXURE II TO THE BOARD'S REPORT

#### POLICY ON REMUNERATION OF DIRECTORS

##### **Prelude**

The Company is a housing finance company registered with the National Housing Bank and is engaged in providing Home Loans primarily in rural areas for construction or purchase of a new property or for repairs, modernization or extension of an existing home.

This Policy shall be effective from the financial year 2014-15.

##### **Intent of the Policy**

The intent of the Remuneration Policy of Directors of Mahindra Rural Housing Finance Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that –

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and longterm performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors may receive sitting fees for attending the meeting of the Board and the Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Chairman and Non-Executive Non-Independent Directors who receive remuneration from the holding company or a Group Company will not be paid any sitting fees or any remuneration. In addition to the above the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee Directors shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and shareholders of the Company subject to such other approvals as may be required.

Subject to the provisions of the Companies Act, 2013 (the Act), Non-Executive Directors, including Independent Directors (i.e., Directors other than the Managing Director and/or Whole Time Directors), may be paid remuneration by way of monthly payment or by way of a lump-sum payment or by way of a specified percentage of net profits of the Company or partly by one way and partly by another, so however that such payment is within the limits prescribed by the shareholders in this regard and the Act and Rules made thereunder.

The NRC, while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.



# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### Managing Director / Executive Directors

The term of office and remuneration of Managing Director/Executive Directors are subject to the approval of the Board of Directors, shareholders, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the approval of shareholders, where required, he/she shall refund such sums to the Company within two years or such lesser period as may be allowed by the company, and until such sum is refunded, hold it in trust for the company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Shareholders by Special Resolution.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended / approved by the NRC/ Board. In terms of the shareholders' approval, the Commission may be paid to Managing Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/Executive Director to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

### **Disclosures**

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### Remuneration Policy for Key Managerial Personnel, Senior Management & Other Employees

#### 1.0 Objective

- To maintain fair, meritocratic, consistent, and equitable compensation practices in alignment with the Roles and Responsibilities of individuals, strategic business goals and emerging compensation regulations, as applicable.
- To ensure effective governance of Compensation and alignment of compensation practices with prudent risk taking.

#### 2.0 Compensation Philosophy

The philosophy of the Company is to have a performance-oriented culture. The compensation system shall also consider factors like roles, skills / competencies, experience and grade /seniority to differentiate pay appropriately on the basis of contribution, skill and availability of talent on account of competitive market forces.

#### 3.0 Definitions:

**Nomination and Remuneration Committee ("NRC")** shall mean a committee of the Board having the constitution, powers, functions and duties as laid down in section 178 of the Companies Act, 2013, applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, RBI Guidelines and other applicable legal provisions.

**"Malus"** arrangement shall mean where the Company prevents the vesting of all or part of the amount of a deferred remuneration.

A **"Clawback"** arrangement shall mean a contractual agreement between the covered Employees and the Company in which the covered employee agrees to return previously paid or vested remuneration to the Company under certain circumstances or empowers the Company to recover previously paid or vested remuneration by the Company under certain circumstances.

**"Company"** means Mahindra Rural Housing Finance Limited

**"Key Managerial Personnel" (KMP)** as defined in section 2(51) of the Companies Act, 2013 ("the Act") means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer;

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

(v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board;

**“Senior Management Personnel” (SMP)** shall mean officers and personnel of the Company who are members of its Core Management Team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole-time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary, Chief Financial Officer.

(For removal of doubts the core management team shall comprise of Head - Affordable Housing, Head - Credit, Chief Risk Officer, Head - Human Resources, Chief Compliance Officer, Head - Strategy, Chief Investment Officer, Head - Collection, Head - Legal, and any other officer of the Company as may be decided by the CEO / MD.)

### **3.1 Governance of Compensation - Nomination and Remuneration Committee & Review Process:**

- The Nomination and Remuneration Committee (NRC) will -
  - ◊ Oversee the framing, review and Implementation of the policy of the Company in adherence to the statutory requirements.
  - Work in coordination with the Risk Management Committee to achieve alignment between risks and remuneration.
  - Ensure ‘fit and proper’ status of proposed / existing director and that there is no conflict of interest in appointment of directors on Board of the Company, KMPs and SMPs.
  - The Compensation decisions consider various factors including:
    - 3.1..1 Long term business plans.
    - 3.1..2 Overall health of the Company.
    - 3.1..3 Industry & Market Trends.
    - 3.1..4 Any other relevant factors.
  - Approve and recommend to the Board the compensation of the Managing Director/ Executive Director, KMP and SMP as defined in point 5.0 below.
  - Ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP) in appointment of KMPs and Senior Management.

### **4.0 Components and Risk Alignment -**

- The compensation of Key Managerial Personnel and Senior Management Personnel would be reasonable, recognizing all relevant factors including adherence to statutory requirements and industry practices. The compensation

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

packages would comprise of Fixed and Variable pay components and are aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

- Compensation structure will comprise of Total Remuneration consisting of:
  - (i) Fixed Pay - All fixed items of compensation, including the Perquisite Pay/ Benefit, Contribution towards Superannuation / Retiral benefits would be treated as a part of Fixed Pay. All Perquisites that are reimbursable within specified monitoring ceiling would also be included in the fixed pay. Monetary equivalent of benefits of non - monetary nature (such as pre-furnished house, use of Company car, etc.) would also be part of the fixed pay. *For details refer Annexure 1.*
  - (ii) Variable Pay - The variable pay includes Performance bonus/Incentives.
  - (iii) Long Term Incentive Pay in form of Deferred cash bonuses, all share-linked instruments (e.g. ESOP, RSU, etc.) - *For details refer Annexure 2.*
  - (iv) Other payments, which includes Joining / sign on Bonus, Severance package, etc.

### 4.1 Fixed Pay - For details refer Annexure 1.

### 4.2 Variable Pay / Performance Pay (PP):

- This includes Performance Pay/Incentive and is linked to assessment of performance. Performance assessment would be based on achievement of individual targets linked to KRAs for the year, defined Level of performance for the role / individual, and Company's / Business's / Functions' budgets / targets/ objectives and achievements.

4.2.1 **Incentive:** This may be paid at intervals ranging from monthly, quarterly, half-yearly and annual. The monthly/ quarterly / half yearly incentive / Performance Linked pay will be based on the role / grade and preapproved business specific incentive schemes.

4.2.2 The composition of variable pay may be in the form of share-linked instruments, or a mix of cash and share-linked instruments. It shall be ensured that the share-linked instruments are in conformity with relevant statutory

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

provisions.

### 4.2.3 Proportion:

- a) The proportion of variable pay in total compensation needs to be commensurate with the role and prudent risk-taking profile of the role.
- b) At higher levels of responsibility, the proportion of variable pay needs to be higher.
- c) There should be proper balance between the cash and share-linked instruments in the variable pay in case the variable pay contains share linked instruments.
- d) The variable pay should be truly and effectively variable and can be reduced to zero based on performance at an individual, business-unit and Company-wide level. In order to do so, performance measures and their relation to remuneration packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism as fair.

### 4.2.4 Deferral of Variable Pay:

Not all the variable pay awarded after performance assessment may be paid immediately. Certain portion of variable pay, may be deferred to time horizon of the risks for certain grade or all employees across grades, as decided by the Board of the Company. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement may be decided by the Board of the Company.

### 4.3 Long Term Incentive pay - For details refer Annexure 2.

**4.4 Other Payments:** (This includes Joining / Sign on Bonus, Severance package etc.

- **Joining Bonus:** This may be offered sparingly for recruitment of new employees. Joining bonus, if offered, will be limited to the first year of service. The Company may decide to recover such joining bonus amount in the event of an employee leaving in less than the stipulated period as mentioned in the joining bonus letter issued along with the offer letter.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

- **Severance Pay:** Company does not grant Severance Pay (other than accrued benefits in the form of Provident Fund, Gratuity or Superannuation), other than in exceptional cases where it is as deemed fit by the management.

### 5.0 Employee Classification

Employees have been broadly classified into the following categories:

- (i) **Category I** - Comprising MD & CEO and Whole Time Directors (WTDs).
- (ii) **Category II** -
  - a. **Key Management Personnel (KMP)** : Comprising Chief Financial Officer & Company Secretary.
  - b. **Senior Management Personnel (SMP)** : Category I & Category II a mentioned above) & Chief Compliance Officer.
- (iii) **Category III - Risk control and compliance employees** - Comprising staff in grade L3DH and above in the following Control functions.
  - a. Risk & Policy function
  - b. Financial Control including group consolidation
  - c. Compliance
  - d. Internal Audit
  - e. Vigilance
  - f. Legal
  - g. Secretarial
  - h. CISO
  - i. Human Resources
  - j. Credit
  - k. Finance and Accounts
- (iv) **Category IV: Other employees** - This includes all employees, not explicitly covered in the first three categories.
  - **Control and Assurance function personnel** - KMPs and SMPs engaged in financial control, Risk Management, Compliance and Internal Audit may be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Company. Accordingly, such personnel may have higher proportion of fixed compensation. However, a reasonable proportion of compensation may be in the form of variable pay, so that, exercising the options of Malus and/or clawback when warranted, is not rendered infructuous.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

- **Guaranteed bonus** - Guaranteed Bonus may not be paid to KMPs and SMPs. However, in the context of new hiring joining / sign-on bonus could be considered. Such bonus will neither be considered part of the fixed pay nor of variable pay.

### 6.0 Broad Guidelines

- Minimum tenure in the Company and its subsidiaries, including Group companies will be applicable for being eligible for Compensation revision and Variable Pay.
- Specific role, grade and business based incentive scheme will be applicable as per guidelines of variable pay policy.
- All variable pay & joining bonus commitments made will continue to be implemented as per policy.
- In case an employee moves from one category/grade/role/division/unit to another, commitments on compensation made in the previous category/grade/role/division/unit will cease to be available and the individual will be guided by the guidelines applicable to the new category/grade/role/division/unit unless specifically discussed and agreed with the employee.
- Under certain circumstances, the Company may decide not to issue any new grants / approve any variable pay/ Incentive pay for the year, or for specific period, to an employee individually, or to a group of employees collectively, or to all employees.

### 7.0 Malus and Clawback

- Malus & Clawback clauses will be applicable to Performance Pay, Long-term Incentive Plan (LTIP), Deferred Cash payments (i.e. All components of compensation other than fixed pay), as defined above.
- These can be applied to all categories of employees.
- Malus & Clawback clauses will be applied basis informed judgement of NRC for Category I & Category II employees. For Category III & Category IV employees, it will be applied on the basis of informed judgement of committee comprising CEO, CFO, COO, CRO and Head - HR.

**7.1 Malus:** Malus arrangement is applicable for all types of compensation other than Fixed pay (e.g. PP / Deferred Cash / ESOP / RSU / Deferred Incentive Plan / Joining Bonus / Severance Pay), which has not yet vested, or vested but not paid / exercised. Payment of all, or part of such components as mentioned above can be prevented under Malus.



# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

**7.2 Clawback:** Previously paid or already vested LTIP, PP, Deferred Cash, Retention Bonus can also be recovered under this clause. It may be applicable for upto past 4 years of variable pay (Cash / Deferred cash / Deferred Incentive Plan), which has vested and paid & LTIP in case of ESOP/ RSU exercised or paid. Clawback will be applicable to employees even after their separation from the Company.

### **7.3 Malus and Clawback may be applied under following circumstances:**

- Fraud, misfeasance, breach of trust, dishonesty, or wrongful disclosure by the employee of any confidential information pertaining to the Company or any of its affiliates;
- Willful misinterpretation / misreporting of financial performance of the Company;
- Material failure in risk management controls or material losses due to negligent risk-taking which are attributable to the employee, whether directly or indirectly;
- Any misconduct pertaining to moral turpitude, theft, misappropriation, corruption, forgery, embezzlement or an act of a felonious or criminal nature;
- Non-disclosure of material conflict of interest by an employee or any misuse of official powers;
- An act of willful, reckless or grossly negligent conduct which is detrimental to the interest or reputation of the Company or any of its affiliates, monetarily or otherwise;
- Material breach of Code of Conduct, any Non-Disclosure Agreement, regulatory procedures, internal rules and regulations or any other such instance for which the NRC, in its discretion, deems it necessary to apply malus or / and clawback provisions;
- The MD & CEO would propose the cases to the NRC, where malus/ clawback clause needs to be initiated. In deciding the application of malus / clawback to any part or all of variable pay or incentives (whether paid, vested or unvested), the NRC will follow due process and adhere to the principles of natural justice, materiality of the issue and proportionality on a case-to-case basis. Further, in assessing the quantum of cancellation / withdrawal, the NRC will take into consideration all relevant factors, including *interalia*, internal factors such as role and responsibilities of

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

the employee, culpability, and proximity to the misconduct as well as any external factors, including but not restricted to a situation like pandemics, that may have been beyond the control of the concerned employee. The terms of appointment of KMPs and Senior Management of the Company shall contain suitable clause on malus/clawback, as recommended by the NRC and approved by the Board.

### 8.0 Disclosures

- Company will make disclosure on remuneration of Whole time Directors /CEOs on an annual basis in the Annual Report.
- Further, the Company will also comply with the disclosure requirements for remuneration prescribed by the relevant regulatory authorities, as amended from time to time.

### 9.0 Review and Revision

- Any non-material change other than areas pertaining to Category I & II would be approved by MD.
- All reviews and amendments to this policy will be approved by NRC.
- The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the policy entirely with a new policy, based on the recommendation(s) of NRC, from time to time.
- Statutory/ regulatory provisions and any amendments thereon, made from time to time shall be binding on the Company and will be complied even if not specifically incorporated in this Policy.

### 10. Scope Limitation

In the event of any conflict between the provisions of this Policy, SEBI Listing Regulations / the Act and rules made thereunder, RBI Guidelines or any other statutory enactments, the SEBI Listing Regulations / the Act and rules thereunder, RBI Guidelines or any other statutory enactments shall prevail over this Policy.

#### Annexure 1

- **Fixed Pay (Fixed CTC):** is defined as Fixed Cost to Company (FCTC) typically comprising of Basic Salary, Allowances, Flexi pay (as per bouquet of allowances offered by the Company), Retirals and other benefits and will include imputed value of benefits like Housing and Car. It also includes cost of retirals such as Company's contribution to PF, accumulation towards Gratuity, Superannuation, where applicable and pension. The Fixed portion of the compensation shall be reasonable, considering relevant factors including the market practice, competency, competition, criticality of role, grade, experience and performance of the employee and any statutory requirements.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

- **Perquisite Pay / Benefits:** Perquisite Pay / Benefits are part of Fixed Pay and include Mediclaim Benefit; various domiciliary medical expenses including Dental and Spectacle reimbursement, Life Insurance Cover; Personal Accident Cover; Furnishing allowance; Club Membership; Housing and Car and related fuel and maintenance expenses, if provided by Company, etc. These may be given in the form reimbursement, within predefined limits, or in the form of benefit to all employees / select group of employees.

### Annexure 2

#### Long Term Incentive Pay:

- Long Term Incentive Pay may be in form of deferred cash bonuses, share-linked instruments (e.g. ESOPs, RSUs) depending on the nature of the business / function / role, the risk involved, the time horizon for review.
- This shall be granted on a discretionary and reasonable basis, to motivate and retain employees.
- Create value by aligning interest of employees with the long-term interests of the Company.
- LTIP may also be granted from time to time with the objective of retaining employees.
- ESOPs/RSUs will be linked to Company Stock price and may vest over a period of time.
- ESOPs /RSUs scheme would be pre-approved by the NRC / Board / Shareholders as may be the statutory requirement.

**MAHINDRA RURAL HOUSING FINANCE LIMITED**

**BOARD'S REPORT - 2022-23**

**ANNEXURE III TO THE BOARD'S REPORT**

**SECRETARIAL AUDIT REPORT**

**[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**For the Financial Year ended 31<sup>st</sup> March, 2023**

To,  
The Members,  
Mahindra Rural Housing Finance Limited,  
Mahindra Towers, P.K. Kurne Chowk, Worli,  
Mumbai- 400 018.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Rural Housing Finance Limited (CIN U65922MH2007PLC169791)** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31<sup>st</sup> March, 2023 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under.
- (ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (iv) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### BOARD'S REPORT - 2022-23

- (v) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 (limited to obligations of the company)
- (vi) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulation 16 to 27 on comply or explain basis).
- (vii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
- (viii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- (ix) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.
- (x) The National Housing Bank Act, 1987.
- (xi) RBI Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021.
- (xii) Housing Finance Company Issuance of Non-Convertible Debentures on Private Placements (NHB) Directions, 2014;

We have also examined compliance with the applicable clauses of the following:

- (i) The Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement for debt securities entered into with BSE Limited in respect of privately placed non-convertible debentures issued by the Company.

Based on the information and explanation provided, the Company had no transactions during the period covered under the Audit requiring the compliance of the provisions of:

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- b) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

**We further report that** the Board of Directors of the Company is duly constituted with the proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes made to the composition of the Board of Directors was duly carried out during the period covered under the Audit.

Adequate notice and detailed notes on Agenda were given to all Directors at least seven days in advance to schedule the Board Meetings. There exists a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in the minutes.

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

**We further report that** during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

- a. The Company has raised an amount of Rs. 575 Crores (Secured: Rs. 575 Crores, by issue of Redeemable Listed Non-Convertible Debentures (NCDs)) on private placement basis, in one or more series/ tranches.
- b. The Company has not raised any debt through a public issue.

**Date : 19<sup>th</sup> April, 2023**  
**Place: Coimbatore**

**For KSR & Co Company Secretaries LLP**

**Dr.C.V.Madhusudhanan**  
**Partner**  
**FCS: 5367; CP:4408**  
**UDIN: F005367E000142460**  
**PR No:2635/2022**

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

KSR/CBE/M179/43-A/2023-24

To

The Members,  
Mahindra Rural Housing Finance Limited  
Mahindra Towers, P.K. Kurne Chowk, Worli,  
Mumbai- 400 018.

Our Secretarial Audit Report of even date of **Mahindra Rural Housing Finance Limited** (CIN U65922MH2007PLC169791) (hereinafter called "the Company") is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We had conducted our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode as enabled by the company. We state that we have not done a physical verification of the original documents and records. The management has confirmed that the records provided to us for audit through electronic mode are final, true and correct.
3. Further, our audit report is limited to the verification and reporting of the statutory compliances on laws / regulations / guidelines listed in our report and the same pertain to the Financial Year ended on 31<sup>st</sup> March, 2023.
4. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further compliance of provisions of The National Housing Bank Act, 1987 and The Housing Finance Companies (NHB) Directions, 2010 read with NBFC-HFC (Reserve Bank) Directions, 2021 and Housing Finance Company Issuance of Non-Convertible Debentures on Private Placements (NHB) Directions, 2014 is

**MAHINDRA RURAL HOUSING FINANCE LIMITED**

**BOARD'S REPORT - 2022-23**

limited to compliance of corporate governance provisions and verification of filing of forms and returns thereunder.

7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Date : 19<sup>th</sup> April, 2023**  
**Place: Coimbatore**

**For KSR & Co Company Secretaries LLP**

**Dr.C.V.Madhusudhanan**  
**Partner**  
**FCS: 5367; CP:4408**  
**UDIN: F005367E000142460**  
**PR No:2635/2022**



# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### ANNEXURE IV TO THE BOARD'S REPORT

The particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under sub-section (3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.

#### (A) Conservation of Energy

**(i) The steps taken or impact on conservation of energy:**

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

**(ii) The steps taken by the Company for utilizing alternate sources of energy:**

The operations of your Company are not energy intensive.

**(iii) The capital investment on energy conservation equipment: Nil**

#### (B) Technology Absorption

**(i) The efforts made towards technology absorption : Not Applicable**

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable**

**(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): Not Applicable**

(a) Details of Technology Imported

(b) Year of Import

(c) Whether the Technology has been fully absorbed

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof

**(iv) Your Company has not incurred any expenditure on Research and Development during the year under review.**

#### (C) Foreign Exchange Earnings and Outgo

The information on Foreign Exchange Outgo is furnished as below:

**MAHINDRA RURAL HOUSING FINANCE LIMITED**

**BOARD'S REPORT - 2022-23**

- Training Expense Rs. NIL Lakhs (previous year 14.77 Lakhs).
- Travelling & Other Expense Rs. 7.63 Lakhs (previous year Rs. NIL Lakhs).

There were no Foreign Exchange Earnings during the year under consideration.

**For and on behalf of the Board**

**Ramesh Iyer**  
*Chairman*

Place: Mumbai

Date: 19<sup>th</sup> April 2023

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

### ANNEXURE V TO THE BOARD'S REPORT

#### Policy on Related Party Transactions

##### 1. Prelude

Mahindra Rural Housing Finance Limited (MRHFL / Company) is a Housing Finance company registered with the National Housing Bank and is engaged in providing home loans primarily in rural and semi-urban areas. As part of its business activities, the Company deals with entities which are related parties.

The Companies Act, 2013 ("the Act") places a lot of emphasis on Related Party Transactions. Provisions of the Act along with the relevant Rules governing Related Party Transactions have come into effect from April 1, 2014.

Section 177(4) of the Act deals with approval or any subsequent modification of transactions of the Company with related parties by the Audit Committee.

All Related Party Transactions pursuant to section 188 of the Act which are not in the ordinary course of business and / or not on an Arms' length basis require prior approval of the Board and if such transactions cross the threshold limits prescribed under the Act, such transactions also require the approval of shareholders of the Company by ordinary resolution and the Related Parties with whom transactions are being entered shall abstain from voting on such resolution(s).

It also requires specified related party transactions to be disclosed in the Board's Report along with the justification for entering into such transactions.

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) also provides additional requirements for Related Party Transactions. As per the said Regulation, the Related Party Transactions shall require prior approval of the Audit Committee and Material Related Party Transactions shall require approval of shareholders of the Company through resolution (unless exempted pursuant to the provisions of Listing Regulations) and Related Parties shall not vote to approve such shareholders resolution.

The Board of Directors (the "Board") of the Company has adopted this policy and procedures with regard to Related Party Transactions, upon recommendation of the Audit Committee, in line with the requirements of the Listing Regulations and subsequent amendments thereto [hereinafter referred to as 'Policy on Related Party Transactions'].

As per the requirements of Notification No. NHB. HFC.CG-DIR.1/MD&CEO/2016 issued by the National Housing Bank (NHB) vide which the NHB notified the

# MAHINDRA RURAL HOUSING FINANCE LIMITED

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Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016, the company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

### 2. Intent of the Policy

Regulation 23 of the Listing Regulations requires a Company to formulate a policy on materiality of related party transactions and dealing with Related Party Transactions including clear threshold limits duly approved by Board of Directors, and such policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report.

The Objective of this policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the Listing Regulations, applicable guidelines etc. issued by the Reserve Bank of India / National Housing Bank and any other laws and regulations as may be applicable to the Company; and (c) lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders, in accordance with the provisions of the Act.

### 3. Applicability and Legal Framework

This Policy on Related Party Transactions shall be governed by the Act read with Rules made thereunder, as may be in force from time to time, as well as Listing Regulations or such other Rules / Regulations, as may be notified by /SEBI from time to time and regulations, if any, of NHB in this regard. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

### 4. Definitions

- (i) **“Arm’s Length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. [Explanation (b) to Section 188(1) of the Act].
- (ii) **“Associate Company”** shall be as defined in the Act and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.
- (iii) **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act read with

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

Regulation 18 of the Listing Regulations.

- (iv) **"Board of Directors"** or **"Board"** means the Board of Directors of MRHFL, as constituted from time to time.
- (v) **"Company"** or **"MRHFL"** means Mahindra Rural Housing Finance Limited.
- (vi) **"Control"** shall have the same meaning as defined in the Act.
- (vii) **"Key Managerial Personnel"** in relation to a Company, shall be as defined under section 2(51) of the Act, as amended from time to time.
- (viii) **"Material Related Party Transaction"** means a transaction as defined under the Act and the Rules made thereunder and the Listing Regulations, as amended from time to time.
- (ix) **"Ordinary course of business"** would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per its Memorandum and Articles of Association.
- (x) **"Related Party"**, means a related party as defined under the Act and the Rules made thereunder and the Listing Regulations, including any amendment or modification thereof, as may be applicable.
- (xi) **"Related Party Transaction"** ("RPT") shall mean such transactions as specified under the Act and the Rules made thereunder and the Listing Regulations, including any amendment or modification thereof, as may be applicable.
- (xii) **"Relatives"** with reference to any person shall have the meaning as defined under the Act and Rules prescribed thereunder and the Listing Regulations, as amended from time to time.
- (xiii) A **"transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or any other applicable law or regulation.

### 5. Policy on Related Party Transactions

All Related Party Transactions (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

### 5.1 Identification of potential related parties and transactions

Every Director and Key Managerial Personnel will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her relative is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Each director and Key Managerial Personnel is responsible for providing Notice to the Company Secretary of any potential Related Party Transaction, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board.

It will be the responsibility of the Directors and KMPs to keep the Company updated immediately if there is a change in any of the declarations provided at the beginning of the year.

Besides the above, the Company will also identify other Related Parties as required under the provisions of the Companies Act, 2013 and Regulation 23 of the Listing Regulations.

Any transaction by the Company with a Related Party will be regulated as per this Policy.

### 5.2 Approval of Related Party Transactions

#### 5.2.1 Prior approval of Audit Committee

All Related Party Transactions, where Company is a Related Party, and any subsequent modifications to the transactions of the Company shall require prior

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

approval of Audit Committee, whether at a meeting or by Resolution by circulation as prescribed under the Act and Listing Regulations.

Related Party Transactions to which subsidiary Company(ies) of the Company are party (ies) but the Company is not a party, shall require approval of the Audit Committee of the Company as per Regulation 23 of the Listing Regulations if it crosses the threshold(s), as specified under the Regulations, and/or not exempted under the Regulations. Any material modification to such transactions shall also require approval of the Audit Committee of the Company.

Material modification limit for such transactions is being defined as "any change in the approved terms which has a financial implication of 25% or more or Rs. 250 crores, whichever is lower".

To review a Related Party Transaction, the Board/ Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other matter, as may be required. In determining whether approval needs to be accorded to a Related Party Transaction, the Board/ Audit Committee will consider the following factors:

The approval of the Audit Committee will be sought in the following manner:

- a) All Related Party Transactions, where Company is a party, will be submitted to the Audit Committee for prior approval irrespective of whether such transactions are in the ordinary course of business and / or at arm's length or not.
- b) Where the Company has entered into a master agreement with a related party, which stipulates details of every transaction like nature of the transaction, basis of pricing, credit terms etc., the prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and will not require any further approval of the Audit Committee unless there is any change in the terms of the master agreement.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

- b) The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company; and
- c) Such omnibus approval shall specify (i) the name/s of the related party/ies, nature of transaction /period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price/current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

The Audit Committee shall review on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of one financial year.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will not remain present at the Meeting when such Related Party Transaction is considered.

Further, the Company shall provide such information to Audit Committee for seeking approval for Related Party Transactions, as prescribed under the Act, Listing Regulations read with SEBI Circulars, from time to time, and as amended from time to time.

For the purpose of Regulation 23 of the Listing Regulations, prior approval of the Audit Committee shall not be applicable to transactions exempted under Listing Regulations, as amended from time to time.

### **5.2.2. Prior approval of Board of Directors under the Act**

Transactions with the related parties within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arm's Length basis or both shall require prior approval of the Board of Directors.

Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.



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## BOARD'S REPORT - 2022-23

### 5.2.3 Shareholders' approval requirements:

All Related Party Transactions pursuant to section 188 of the Act which are not in the ordinary course of business and / or not an Arms' length basis require prior approval of the Board and if such transactions crosses the threshold limits prescribed under the Act, such transactions also require the approval of shareholders of the Company by resolution and the Related Parties with whom transactions are being entered shall not vote to approve the shareholder's resolution (s).

All Material Related Party Transactions as per Regulation 23 of the Listing Regulations whether in the ordinary course of business or at arm's length or not and exceeding the threshold prescribed under Listing Regulations shall require approval of the Board of Directors and the Shareholders of the Company through a Resolution. For this purpose, no entity falling under the definition of related parties shall vote to approve the relevant Related Party transactions including Material Related Party Transactions irrespective of whether the entity is a party to the particular transaction or not.

All material related party transactions and subsequent material modifications to such transactions, as defined by the Audit Committee in clause 5.2.1 of this Policy, shall require prior approval of the Shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

In case the shareholders decide not to approve a Related Party Transaction, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

The requirement for seeking Shareholders approval shall not be applicable to transactions exempted under the under the Act and the Rules made thereunder and the Listing Regulations, as amended from time to time.

## 6. Disclosures

- a) The Company will submit disclosures on related party transactions, in the prescribed format, within the timelines as specified under the Listing Regulations and publish the same on its website, as may be required.
- b) The various business heads, department heads or any person authorized to enter into any transaction on behalf of the company shall not undertake any transaction with related party unless they confirm that the transaction has prior approval of the Audit Committee and that the transaction is both in the ordinary course of business and on an Arm's length basis. Any transaction not meeting the required criteria mentioned above should be brought to the notice

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## BOARD'S REPORT - 2022-23

of the Secretarial Department, Accounts Department and the CFO for seeking the requisite approvals.

- c) The Board's Report will contain details of contract(s) or arrangement(s) or transaction(s) as the Act and the Rules made thereunder and the Listing Regulations, including any amendments or modifications thereof, may specify from time to time.
- d) This policy shall be hosted on the Company's website at [www.mahindrahomefinance.com](http://www.mahindrahomefinance.com) and also disclosed in the Annual Report.

### **7. Review of Policy**

The Board will review this Policy from time to time as prescribed under the Act or Listing Regulations.

### **8. Amendments**

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendation(s) of Audit Committee, from time to time.

### **9. Scope Limitation**

In the event of any conflict between the provisions of this Policy and the Listing Regulations /the Act and rules thereunder, or any other statutory enactments, the Listing Regulations /the Act and rules thereunder, or any other statutory enactments shall prevail over this Policy.

Further, amendments in law, if any, as applicable to the Company will be complied, whether or not the same has been specifically incorporated in this Policy.

### **10. Dissemination of Policy**

This Policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the website of the Company.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## REPORT ON CORPORATE GOVERNANCE - 2022-23

### CORPORATE GOVERNANCE PHILOSOPHY

Since inception, your Company has consciously adhered to the highest standards of governance long before they were legally mandated. Your Company is committed to ethical values, sustainable business practices, and to driving positive change in the areas in which it operates. Above all, your Company is committed to transparency in all its dealings and creating shared value for all its stakeholders.

Your Company places high emphasis on business ethics, empowerment, integrity and diversity to generate long term value for its stakeholders and retain investor trust. The governance processes and practices ensure that interests of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organisation. It is a firm conviction of the Company that good Corporate Governance practices are powerful enablers, which infuse trust and confidence and are able to attract and retain financial and human capital.

Your Company has an active, experienced, diverse and a well-informed Board.

Through the governance mechanism in the Company the Board, along with its committees, undertakes its fiduciary responsibilities towards all its stakeholders by encompassing best practices to support effective and ethical leadership, sustainability and good corporate citizenship.

The Company is in compliance with the requirements mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'). A Report on compliance with the Code of Corporate Governance as stipulated in the Listing Regulations is given below:

### BOARD OF DIRECTORS

The composition of the Board of the Company is in conformity with the provisions of the Companies Act, 2013 ('the Act') and the Listing Regulations, as amended from time to time.

The Board of the Company comprised of six Directors as on 31<sup>st</sup> March 2023 and as on the date of this Report. As on 31<sup>st</sup> March 2023, the composition of the Board of Directors of your Company was in conformity with the provisions of the Act, as amended from time to time and Listing Regulations.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 23<sup>rd</sup> April 2022 appointed Mr. Amit Kumar Sinha (DIN: 09127387) as an Additional Director (Non-Executive Non-Independent, liable to retire by rotation) with effect from 23<sup>rd</sup> April 2022 to hold office till the 15<sup>th</sup> Annual General Meeting of the Company or within a time period of three months

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

from the date of appointment, whichever is earlier, effective from the date of approval by the shareholders.

The Shareholders, at their 15<sup>th</sup> Annual General Meeting, held on 22<sup>nd</sup> July 2022, appointed Mr. Amit Kumar Sinha as Non-Executive Non-Independent Director of the Company.

Mr. Amit Kumar Sinha (DIN: 09127387) ceased to be the Director of the Company with effect from 19<sup>th</sup> March 2023, upon resignation due to his new role as the Managing Director of Mahindra Lifespace Developers Limited.

The Board of Directors also places on record its sincere appreciation towards his short but valuable contribution of Mr. Amit Kumar Sinha as the Director of the Company.

During the year, Mr. Rajnish Agarwal (DIN: 03335692) superannuated prior to his retirement date as per the service terms, on account of challenging circumstances on the personal front and hence ceased to be the Managing Director & Chief Executive Officer (Key Managerial Personnel under section 203 of the Companies Act, 2013) of the Company with effect from close of the business hours on 30<sup>th</sup> September 2022.

The Board placed on record its sincere appreciation for the contribution of Mr. Rajnish Agarwal in his short, albeit effective, stint as the Managing Director & Chief Executive Officer of the Company.

Based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members, the Board of Directors, at its meeting held on 9<sup>th</sup> September 2022, approved the appointment of Mr. Shantanu Rege (DIN: 06661312) as an Additional Director with effect from 1<sup>st</sup> October 2022.

Upon the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members, the Board of Directors, at its meeting held on 9<sup>th</sup> September 2022, approved the appointment of Mr. Shantanu Rege (DIN: 06661312) as the Managing Director & Chief Executive Officer of the Company for a period of three years commencing from 1<sup>st</sup> October 2022 to 30<sup>th</sup> September 2025, in place of Mr. Rajnish Agarwal (DIN:03335692) whose has resigned due to challenging circumstances on the personal front.

The Shareholders, at their Extra-ordinary General Meeting held on 28<sup>th</sup> October 2022, approved the appointment of Mr. Shantanu Rege as the Director of the Company with effect from 1<sup>st</sup> October 2022. In the said meeting, the shareholders also approved the appointment of Mr. Shantanu Rege as the Managing Director & Chief Executive Officer of the Company, for a period of three years commencing from 1<sup>st</sup> October 2022 to 30<sup>th</sup> September 2025, (both days inclusive).

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

Mr. Vivek Karve (DIN: 06840707) retires by rotation and being eligible, offers himself for re-appointment at the 16<sup>th</sup> Annual General Meeting of the Company.

All the Directors of the Company have confirmed that they satisfy the “fit and proper” criteria as prescribed by the National Housing Bank.

All the Directors possess requisite qualifications and experience in general corporate management, banking, finance, economics, marketing, digitisation, analytics, strategy formulation and other allied fields that allow them to contribute effectively by actively participating in the Board and committee meetings, providing valuable guidance and expert advice to the Board and the Management and enhancing the quality of Board’s decision making process.

Detailed profile of the Directors is available on the Company’s website at the web-link: <https://www.mahindrahomefinance.com/investors/>.

The Independent Directors have been appointed/re-appointed for a fixed tenure of five years from their respective dates of appointment/re-appointment, in compliance with the relevant provisions of the Act and the Listing Regulations. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. Further, in the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are Independent of the Management.

Mr. Shantanu Rege, Managing Director & Chief Executive Officer of the Company is the Whole-time Director of the Company. Mr. Ramesh Iyer, Chairman of the Board and Non-Executive and Non-Independent Director and Mr. Vivek Karve, Non-Executive Non-Independent Director of the Company are in the whole-time employment of Mahindra & Mahindra Financial Services Limited, holding company and draw remuneration from it. Mr. Ramesh Iyer and Mr. Vivek Karve do not receive any sitting fees or remuneration from the Company. Mr. Amit Kumar Sinha, Non-Executive Non-Independent Director who ceased to be a Director was in whole-time employment of Mahindra & Mahindra Limited (M&M, the ultimate holding company) and received remuneration from M&M and do not receive any sitting fees or remuneration from the Company.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that the eligible Non-Executive Directors would be entitled to under the Act, none of these Directors had any other pecuniary relationships or transactions with the Company, its Associates, or their Promoters or its Directors, during the two immediately preceding financial years or during the current financial year. None of the Directors of your Company are *inter-se* related to each other.

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

The Management of the Company is entrusted to the Operating Committee comprising of Senior Executives from different functions headed by the Managing Director & Chief Executive Officer who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of Management to ensure that the long-term objectives of enhancing stakeholders' value are met.

The Senior Management employees of your Company have made disclosures to the Board confirming that there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

#### Details of re-appointment of a Director are as follows:

Particulars	Mr. Vivek Karve, Non-Executive and Non-Independent Director		
Brief resume of the director and Nature of his expertise in specific functional areas.	<p>Mr. Vivek Karve is a Bachelor of Commerce from University of Mumbai (1991), a Chartered Accountant (1994) and a Cost Accountant (1993). He has more than 25 years of experience in Finance, Banking, and IT across four organizations - Marico, Siemens Information Systems, ICICI and P&amp;G.</p> <p>His last role as Group CFO of Marico covered Corporate Finance, Secretarial, Internal Audit, Investor Relations, Business Finance and Commercial for Marico Group. He also leads Marico's M&amp;A initiatives.</p> <p>Mr. Vivek Karve joined Marico in 2000, as a Manager in Corporate Finance. He took over the charge as CFO of Marico Limited effective 1<sup>st</sup> April 2014. He made significant contributions in the areas of performance management, investors relations, risk management, governance and controls.</p> <p>He also played an active role in Marico's Merger and Acquisition efforts through due diligence, deal structuring, funding etc.</p> <p>He is the Chief Financial Officer of Mahindra &amp; Mahindra Financial Services Limited. He has served as a member on FICCI's Corporate Finance Committee. He is currently a member of FICCI's CFO Conclave.</p>		
Disclosure of relationships between directors inter-se.	None of the Directors of the Company are <i>inter-se</i> related to each other or with the Key Managerial Personnel of the Company.		
Names of listed companies in which the person also holds the directorship and the membership of Committees of the Board along with listed entities from which the	<b>Sr. No.</b>	<b>Company</b>	<b>Directorship</b>
	1.	Mahindra Rural Housing Finance Limited	Non- Executive Non-Independent Director
	2.	Mahindra Insurance Brokers Limited	Non- Executive Non-Independent Director

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## REPORT ON CORPORATE GOVERNANCE - 2022-23

Particulars	Mr. Vivek Karve, Non-Executive and Non-Independent Director		
person has resigned in the past three years.	3.	Process Intelligence and Dynamics Private Limited	Non- Executive Non-Independent Director
	4.	Mahindra Finance CSR Foundation	Non- Executive Non-Independent Director
	As per Annexure I		
Shareholding of non-executive directors in the listed entity, including shareholding as a beneficial owner.	Nil		
In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements.	N.A.		

**Notes:**

Mr. Vivek Karve retires by rotation and being eligible, offers himself for re-appointment at the Annual General Meeting to be held on 19<sup>th</sup> July 2023.

### Annexure I

#### Details of the Chairmanships / Memberships held in the Board Committees.

##### Mr. Vivek Karve

Sr. No.	Name of the Company	Name of the Committee	Position held (Chairman/Member)
1.	Mahindra Rural Housing Finance Limited	Audit Committee	Member
		Stakeholders' Relationship Committee	Member
		Risk Management Committee	Member
		Corporate Social Responsibility Committee	Member
		IT Strategy Committee	Member
		Asset Liability Committee (ALCO)	Member

### NUMBER OF BOARD MEETINGS

During the Financial Year 2022-23, the Board of Directors met six times i.e. on 23<sup>rd</sup> April 2022; 19<sup>th</sup> July 2022; 9<sup>th</sup> September 2022; 21<sup>st</sup> October 2022; 25<sup>th</sup> January 2023; and 14<sup>th</sup> March 2023. Requisite quorum was present at all the meetings. All the Board and Committee meetings were held in person. The Board met at least once in a calendar quarter and the maximum time gap between any two meetings was not more than one hundred and twenty days. These meetings were well attended.

## **MAHINDRA RURAL HOUSING FINANCE LIMITED**

### **REPORT ON CORPORATE GOVERNANCE - 2022-23**

#### **DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD**

Pursuant to the provisions of Section 165 of the Act, none of the Directors of the Company is a Director in more than 10 public limited companies (including any Alternate directorships) as on date of this report. Further, as mandated by Regulation 17A of the Listing Regulations, none of the Directors of the Company holds Directorships in more than 7 equity listed entities or acts as an Independent Director in more than 7 equity listed companies or 3 equity listed companies in case, he/she serves as a Whole-time Director in any listed entity. Further, as stipulated in Regulation 26 of the Listing Regulations, none of the Directors is a member of more than 10 Board level Committees and no such Director is a Chairman / Chairperson of more than 5 Committees, across all public limited companies in which he/she is a Director.

Mr. Shantanu Rege, Managing Director & Chief Executive Officer, does not serve as Independent Director in any listed company. As per the Listing Regulations, only those entities whose equity shares are listed on a stock exchange have been considered for the purpose of ascertaining the number of Directorships in listed companies.

#### **COMPOSITION OF THE BOARD**

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013 ("the Act"), as amended from time to time.

As on 31<sup>st</sup> March 2023, the Board comprised of six Directors. The Company has a Non-Executive Non-Independent Chairman, a Managing Director, one Non-Executive Non-Independent Director and three Independent Directors. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objectives of enhancing stakeholders' value are met.

The Independent Directors have been appointed/re-appointed for a fixed tenure of five years from their respective dates of appointment/re-appointment, in compliance with the Act and the Listing Regulations. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned in section 149(6) of the Act.

The names and categories of Directors, their Director Identification Numbers (DINs), their attendance at the Board meetings held during the year and at the last Annual General Meeting ('AGM') held on 22<sup>nd</sup> July 2022, as also the number of Directorships and Committee positions held by them in Indian public limited companies, and names of listed entities where they hold Directorships and category of such Directorships, are given below.



**MAHINDRA RURAL HOUSING FINANCE LIMITED**

**REPORT ON CORPORATE GOVERNANCE - 2022-23**

**Composition of Board of Directors as on 31<sup>st</sup> March 2023**

Sr. No.	Names of Directors	Attendance at the Board Meetings held during F.Y. 2022-23		Attendance at the last AGM held on 22 <sup>nd</sup> July 2022	Total Number of Directorships and Committee Memberships / Committee Chairmanships / Chairpersonship of public limited companies#			Directorships in other listed entities	
		Held	Attended		Directorships	Committee Memberships+	Committee Chairmanships / Chairpersonship+	Name of the listed entity	Category of held attended Directorship
<b>Independent Directors</b>									
1.	Mr. Jyotin Mehta DIN - 00033518  Director since: 30-03-2020	6	6	Yes	8	9	5	JSW Ispat Special Products Limited  Linde India Limited  Suryoday Small Finance Bank Limited  Amla Limited	Independent Director  Independent Director  Independent Director  Independent Director
2.	Mrs. Anjali Raina DIN - 02327927  Director since: 30-03-2015	6	6	No	2	2	0	-	-
3.	Dr. Narendra Mairpady DIN - 00536905  Director since: 13-08-2015	6	6	Yes	10	7	4	Adani Enterprises Limited  Kesar Enterprises Limited  Man Industries (India) Limited  Suumaya Industries Limited  Equipp Social Impact Technologies Limited  IPCA Laboratories Limited	Independent Director  Independent Director  Independent Director  Independent Director  Independent Director  Independent Director
<b>Non-Executive Non-Independent Directors</b>									
4.	Mr. Ramesh Iyer (Chairman) DIN - 00220759	6	6	Yes	8	5	1	Mahindra & Mahindra Financial	Vice Chairman & Managing Director

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## REPORT ON CORPORATE GOVERNANCE - 2022-23

Sr. No.	Names of Directors	Attendance at the Board Meetings held during F.Y. 2022-23		Attendance at the last AGM held on 22 <sup>nd</sup> July 2022	Total Number of Directorships and Committee Memberships / Committee Chairmanships / Chairpersonship of public limited companies#			Directorships in other listed entities	
		Held	Attended		Directorships	Committee Memberships+	Committee Chairmanships / Chairpersonship+	Name of the listed entity	Category of held attended Directorship
	Director since: 09-04-2007							Services Limited	
5.	Mr. Vivek Karve DIN - 06840707  Director since: 17-07-2021	6	6	No	2	2	0	-	-
<b>Executive Directors</b>									
6.	Mr. Shantanu Rege <sup>1</sup> (Managing Director & CEO) DIN - 06661312  Director since: 01-10-2022	3	3	NA	1	1	0	-	-

1. Mr. Shantanu Rege is appointed as the Managing Director & Chief Executive Officer w.e.f. 1<sup>st</sup> October 2022.

Notes:

#Excludes Directorships in private limited companies, foreign companies and companies registered under Section 8 of the Act but includes Directorship in Mahindra Rural Housing Finance Limited.

+ Committees considered are Audit Committee and Stakeholders Relationship Committee. In the Committee details provided, Committee Membership(s) includes Chairmanship(s).

Others:

- Mr. Amit Kumar Sinha ceased to be a Director of Company w.e.f. 19<sup>th</sup> March 2023.
- Mr. Rajnish Agarwal ceased to be the Managing Director & Chief Executive Officer w.e.f. the close of business hours on 30<sup>th</sup> September 2022.

### Details of change in composition of the Board during the current year i.e. 31<sup>st</sup> March 2023 and previous financial year i.e. 31<sup>st</sup> March 2022.

Sr. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman / Promoter nominee / Independent)	Nature of change (resignation, appointment)	Effective date
<b>FY 22-23</b>				
1.	Mr. Amit Kumar Sinha	Non-Executive Non-Independent Director	Appointment Cessation	23 <sup>rd</sup> April 2022 19 <sup>th</sup> March 2023
2.	Mr. Rajnish Agarwal	Managing Director & CEO	Cessation	With effect from the close of business hours 30 <sup>th</sup> September 2022.

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## REPORT ON CORPORATE GOVERNANCE - 2022-23

Sr. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman / Promoter nominee / Independent)	Nature of change (resignation, appointment)	Effective date
3.	Mr. Shantanu Rege	Managing Director & CEO	Appointment	1 <sup>st</sup> October 2022
<b>FY 21-22</b>				
1.	Mr. Rajnish Agarwal	Additional director	Appointment	23 <sup>rd</sup> June 2021
		Managing Director & CEO	Appointment	1 <sup>st</sup> October 2021
2.	Mr. Ravi Venkatraman	Non-Executive Non-Independent Director	Cessation	17 <sup>th</sup> July 2021
3.	Mr. Vivek Karve	Non-Executive Non-Independent Director	Appointment	17 <sup>th</sup> July 2021
4.	Mr. Anuj Mehra	Managing Director & CEO	Cessation	With effect from the close of business hours 30 <sup>th</sup> September 2021.
5.	Mr. Durgashankar Subramaniam	Non-Executive Non-Independent Director	Cessation	14 <sup>th</sup> March 2022

### CORE SKILLS/ EXPERTISE/ COMPETENCIES OF THE BOARD OF DIRECTORS OF THE COMPANY

A chart/matrix setting out the core skills/expertise/competencies of the Board of Directors in the context of the Company's business and sector(s) as required for it to function effectively and those actually available with the Board along with the names of Directors who have such skills/expertise/competence, are given below:

Sr. No.	Skills	Particulars	Mr. Ramesh Iyer	Mr. Jyotin Mehta	Dr. M. Narendra	Mrs. Anjali Raina	Mr. Vivek Karve	Mr. Shantanu Rege
1.	Business Experience	<ul style="list-style-type: none"> <li>• Established leadership skills in strategic planning, succession planning, driving change and long-term growth and guiding the Company towards its vision, mission and values.</li> <li>• Critically analysing complex and detailed information and developing innovative solutions and striking a balance between agility and consistency.</li> <li>• Expertise in the field of Banking and Financial Services.</li> </ul>	✓	✓	✓	✓	✓	✓

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## REPORT ON CORPORATE GOVERNANCE - 2022-23

Sr. No.	Skills	Particulars	Mr. Ramesh Iyer	Mr. Jyotin Mehta	Dr. M. Narendra	Mrs. Anjali Raina	Mr. Vivek Karve	Mr. Shantanu Rege
2.	Financial Experience and Risk Oversight	<p>The Company uses various financial metrics to measure its performance. Accurate Financial Reporting and Robust Auditing are critical to its success.</p> <p>The Company expects its Directors:</p> <ul style="list-style-type: none"> <li>• To have an understanding of Finance and Financial Reporting Processes;</li> <li>• To Understand and Oversee various risks facing the Company and ensure that appropriate policies and procedures are in place to effectively manage risk.</li> </ul>	✓	✓	✓	✓	✓	✓
3.	Technology and Innovation	<ul style="list-style-type: none"> <li>• An appreciation of emerging trends in Banking and Financial services across the globe.</li> <li>• Expertise in digital and robotic innovation in the field of Finance and Investments.</li> <li>• Ability to visualise future trends and devise strategies for adoption.</li> </ul>	✓	✓	✓	✓	✓	✓
4.	Governance and Regulatory Oversight	<ul style="list-style-type: none"> <li>• Devise systems for compliance with a variety of regulatory requirements.</li> <li>• Reviewing compliance and governance practices for a long-term sustainable growth of the Company and protecting stakeholders' interest.</li> </ul>	✓	✓	✓	✓	✓	✓
5.	Consumer Insights and Marketing Exposure (mainly rural and semiurban markets)	<ul style="list-style-type: none"> <li>• Ability in developing strategies to increase market share through innovation, build better brand experience for customers, improve prospective customer engagement levels and</li> </ul>	✓	✓	✓	✓	✓	✓

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Sr. No.	Skills	Particulars	Mr. Ramesh Iyer	Mr. Jyotin Mehta	Dr. M. Narendra	Mrs. Anjali Raina	Mr. Vivek Karve	Mr. Shantanu Rege
		help establish active customers become loyal brand followers.						

### **CERTIFICATE REGARDING NON-DEBARMENT AND NON-DISQUALIFICATION OF DIRECTORS FROM PRACTISING COMPANY SECRETARY**

A certificate issued by M/s. KSR & Co., Company Secretaries LLP, Secretarial Auditor pursuant to Clause 10 (i) of Paragraph C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifying that, as on 31<sup>st</sup> March 2023, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is attached at the end of the Corporate Governance Report as “Annexure A”.

### **BOARD CONFIRMATION REGARDING INDEPENDENCE OF THE INDEPENDENT DIRECTORS**

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013, read with Rules framed thereunder, and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

Based on the disclosures received from all the Independent Directors, the Board after taking these declarations / disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management.

### **RESIGNATION OF INDEPENDENT DIRECTOR(S)**

None of the Independent Director of the Company have resigned during the FY 2022-23.

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

#### MEETINGS OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Act and the Listing Regulations, a meeting of Independent Directors was held during on 14<sup>th</sup> March 2023. The meeting was conducted in an informal manner to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of the Chairman of the Board, Managing Director, other Non-Independent Directors, Chief Financial Officer and members of the Management.

At the said meeting, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairman of the Board, assessed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees that is necessary for the Board to effectively and reasonably perform and discharge its duties. The Meeting was well attended by the Independent Directors.

In addition, the Independent Directors had a separate meeting with the Statutory Auditors without the presence of the Non-Independent Directors and the Management.

#### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has adopted a structured programme for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company - its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

Pursuant to the provisions of the Act and Regulation 25(7) of the Listing Regulations, the Company, during the year under consideration, conducted familiarisation (as part of the Board/Committee Meetings) for its Directors, which *inter-alia*, included the following:

- Organising an annual Board Meeting also attended by the Management and Functional Heads to deliberate on various topics related to the long-term Vision and Strategy of the Company with respect to Information Technology - Digital Readiness and Analytics, Human Resources - Organisation Structure, Leadership Program and Talent Management, review of Company's business model and operations, progress of on-going strategic initiatives and formulate new strategies to achieve the Company's long-term objectives.
- Risk Management and Enterprise Risk Management.
- Review of Strategic Investments and Business Opportunities of the Company.
- Industry outlook at the Board Meetings.

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- Information Technology Framework.
- Regulatory updates at Board, Audit Committee and IT Strategy Committee Meetings.
- Statutory updates at the Meetings of Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Asset Liability Committee, as applicable.
- Circulating disclosures made to Stock Exchanges.
- Prevention of Insider Trading Regulations, SEBI Listing Regulations.
- Discussions on Internal Control over Financial Reporting, Internal Control Processes, Framework for Related Party Transactions, etc.

The details of familiarisation programmes are available on the website of the Company at the web-link: <https://www.mahindrahomefinance.com/src/assets/downloads/Familiarisati-n-Programmes-for-Independent-Directors-FY-2022-23.pdf>

#### BOARD PROCEDURE

The Company sends a detailed agenda folder setting out the business to be transacted at the meeting(s) of the Board and its Committees to each Director at least seven days before the date of the Board and Committee meetings. All the agenda items are supported by detailed notes, documents and presentations, if any, to enable the Board to take informed decisions. The Directors are provided the facility of video conferencing to enable them to participate effectively in the meeting(s), as and when required.

To enable the Board to discharge its responsibilities effectively and take informed decisions, the Managing Director apprises the Board at every meeting on the overall performance of the Company, as well as the current market conditions including the Company's business and the Regulatory scenario, followed by presentations by the Chief Financial Officer of the Company. A detailed Functional Report is also presented at the Board meeting(s).

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance with laws applicable to the Company, as well as steps taken to rectify instances of non-compliances, if any, review of major legal issues, minutes of the Committees of the Board, approval and adoption of quarterly/half-yearly/annual results, risk assessment and minimization procedures, transactions pertaining to purchase/disposal of property(ies), if any, sale of investments, major accounting provisions and write offs, material default in financial obligations, if any, review quarterly report on actual or suspected frauds submitted to the Reserve Bank of India / National Housing Bank and corrective action taken, compliance with Fair Practices Code, functioning of customer grievance redressal mechanism, review transactions that involve substantial payment towards goodwill, brand equity or

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### REPORT ON CORPORATE GOVERNANCE - 2022-23

intellectual property, any issue that involves possible public or product liability claims of substantial nature including judgment or order which may have passed strictures on the conduct of your Company.

The Board sets annual performance objectives, oversees the actions and results of the management, evaluates its own performance, performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders' value.

The Company has a well-established framework for the meetings of the Board and its Committees which seeks to systematise the decision-making process at the Board and Committee meetings in an informed and efficient manner.

#### **PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS**

An annual performance evaluation exercise was carried out in compliance with the applicable provisions of the Companies Act, the SEBI Listing Regulations, the Company's Code of Independent Directors and the criteria and methodology of performance evaluation approved by the Nomination and Remuneration Committee ("NRC").

The performance evaluation of Independent Directors was based on various criteria, *inter-alia*, including qualifications, experience, skills, independence criteria, integrity of the Directors, contribution and attendance at meetings, ability to function as a team and devote time, fulfilment of functions, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business, understanding of industry, etc.

The questionnaires for performance evaluation are comprehensive and in alignment with the guidance note on Board evaluation issued by SEBI, vide its circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5<sup>th</sup> January, 2017 and are in line with the criteria and methodology of performance evaluation approved by the NRC.

#### **Outcome and results of the performance evaluation**

All Directors of the Company as on 31<sup>st</sup> March 2023 participated in the evaluation process. The Directors expressed their satisfaction on the parameters of evaluation, the implementation of the evaluation exercise and the outcome of the evaluation process.

The evaluation exercise for the FY 2023 concluded that the Board functions in a cohesive and professional manner enabling frank discussions and resolves issues constructively. They concluded that the Board effectively reviews all important areas including Strategic Direction, Risk Assessment and Compliance.



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Suggestions provided to enhance the Board's effectiveness through deeper focus in certain areas have been noted and taken up for implementation. The suggestions from previous evaluations were implemented by the Company during FY 2023.

#### REMUNERATION

The Company has a Policy on Remuneration for Directors and criteria for determining qualifications, positive attributes and independence of a Director.

The success of an organisation in achieving good performance and good governing practices depends on its ability to attract and retain quality personnel with requisite knowledge and excellence as Executive and Non-Executive Directors.

The Nomination and Remuneration Committee ("the NRC") reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of an individual Board Member, the NRC takes in to account the following criteria regarding qualifications, positive attributes and also independence of Director:

1. All Board appointments are based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision-making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendations of the NRC, the Board evaluates the candidate(s) and decide on the selection of an appropriate member.

Your Company has a well-defined Remuneration Policy for its Directors. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Act, and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc. The NRC while determining the remuneration of the Directors ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC ensures a balance between fixed and performance-linked variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and it ascertains that some part of the remuneration is linked to the achievement of corporate performance targets.

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The Remuneration Policy is furnished as **Annexure II** appended to the Board's Report and is also available at the Company's website at the web-link: <https://www.mahindrahomefinance.com/wp-content/uploads/2019/Policy-on-Remuneration-of-Directors.pdf>

#### **Remuneration Policy for KMP, Senior Management & Other Employees**

The Board and the Nomination and Remuneration Committee considers the current and emerging market trends in terms of compensation levels and practices within the relevant industries. This information is used to review the Company's remuneration policies from time to time. The broad structure of compensation payable to employees is as under.

Fixed pay which has components like basic salary and other allowances/flexi pay as per the grade where the employees can choose allowances from bouquet of options. Variable pay (to certain grades) in the form of annual / half-yearly performance pay based on KRAs agreed. Incentives either monthly or quarterly based on targets in the lower grades. Retirals such as Provident Fund, Gratuity and Superannuation (for certain grades). Benefits such as car scheme, medical and dental reimbursement, loans, insurance, etc., as per grades.

The Cost to Company is reviewed annually and increment is given to eligible employees based on their position, performance and market dynamics as decided from time to time.

The Remuneration Policy for Key Managerial Personnel, Senior Management & Other Employees is furnished as **Annexure II** appended to the Board's Report and is also available at the Company's website at the web-link: <https://www.mahindrahomefinance.com/wp-content/uploads/2019/Remuneration-Policy-for-KMP-Senior-Management-&-Other-Employees.pdf>

#### **REMUNERATION PAID TO DIRECTORS**

The Independent Directors are paid remuneration and sitting fees within the limits prescribed under the Act. The remuneration payable to eligible Independent Directors is decided by the Board of Directors subject to the overall approval of Members of the Company. Non-Executive Non-Independent Directors who receive remuneration from the holding company or a Group Company are not paid any sitting fees or any other form of remuneration.

At its meeting held on 7<sup>th</sup> May 2020, the Nomination and Remuneration Committee (NRC) recommended to the Board of Directors payment of remuneration by way of commission to each of the Independent Directors of the Company for a period of five years with effect from 1<sup>st</sup> April 2021, from the net profit of the Company for a financial

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### REPORT ON CORPORATE GOVERNANCE - 2022-23

year, computed in accordance with section 198 of the Companies Act , 2013, subject, however, to the overall ceiling of 1% of the net profit of the Company for the relevant financial year as total commission to the Independent Directors.

Subsequently, the Shareholders at their meeting held on 15<sup>th</sup> July 2020, approved the payment of commission up to 1% of the net profit of the Company for the relevant financial years as total commission to the Independent Directors.

Section 149 (9) of the Companies Act, 2013 was amended with effect from 18<sup>th</sup> March 2021 permitting payment of remuneration to independent directors notwithstanding loss or inadequacy of profits in any financial year, subject to the approval of shareholders by way of a special resolution.

Considering the contribution of the Independent Directors of the Company, the responsibility shouldered by them and the necessity to retain knowledge and experience to drive future growth with sustainability, it is necessary to remunerate independent directors in line with industry standards, notwithstanding absence or inadequacy of profit.

Accordingly, the Nomination and Remuneration Committee at its meeting held on 19<sup>th</sup> April 2023 recommended to the Board the proposal for payment of remuneration to the independent Directors, and the Board at its meeting held on that day approved the said proposal subject to the Shareholders' approval.

The NRC while deciding the basis for determining the remuneration to the Independent Directors takes into consideration various relevant factors, including the overall compensation policies of the Company, current trends and practices in the industry, the market trends in terms of compensation levels, responsibilities undertaken by the Directors such as Chairpersonship of Committees, their contribution in enhancing stakeholders' value resulting in overall growth of the Company and such other factors as the NRC may deem fit.

The remuneration of Rs. 8,25,000/- will be provided as payable to each of the Independent Directors for the year ended 31<sup>st</sup> March 2023, subject to the shareholder's approval.

<b>Name of the Directors</b>	<b>Remuneration for the year ended 31<sup>st</sup> March 2023 provided as payable in the accounts of the Company for the year under review (Rs. in Lakhs)</b>
Mr. Jyotin Mehta	8.25
Dr. Narendra Mairpady	8.25
Mrs. Anjali Raina	8.25

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In addition, the Independent Directors are paid a sitting fee for attending each meeting of the Board and committees thereof, wherever they are members. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 20<sup>th</sup> April 2021 approved increase in the sitting fees payable to Independent Directors for attending the Board meetings from Rs.30,000/- to Rs.50,000/- per meeting.

A sitting fee of Rs.20,000 each continues to be paid to Committee Members for attending the Meetings of the Committees of the Board. No revision has been made in the payment of these fees.

The Company has not granted Stock Options to any of its Non-Executive Directors during the year under review.

None of the eligible Non-Executive Directors received remuneration amounting to 50 percent of the total remuneration paid to the eligible Non-Executive Directors during the year ended 31<sup>st</sup> March 2023.

Remuneration of Executive Director (Managing Director) includes salary, perquisites, allowances, benefits, amenities, retiral, viz. superannuation including gratuity and provident fund (fixed component) and stock options (variable component). Remuneration of the Managing Director is fixed by the NRC which is subsequently approved by the Board of Directors and Shareholders at a General Meeting.

The NRC while deciding the basis for determining the remuneration of the Executive Directors takes into consideration the individual performance and the business performance. The business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRAs). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

### Details of Remuneration paid to Directors for the Financial Year 2022-23

(Rs. In Lakhs)							Employees Stock Option Scheme 2017 (ESOS 2017) \$
Name of the Directors	Sitting Fees (excluding GST)	Salary	Perquisites@	Superannuation and Provident Fund#	Remuneration for the year ended 31 <sup>st</sup> March, 2023 paid during the year under review	Total	Total Stock Options Granted till FY 2022-23
<b>Whole-time Directors</b>							
Mr. Rajnish Agarwal	-	187.99	0.20	2.71	-	190.90	15,000 (Note 1)
Mr. Shantanu Rege	-	58.05	10.84	-	-	68.89	1,68,973 (Note 2)

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(Rs. In Lakhs)							Employees Stock Option Scheme 2017 (ESOS 2017) \$
Name of the Directors	Sitting Fees (excluding GST)	Salary	Perquisites@	Superannuation and Provident Fund#	Remuneration for the year ended 31 <sup>st</sup> March, 2023 paid during the year under review	Total	Total Stock Options Granted till FY 2022-23
<b>Non-Executive Directors</b>							
Mr. Ramesh Iyer	-	-	-	-	-	-	1,14,273 (Note 3)
Mr. Jyotin Mehta	6.20	-	-	-	8.25	14.45	-
Dr. Narendra Mairpady	4.80	-	-	-	8.25	13.05	-
Mrs. Anjali Raina	5.80	-	-	-	8.25	14.05	-
Mr. Vivek Karve	-	-	-	-	-	-	-
Mr. S. Dugashankar	-	-	-	-	-	-	-
Mr. V. Ravi	-	-	-	-	-	-	28,568 (Note 4)

**Note:** Following ESOPs were granted to the Executive / Non-Executive Non-Independent Directors (existing and past) of the Company till the Financial Year 2022-23:

1. Mr. Rajnish Agarwal was granted total 15,000 ESOPs in Grant 3 in January 2018. Out of these 3,750 Stock Options were exercised by him during the FY 2022-23.
2. Mr. Shantanu Rege was granted total 1,68,973 ESOPs in Grant 1 in October 2017 (1,06,269) and Grant 4 in October 2021 (62,704). Out of these 15,676 Stock Options were exercised by him during the FY 2022-23.
3. Mr. Ramesh Iyer was granted total 1,14,273 ESOPs in Grant 2 in December 2017. Out of these 28,568 Stock Options were exercised by him during the FY 2022-23.
4. Mr. V. Ravi was granted total 28,568 ESOPs in Grant 2 in December 2017 Out of these 7,142 Stock Options were exercised by him during the FY 2022-23.

The details of the grant of ESOPs till the FY 2022-23 are given below.

Grant 1 - The Stock Options were granted on 7<sup>th</sup> October 2017. Of these, all four tranches of 25 percent each totalling to 100 percent of the total options vested on 7<sup>th</sup> October 2018, 7<sup>th</sup> October 2019, 7<sup>th</sup> October 2020 and 7<sup>th</sup> October 2021, respectively.

Grant 2 - The Stock Options were granted on 8<sup>th</sup> December 2017. Of these, all four tranches of 25 percent each totalling to 100 percent of the total options vested on 8<sup>th</sup> December 2018, 8<sup>th</sup> December 2019, 8<sup>th</sup> December 2020 and 8<sup>th</sup> December 2021, respectively.

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Grant 3 - The Stock Options were granted on 16<sup>th</sup> January 2018. Of these, all four tranches of 25 percent each totalling to 100 percent of the total options have vested on 16<sup>th</sup> January 2019, 16<sup>th</sup> January 2020, 16<sup>th</sup> January 2021 and 16<sup>th</sup> January 2022, respectively.

Grant 4 - The Stock Options were granted on 21<sup>st</sup> October 2021. Of these, all four tranches of 25 percent each totalling to 100 percent of the total options have vested on 21<sup>st</sup> October 2022, 21<sup>st</sup> October 2023, 21<sup>st</sup> October 2024 and 21<sup>st</sup> October 2025, respectively.

<sup>1</sup>@ This includes perquisite value of ESOPs of the Company exercised during the year.  
\$ ESOS 2017.

During FY 2022-23, the Company did not advance any loan to any of its Directors for buying ESOP shares.

#### SHARES HELD BY THE DIRECTORS AS ON 31<sup>st</sup> MARCH 2023

Following table gives details of shares held by the Directors as on 31<sup>st</sup> March 2023.

Name of the Directors	Category	Number of Shares held
Mr. Jyotin Mehta	Independent Director	Nil
Dr. Narendra Mairpady	Independent Director	Nil
Mrs. Anjali Raina	Independent Director	Nil
Mr. Ramesh Iyer	Non-Executive Non-Independent Director	57,136
Mr. Vivek Karve	Non-Executive Non-Independent Director	Nil
Mr. Shantanu Rege	Managing Director & Chief Executive Officer	65,176

#### CODES OF CONDUCT

The Board has laid down Codes of Conduct for Board Members and for Senior Management and Employees of the Company ('Codes').

These Codes are also accessible on the Company's website at the web-link: <https://www.mahindrahomefinance.com/>.

The Board has also laid down a Code of Conduct for Independent Directors pursuant to Section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Managing Director & Chief Executive Officer to this effect is enclosed at the end of this Report.

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## REPORT ON CORPORATE GOVERNANCE - 2022-23

### CEO / CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Managing Director & Chief Executive Office and the Chief Financial Officer of the Company have jointly certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended 31<sup>st</sup> March 2023. The said Certificate is attached as “**Annexure B**” and forms part of this Report.

### RISK MANAGEMENT

Risk is an integral part of doing business. The risk management framework of the Company is aligned to Company’s objectives. It balances risks and rewards based on the judgment of impact of foreseeable risks and the likelihood of their occurrence.

The risk management framework of the Company has following elements.

- A strategy that is driven by objectives and principles.
- Assignment of responsibilities.
- A risk management culture spread across the Company.

The risk management framework is based on assessment of all risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This risk management mechanism is supported by regular review, control, self-assessment and monitoring of key risk indicators.

The Risk Management framework adopted by the Company is discussed in detail in the Board’s Report.

### Appointment of Chief Risk Officer

Pursuant to the recommendation of the Risk Management Committee and the Nomination and Remuneration Committee and in compliance of the provisions of Policy Circular bearing no. NHB/ND/DRS/ Policy Circular No. 95/2018-19 dated May 29, 2019 issued by the National Housing Bank and Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 issued vide Circular no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 issued by the Reserve Bank of India, the Board has appointed Mr. Hitesh Agrawal as the Chief Risk Officer (CRO) of the Company for a tenure of 5 (five) years with effect from 16<sup>th</sup> February, 2022.

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## REPORT ON CORPORATE GOVERNANCE - 2022-23

### COMMITTEES OF THE BOARD

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework of delegated authority and make specific recommendations to the Board on matters within their areas or purview. The decisions and recommendations of the Committees are placed before the Board for information and / or for approval, as required.

The Company has Seven Board level mandatory Committees - Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee and IT Strategy Committee.

The composition and functioning of these Committees are in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations. Further, the constitution and role of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Committee and IT Strategy Committee are also in consonance with the provisions of Master Directions issued by the Reserve Bank of India, in this regard.

During the year under consideration, all recommendations received from its Committees were accepted by the Board.

Details with respect to the role and composition of these Committees, including the number of meetings held during the financial year under consideration and the related attendance, are provided below:

#### **(a) Audit Committee**

Your Company has an adequately qualified and experienced Audit Committee. As on 31<sup>st</sup> March 2023, the Audit Committee comprises of four Non-Executive Directors of which three are Independent Directors. The Committee comprises of Mr. Jyotin Mehta (Chairman), Mrs. Anjali Raina and Dr. Narendra Mairpady, Independent Directors, and Mr. Vivek Karve, Non-Executive Non-Independent Director, as members.

All the Members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18(1) of the Listing Regulations.

In consequence of Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) read with Part C of Schedule II of the Listing Regulations becoming applicable to the Company with effect from 7<sup>th</sup> September 2021, the Company being 'high value debt listed company', the terms of reference of the Audit Committee had been revised to



## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

bring them in line with the aforesaid regulatory provisions. The new terms of reference are as follows.

- a) The Constitution of the Audit Committee shall be in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- b) All the Members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
- c) The Chairperson of the Audit Committee shall be an Independent Director.
- d) The Company Secretary shall act as the Secretary to the Audit Committee.
- e) **Meetings:**
  - i) The Audit Committee shall meet periodically, but at least four times in a year and not more than one hundred and twenty days shall elapse between two successive meetings.
  - ii) The quorum for the Audit Committee Meetings shall be either two Members or one third of the Members of the Audit Committee, whichever is greater, with at least two Independent Directors.
  - iii) The Audit Committee may invite such of the executives, as it considers appropriate to be present at the meetings of the Committees.
  - iv) Sitting fee of Rs. 20,000 shall be paid to each Independent Director for attending each meeting of the Audit Committee, in addition to any out-of-pocket expenses towards conveyance, incurred for attending the meetings.
- f) **Role and responsibilities:**
  - (1) Appointment and re-appointment of Statutory Auditors
    - i) To recommend to the Board the appointment/ reappointment, remuneration and terms of appointment/ reappointment of Statutory Auditors ("Auditor/ Auditors") of the Company including filling of any casual vacancy thereof and if required, the replacement or removal of the Auditor.
    - ii) To recommend to the Board, the name of individual auditor or the audit firm who may be rotated in the place of the present incumbent.

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- iii) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- iv) To approve and recommend to the Board availing of such other services from the Auditor as may be deemed necessary from time to time excluding such services as may be prohibited from time to time and payment for the same.

#### (2) Functions, Role and duties:

- i) Review and monitor the Auditor's independence and performance, and effectiveness of audit process.
- ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Examination of and reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by Management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - The going concern assumption;
  - Compliance with accounting standards;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Modified Opinions in the draft audit report.
- iv) Providing comments/explanation on observations made by the auditors in the auditors' report/modified opinion(s) in the draft audit report.
- v) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- vi) Scrutiny of inter-corporate loans and investments.
- vii) Valuation of undertakings or assets of the Company, wherever it is

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necessary.

- viii) Evaluation of internal financial controls and risk management systems.
- ix) Monitoring the end use of funds raised through public offers/any issue and related matters and reviewing, with the Management:
  - the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.);
  - the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue.
  - Making appropriate recommendations to the Board to take up steps in this matter.
- x) To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xi) Calling for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board for its approval and discussion with the Internal and Statutory Auditors and the Management of the Company on any related issues.
- xii) Monitoring and Reviewing, with the Management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- xiii) Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies.
- xiv) To review the instances of fraud reported by auditor and provide comments thereon.
- xv) To investigate into any matter within its terms of reference or referred to it by the Board.
- xvi) To obtain outside legal or other professional advice.
- xvii) To seek information from any employee and shall have full access to information contained in the records of the Company.
- xviii) To secure attendance of outsiders with relevant expertise, if it considers necessary.
- xix) Approval of system for storage, retrieval, display or printout of the electronic records for accounts.
- xx) To appoint valuers for the valuation of any property, stocks, shares, debentures, securities or goodwill or any other asset or net worth of the Company or liability of the Company under the provisions of the Companies Act, 2013.
- xxi) Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding Rs. 100 crores or 10% of the asset size of the subsidiary, whichever

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is lower, including existing loans / advances/ investments.

#### (3) Internal Audit:

- i) To recommend the appointment, removal and terms of remuneration of the Chief internal auditor and review the same.
- ii) In consultation with the Internal Auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit.
- iii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- iv) Discussion with Internal Auditors of any significant findings and follow-up thereon.
- v) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- vi) To ensure that an Information Systems Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

#### (4) Review:

- i) Management discussion and analysis of financial condition and results of operations.
- ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the Management.
- iii) Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- iv) Internal audit reports relating to internal control weaknesses.
- v) Statement of deviations in the use of proceeds of Non Convertible debentures / Subordinated Debt issued from the objects stated in the offer document.
- vi) Reviewing compliance with the Insider Trading Regulations at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.

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#### (5) Related Party Transactions ("RPTs"):

- i) In accordance with the provisions of the Companies Act, 2013 and Rules made thereunder ("the Act") and/or Regulation 23 of the SEBI Listing Regulations:
  - Approval or any subsequent modification of transactions of the Company with related parties which are in the ordinary course of business and on arm's length basis;
  - To grant prior approval for all RPTs which are not in the ordinary course of business and/or on arm's length basis and if approved, recommending it to the Board and for further placing it before the Shareholders for approval in case the transactions exceed the values prescribed under the Act;
- ii) To grant prior approval to all RPTs to be entered into by the Company in accordance with Regulation 23 of the SEBI Listing Regulations as amended from time to time;
- iii) To grant omnibus approval for RPTs proposed to be entered into by the Company, which shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. The omnibus approval shall be subject to following conditions:
  - The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on RPT of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
  - The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
  - Such omnibus approval shall specify:
    - ✓ the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
    - ✓ the indicative base price / current contracted price and the formula for variation in the price, if any; and
    - ✓ such other conditions as the Audit Committee may deem fit.
- iv) To grant omnibus approval where the need for RPTs cannot be foreseen and aforesaid details are not available, subject to their value not exceeding Rs.1 crore per transaction. Such omnibus approvals shall be valid for a period not exceeding one year.
- v) To review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approvals given.

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vi) To define significant related party transactions.

(6) CFO Appointment:

To approve the appointment of Chief Financial Officer (CFO, i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate and recommend the same to the Board.

(7) Whistle Blower Policy / Vigil Mechanism:

- i) To oversee/review the functioning of the Whistle Blower Policy/Vigil Mechanism.
- ii) To review matters raised pursuant to Vigil Mechanism.
- iii) To investigate and take actions for frivolous matters if necessary.

(8) Residual Matters:

Carrying out such other function as may be delegated to the Committee from time to time.

Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company.

In compliance with the provisions of SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2019/121 dated 4<sup>th</sup> November 2019, the Members of the Audit Committee also interact with the Credit Rating Agencies at a separate Audit Committee meeting to *inter-alia* discuss matters relating to related party transactions, internal financial controls and material disclosures made by the Company.

The Board has accepted all the recommendations made by the Audit Committee during the year under consideration. The Chairman of the Board, Managing Director, Chief Financial Officer, Internal Auditor and Statutory Auditors are regularly invited to attend the Audit Committee meetings. The Company Secretary is the Secretary to the Committee.

Mr. Jyotin Mehta, the Chairman of the Audit Committee, was present at the 15<sup>th</sup> Annual General Meeting of the Company held on 22<sup>nd</sup> July 2022.

The Audit Committee met six times during the year under consideration i.e., on 23<sup>rd</sup> April 2022; 19<sup>th</sup> July 2022; 7<sup>th</sup> October 2022; 21<sup>st</sup> October 2022; 25<sup>th</sup> January 2023 and 29<sup>th</sup> March 2023.

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The gap between two meetings did not exceed one hundred and twenty days. The attendance of the Members of the Audit Committee at its meetings held during the Financial Year 2022-23, is given below:

Names of Members	Category	Member since	Audit Committee meetings	
			Held	Attended
Mr. Jyotin Mehta (Chairman)	Independent Director	1 <sup>st</sup> April 2020	6	6
Mrs. Anjali Raina	Independent Director	30 <sup>th</sup> March 2015	6	5
Dr. Narendra Mairpady	Independent Director	14 <sup>th</sup> October 2015	6	6
Mr. Vivek Karve	Non-Executive Non- Independent Director	17 <sup>th</sup> July 2021	6	6

#### (b) Nomination and Remuneration Committee (NRC)

The NRC, as on 31<sup>st</sup> March 2022, comprised of three members viz. Mr. Ramesh Iyer, Non-Executive Non-Independent Director; and Mrs. Anjali Raina and Mr. Jyotin Mehta, Independent Directors. The NRC, *inter-alia*, recommends the appointment and removal of Directors and carries out evaluation of performance of Directors in accordance with the framework adopted by the Board. The Committee is also empowered to look into the entire gamut of remuneration package for the working Director and revise their remuneration, subject to limits approved by the Shareholders, and formulate and administer the Employee Stock Option Plan.

As per Section 178(7) of the Act and Secretarial Standard on General Meetings (SS-2), issued by the Institute of Company Secretaries of India, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. The Chairman of the Committee elected at each meeting was present at the 15<sup>th</sup> Annual General Meeting of the Company held on 22<sup>nd</sup> July 2022.

In view of the applicability of Regulation 19 read with Part D of Schedule II of Listing Regulations, the Company has revised the terms of reference of the NRC during the financial year 2021-22, to bring them in line with the provisions of the said regulations. The terms of reference of the NRC are as follows.

- 1) The constitution and the terms of reference of the Nomination and Remuneration Committee shall be in compliance with the provisions of section 178(1) of the Companies Act, 2013 and the Rules framed thereunder and Regulation 19 of the Listing Regulations, as amended from time to time.
- 2) The Chairman of the Board (whether Executive or Non-Executive) may be appointed as a Member of the Committee but shall not chair the Committee.

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- 3) The Company Secretary shall act as the Secretary to the Nomination and Remuneration Committee.
- 4) Meetings:
  - a) The Nomination and Remuneration Committee shall meet as and when required to discuss matters. It is however, recommended that the Committee meet at least twice during the year.
  - b) Any two Members to constitute a quorum including one Independent Director.
  - c) The Nomination and Remuneration Committee may invite such executives, as it considers appropriate to be present at the meetings of the Committees.
  - d) Sitting fee of Rs. 20,000 shall be paid to each Independent Director for attending each meeting of the Nomination and Remuneration Committee, in addition to any out-of-pocket expenses towards conveyance, incurred for attending the meetings.
- 5) Roles and Responsibilities (Terms of Reference):
  - a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees.
  - b) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    - i) use the services of an external agencies, if required;
    - ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
    - iii) consider the time commitments of the candidates.
  - c) formulation of criteria for evaluation of performance of independent directors and the board of directors.
  - d) devising a policy on diversity of board of directors.
  - e) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.



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- f) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- g) recommend to the board, all remuneration, in whatever form, payable to senior management.
- h) Ensure “Fit and Proper” status of Directors at the time of appointment and on a continuing basis, as prescribed by the Reserve Bank of India.
- i) To administer ESOP Scheme(s) of the Company as may be formulated from time to time and take appropriate decisions in terms of the concerned schemes.
- j) Evaluate functioning of the Board on an annual basis including an assessment of the effectiveness of the full Board with a view to improve the overall performance of the Board.
- k) To attend to such other matters and functions as may be assigned by the Board of Directors or prescribed under the Companies Act, 2013 or any other applicable law and Rules made thereunder.

The NRC met four times during the year under consideration i.e. on 20<sup>th</sup> April 2022, 19<sup>th</sup> July 2022, 9<sup>th</sup> September 2022 and 19<sup>th</sup> October 2022.

The attendance of the Members of the NRC at its Meetings held during the Financial Year 2021-22 is given below:

Names of Members	Category	Member since	Nomination and Remuneration Committee meetings	
			Held	Attended
Mr. Ramesh Iyer	Non-Executive Non-Independent Director	11 <sup>th</sup> April 2008	4	4
Mr. Jyotin Mehta	Independent Director	1 <sup>st</sup> April 2020	4	4
Mrs. Anjali Raina	Independent Director	30 <sup>th</sup> March 2015	4	4

#### Performance Evaluation Criteria for Independent Directors:

The Nomination and Remuneration Committee, *inter-alia*, determines the performance evaluation criteria for Independent Directors on parameters such as participation and contribution by a director, effective deployment of knowledge and expertise, ability to challenge views of others in a constructive manner, integrity and maintenance of confidentiality and independence of behaviour and judgment.

#### (c) Stakeholders Relationship Committee (SRC)

In view of the applicability of the Regulation 20 of the Listing Regulations, the Board of Directors formed a Stakeholders Relationship Committee (SRC).

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The SRC was re-constituted by inducting Mr. Shantanu Rege as Member. Mr. Rajnish Agarwal ceased to be Managing Director of the Company and consequently as Member of the SRC. The SRC comprises of an Executive Director, one Non-Executive Non-Independent Director and one Independent Director. The Committee, as on 31<sup>st</sup> March 2023, comprises of Mr. Jyotin Mehta, Chairman of the Committee and Independent Director; Mr. Vivek Karve, Non-Executive Non-Independent Director; and Mr. Shantanu Rege, Managing Director & Chief Executive Officer.

Mr. Navin Joshi, Company Secretary is the Compliance Officer of the Company as required under the Listing Regulations.

The Company has revised the terms of reference of the SRC during the financial year 2022-23 based on the recommendation of the SRC. The revised terms of reference of the SRC are as follows.

- a. approve transfer of Shares including approving of the transfer of shares on receipt of the duly executed documents along with the duplicate/new share certificates to Investor Education and Protection Fund ("IEPF").
- b. approve transmission of Equity Shares/Debentures held in the name(s) of a deceased shareholder(s)/ debenture holder(s) to the legal representative(s) without production of Succession Certificate or Probate or Letters of Administration or other legal representation based on an Affidavit and Indemnity Bond in a form acceptable to the Company.
- c. approve transmission of Equity Shares/ Debentures held in the name(s) of a deceased shareholder(s)/ debenture holder(s) to the legal representative(s) with production of Succession Certificate or Probate or Letters of Administration or other legal representation based on an Affidavit and Indemnity Bond in a form acceptable to the Company.
- d. approve the transfer/transmission of other securities.
- e. approve the issue of duplicate /new share certificate(s) in lieu of the original certificate(s) lost or misplaced, or for the purpose of transferring of shares to IEPF.
- f. approve the issue of duplicate debenture certificate(s) in lieu of the original certificate(s) lost or misplaced.
- g. look into redressal of shareholders, debenture holders and investor complaints such as transfer/transmission of shares/ debentures, non-receipt of Balance Sheet, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- h. look into all shares and securities related matters including legal cases, compliances under the Companies Act, 2013, Listing Regulations, SEBI Regulations, etc.
- i. monitor and resolve the grievances of security holders of the Company.
- j. monitor and resolve Customer / Community stakeholders Grievances.

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- k. review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Shareholders of the Company.
- l. ensure setting of proper controls, review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Transfer Agent for Equity Shares and Debentures and oversee the performance of the Registrar and Transfer Agent.
- m. review measures taken for effective exercise of voting rights by Shareholders.
- n. provide guidance and make recommendations to improve the service level for investors.
- o. attend to such other matters and functions as may be prescribed from time to time.
- p. the Stakeholders Relationship Committee shall perform such other duties, as are required to be performed by the Committee, under the applicable laws, Guidelines and Listing Regulations.

The SRC met once during the year under consideration on 14<sup>th</sup> March 2023.

The attendance of the Members of the SRC at its meeting held during the Financial Year 2022-23 is given below:

Names of Members	Category	Member since	SRC meeting	
			Held	Attended
Mr. Jyotin Mehta (Chairman)	Independent Director	22 <sup>nd</sup> October 2021	1	1
Mr. Vivek Karve	Non-Executive Non- Independent Director	22 <sup>nd</sup> October 2021	1	1
Mr. Shantanu Rege	Managing Director & Chief Executive Officer	1 <sup>st</sup> October 2022	1	1

Details of complaints/grievances received from Investors and attended to by the Company during the year 2022-23 are given below:

Sr. No.	Nature of Security	No. of complaints pending as on 1 <sup>st</sup> April 2022	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31 <sup>st</sup> March 2023
1.	Equity Shares	0	0	0	0
2.	Private Placement of Secured Redeemable NCDs / Unsecured Subordinated Redeemable NCDs	0	0	0	0

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Sr. No.	Nature of Security	No. of complaints pending as on 1 <sup>st</sup> April 2022	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31 <sup>st</sup> March 2023
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### (d) Corporate Social Responsibility Committee (CSR Committee)

The CSR Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 (the Act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee, *inter-alia*, allocates the amount of expenditure to be incurred by the Company on CSR activities as enumerated in Schedule VII to the Act and reviews the CSR Policy periodically.

The Ministry of Corporate Affairs ("MCA) issued Notifications on 22<sup>nd</sup> January 2021, notifying the amendments stated in the Companies (Amendment) Act, 2019 and the Companies (Amendment) Act, 2020, thereby amending Section 135 of the Companies Act, 2013, which became effective from 22<sup>nd</sup> January 2021.

Further, MCA also notified the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

These amendments made significant changes to the regulatory landscape of the CSR activities and envisaged various actions on the part of the companies who undertake CSR activities.

As required under the new regulatory framework for the CSR activities, the Board of Directors, at its meeting held on 20<sup>th</sup> April 2021 and 21<sup>st</sup> October 2022, *inter-alia*:

- a) Approved the revised CSR Policy for the Company, aligned to the new regulatory framework in this regard; and
- b) Modified the charter for the CSR Committee incorporating therein the roles and responsibilities as envisaged under the new regulatory framework;

The revised CSR Policy of the Company is displayed on the website of the Company at \_\_\_\_\_ the \_\_\_\_\_ web-link: <https://www.mahindrahomefinance.com/src/assets/downloads/CSR---Policy.pdf>

The Board of Directors at its meeting held on 19<sup>th</sup> April 2023 reviewed the CSR activities undertaken by the Company during the Financial Year 2022-23. The Annual

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Report on CSR activities undertaken by the Company in the Financial Year 2022-23 is appended as **Annexure 1** of the Board's Report.

The Chief Financial Officer has certified that the amount sanctioned for the CSR activities has been spent towards such activities, as required under the regulations and the said certificate was presented to the Board at its meeting held on 19<sup>th</sup> April 2023.

The Board of Directors, at the said meeting, also approved the action plan for the CSR activities for the Financial Year 2023-24. The same will be displayed on the website of the Company.

The CSR Committee was re-constituted by inducting Mr. Shantanu Rege as a Member. Mr. Rajnish Agarwal ceased to be the Managing Director of the Company and consequently as a member of the CSR Committee. The CSR Committee, as on 31<sup>st</sup> March 2023, comprised of Mr. Ramesh Iyer, Chairman of the Board and Non-Executive Non-Independent Director, who is also the Chairman of the Committee; Mr. Vivek Karve, Non-Executive Non-Independent Director; Mrs. Anjali Raina, Independent Director and Mr. Shantanu Rege, Managing Director & Chief Executive Officer. During the year under consideration, the CSR Committee met twice i.e. on 20<sup>th</sup> April 2022 and 20<sup>th</sup> October 2022.

The attendance of the Members of CSR Committee at its meetings held during the Financial Year 2022-23 is given below:

Names of Members	Category	Member since	CSR Committee Meetings	
			Held	Attended
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	5 <sup>th</sup> March 2014	2	2
Mrs. Anjali Raina	Independent Director	30 <sup>th</sup> March 2015	2	2
Mr. Vivek Karve	Non-Executive Non-Independent Director	17 <sup>th</sup> July 2021	2	1
Mr. Rajnish Agarwal <sup>1</sup>	Managing Director & Chief Executive Officer	17 <sup>th</sup> July 2021	1	1
Mr. Shantanu Rege <sup>2</sup>	Managing Director & Chief Executive Officer	1 <sup>st</sup> October 2022	1	1

1. Mr. Rajnish Agarwal ceased to be the Managing Director & Chief Executive Officer (and Director) and consequently a member of the CSR Committee w.e.f. close of business hours on 30<sup>th</sup> September 2022.
2. Mr. Shantanu Rege was inducted as a Member of CSR Committee w.e.f. 1<sup>st</sup> October 2022.

During the year under consideration, your Company spent Rs. 460.70 Lakhs towards CSR activities pertaining to Sanitation & Hygiene, Waterwheels Project, Watershed Development and Climate Resilient Agriculture. The Company also undertook various educational programmes wherein deserving disadvantaged students were provided financial assistance for continuing their education.

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Your Company is in compliance with the statutory requirements with regard to its CSR activities.

#### **(e) Asset Liability Committee (ALCO)**

The ALCO was re-constituted twice during the year. The Board at its meeting held on 23<sup>rd</sup> April 2022 had approved the re-constitution of the ALCO by appointing Mr. Rajnish Agarwal as the Chairman of the Committee and Mr. Ramesh Iyer as a Member of the Committee with immediate effect.

The Board at its meeting held on 9<sup>th</sup> September 2022, re-constituted the ALCO by inducting Mr. Shantanu Rege as the Chairman of the Committee with effect from 1<sup>st</sup> October 2022. Mr. Rajnish Agarwal ceased to be the Managing Director of the Company and consequently as member of the ALCO. The ALCO, as on 31<sup>st</sup> March 2023, comprised of Mr. Ramesh Iyer and Mr. Vivek Karve, Non-Executive Non-Independent Directors as members of the ALCO and Mr. Shantanu Rege, Managing Director & Chief Executive Officer as the Chairman of the Committee.

The terms of reference of ALCO are as follows:

- To oversee effective implementation and review of Liquidity Risk Management Policies and Procedures.
- Ensuring adherence to risk tolerance/prudential limits as set out by the Board.
- Provide guidance on desired maturity profile and diversification/concentration of sources of borrowings.
- Cash management and liquidity planning including Contingency Funding Plan and Treasury Chest policy.
- Review of Foreign Exchange exposures, Interest Rate Risk.
- Review of MIS periodically monitored by the Asset Liability Management Committee.
- To oversee controls for managing liquidity risk including stress testing and annual review of Liquidity Risk Management framework by an independent entity.

During the year under consideration, the ALCO met six times i.e. on 20<sup>th</sup> April 2022; 9<sup>th</sup> June 2022; 19<sup>th</sup> July 2022, 18<sup>th</sup> October 2022; 21<sup>st</sup> December 2022 and 25<sup>th</sup> January 2023. The Committee oversees the Asset Liability Management system of the Company.

The attendance of the Members of ALCO at its meetings held during the Financial Year 2022-23 is given below.

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Names of Members	Category	Member since	ALCO Meetings	
			Held	Attended
Mr. Shantanu Rege <sup>1</sup> (Chairman)	Managing Director & Chief Executive Officer	1 <sup>st</sup> October 2022	3	3
Mr. Ramesh Iyer	Non-Executive Non- Independent Director	16 <sup>th</sup> January 2010	6	5
Mr. Vivek Karve	Non-Executive Non- Independent Director	17 <sup>th</sup> July 2021	6	6
Mr. Rajnish Agarwal <sup>2</sup>	Managing Director & Chief Executive Officer	17 <sup>th</sup> July 2021	3	3

1. Mr. Shantanu Rege was inducted as a Member of ALCO w.e.f. 1<sup>st</sup> October 2022.
2. Mr. Rajnish Agarwal ceased to be the Managing Director & Chief Executive Officer (and Director) and consequently a member of the ALCO w.e.f. close of business hours on 30<sup>th</sup> September 2022.

### (f) Risk Management Committee

The Company has in place a Risk Management Committee formed pursuant to the provisions of Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9<sup>th</sup> February 2017, vide which the National Housing Bank notified Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016.

The Risk Management Committee, as on 31<sup>st</sup> March 2023, comprised of Mr. Jyotin Mehta (Chairman), Mrs. Anjali Raina and Dr. Narendra Mairpady, Independent Directors, and Mr. Vivek Karve, Non-Executive Non-Independent Director.

The Board of Directors at its meeting held on 19<sup>th</sup> April 2023 re-constituted the Risk Management Committee by inducting Mr. Shantanu Rege, Managing Director & Chief Executive Officer as a member. Accordingly, as on date of this report, Risk Management Committee comprises five Directors viz. Mr. Jyotin Mehta (Chairman), Mrs. Anjali Raina and Dr. Narendra Mairpady, Independent Directors, Mr. Vivek Karve, Non-Executive Non-Independent Director and Mr. Shantanu Rege, Managing Director & Chief Executive Officer.

In view of the applicability of Regulation 21 read with Part D of Schedule II of Listing Regulations, the Company revised the terms of reference of the Risk Management Committee to bring them in line with the provisions of the said regulations. The terms of the reference of the Risk Management Committee are as follows.

- 1) The constitution and the terms of reference of the Risk Management Committee shall be in compliance with the provisions of Regulation 21 of the Listing Regulations, Guidelines on Corporate Governance issued by Reserve Bank of India and such other applicable laws.
- 2) Meetings:
  - a) The quorum for the Meeting of Risk Management Committee shall be any two

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## REPORT ON CORPORATE GOVERNANCE - 2022-23

Directors.

- b) The Risk Management Committee shall meet at least once in a quarter.
- c) The Risk Management Committee may invite such executives, as it considers appropriate to be present at the meetings of the Committees.
- d) Sitting fee of Rs. 20,000 shall be paid to each Independent Director for attending each meeting of the Risk Management Committee, in addition to any out-of-pocket expenses towards conveyance, incurred for attending the meetings.

### 3) Roles and Responsibilities (Terms of Reference):

- a) To formulate a detailed risk management policy which shall include:
  - i) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - ii) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - iii) Business continuity plan.
- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- d) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- g) The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.
- h) The Risk Management Committee shall manage the integrated risk, inform the Board about the progress made in implementing a risk management system, and review periodically the Risk Management Policy and strategy followed by the Company.



## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

- i) The Chief Financial Officer of the Company shall apprise the Risk Management Committee and the Board of the major risks as well as the movement in the profile of the high risk category, the root causes of risks and their impact, key performance indicators, risk management measures, and the current controls being exercised to mitigate these risks.

The Risk Management Committee shall perform such other duties, as are required to be performed by the Committee, under the applicable laws, Guidelines, and RBI / NHB Directions.

The Risk Management Committee met thrice during the year under consideration i.e. on 8<sup>th</sup> June 2022; 7<sup>th</sup> October 2022 and 29<sup>th</sup> March 2023.

The attendance of the Members of the Risk Management Committee at its meetings held during the Financial Year 2022-23 is given below:

Names of Members	Category	Member since	Risk Management Committee meetings	
			Held	Attended
Mr. Jyotin Mehta (Chairman)	Independent Director	23 <sup>rd</sup> June 2020	3	3
Mrs. Anjali Raina	Independent Director	2 <sup>nd</sup> March 2017	3	3
Dr. Narendra Mairpady	Independent Director	2 <sup>nd</sup> March 2017	3	3
Mr. Vivek Karve	Non-Executive Non-Independent Director	17 <sup>th</sup> July 2021	3	3

#### (g) IT Strategy Committee

The IT Strategy Committee was formed pursuant to the Policy Circular No. NHB / ND / DRS / Policy Circular No. 90/2017-18, dated 15<sup>th</sup> June 2018, vide which the National Housing Bank specified the IT framework to be adopted by Housing Finance Companies.

The IT Strategy Committee was re-constituted during the year. The Committee, as on 31<sup>st</sup> March 2023, comprised of an Executive Director, two Non-Executive Directors, of which one is Independent Director, the Chief Financial Officer and the Chief Technology Officer. The Committee comprises of Mr. Jyotin Mehta, Chairman and Independent Director; Mr. Vivek Karve, Non-Executive Non-Independent Director; Mr. Shantanu Rege, Managing Director; Mr. Dharmesh Vakharia, Chief Financial Officer; and Mr. Sourabha Kolhapure, Chief Technology Officer.

The terms of reference of the IT Strategy Committee are as follows:

- i) Approving IT strategy and policy documents and ensuring that the Management has put an effective strategic planning process in place.

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### REPORT ON CORPORATE GOVERNANCE - 2022-23

- ii) Ascertaining that Management has implemented processes and practices that ensure that the IT delivers value to the business.
- iii) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- iv) Monitoring the method that Management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- v) Ensuring proper balance of IT investments for sustaining the Company's growth and becoming aware about exposure towards IT risks and controls.
- vi) Instituting effective governance mechanism and risk management process for all IT outsourced operations, viz.:
  - a) Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner.
  - b) Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing.
  - c) Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements.
  - d) Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements.
  - e) Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board.
  - f) Periodically reviewing the effectiveness of policies and procedures.
  - g) Communicating significant risks in outsourcing to the Board on a periodic basis.
  - h) Ensuring an independent review and audit in accordance with approved policies and procedures.
  - i) Ensuring that contingency plans have been developed and tested adequately.
  - j) Ensuring that the business continuity preparedness is not adversely compromised on account of outsourcing by adopting sound business continuity management practices as issued by the NHB and seeking proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.
- vii) To obtain outside legal or other professional advice.
- viii) To secure attendance of outsiders with relevant expertise, if it considers necessary.
- ix) Carrying out such other function as may be delegated to the Committee from time to time.

The IT Strategy Committee met twice during the year under consideration on 8<sup>th</sup> June 2022; and 25<sup>th</sup> November 2022.

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### REPORT ON CORPORATE GOVERNANCE - 2022-23

The attendance of the Members of the IT Strategy Committee at its meetings held during the Financial Year 2022-23 is given below.

Names of Members	Category	Member since	IT Strategy Committee meetings	
			Held	Attended
Mr. Jyotin Mehta (Chairman)	Independent Director	15 <sup>th</sup> July 2020	2	2
Mr. Vivek Karve	Non-Executive Non-Independent Director	17 <sup>th</sup> July 2021	2	2
Mr. Shantanu Rege <sup>1</sup>	Managing Director & Chief Executive Officer	1 <sup>st</sup> October 2022	1	1
Mr. Dharmesh Vakharia	Chief Financial Officer	18 <sup>th</sup> July 2018	2	2
Mr. Sourabha Kolhapure	Chief Technical Officer	15 <sup>th</sup> July 2020	2	1
Mr. Rajnish Agarwal <sup>2</sup>	Managing Director & Chief Executive Officer	17 <sup>th</sup> July 2021	1	1

1. Mr. Shantanu Rege was inducted as a Member of the IT Strategy Committee w.e.f. 1<sup>st</sup> October 2022.
2. Mr. Rajnish Agarwal ceased to be the Managing Director & Chief Executive Officer (and also Director) and consequently as a member of the IT Strategy Committee w.e.f. the close of business hours on 30<sup>th</sup> September 2022.

Besides the above Statutory Committees, the Board of Directors also has following voluntary committees:

- a) Loans & Investment Committee.
- b) Committee of Directors for allotment of Non-Convertible Debentures and Subordinated Debt.

## DISCLOSURES

### Policy for determining Material Subsidiaries

The Company does not have any subsidiary company.

### Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis. The details of the transactions with related parties are placed before the Audit Committee from time to time.

During the Financial Year 2022-23, the shareholders at their Annual General Meeting held on 22<sup>nd</sup> July 2022 approved the material related party transactions pursuant to Regulation 23(4) of the Listing Regulations. Details of related party transactions are presented in Note Number 49 to Financial Statements in the Annual Report.

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

In compliance of the relevant Listing Regulations, your Company has also disclosed, along with its financial results for the half-year, details of related party transactions, in the format specified in the relevant accounting standards for annual results and also published them on the website of the Company.

#### **Particulars of loans/ advances etc. pursuant to para A of Schedule V of Listing Regulations**

The Company has not made any loans and advances in the nature of loans to Firms/ Companies in which Directors are interested nor made any loans and advances in the nature of loans to its subsidiaries and associates during FY 2023. Disclosure on the same is given in note no. 49 of the Financial Statements of the Company for the year ended 31<sup>st</sup> March 2022. The Company has not availed any loans from Mahindra & Mahindra Financial Services Limited, its Holding Company and Promoter, during FY 2023.

Disclosure on transactions with Mahindra & Mahindra Financial Services Limited as applicable, are given in note no. 49 of the Financial Statements of the Company for the year ended 31<sup>st</sup> March 2023.

#### **Policy on Materiality of and Dealing with Related Party Transactions**

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Act and Regulation 23 of the Listing Regulations, which specifies the manner of entering into Related Party Transactions.

The Policy on Related Party Transactions has been hosted on the website of the Company in accordance with the provisions of the Listing Regulations and Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021, is forms part of the Board's Report and can be accessed at the web-link: [https://www.mahindrahomedefinance.com/wp-content/uploads/2022/07/MRHFL---Related-Party-Transactions-Policy\\_2022.pdf](https://www.mahindrahomedefinance.com/wp-content/uploads/2022/07/MRHFL---Related-Party-Transactions-Policy_2022.pdf)

#### **Disclosure of Accounting Treatment in Preparation of Financial Statements**

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') 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 principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13<sup>th</sup> March, 2020. Any application

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

guidance / clarifications / directions / expectations issued by NHB / RBI or other regulators are implemented as and when they are issued / applicable.

#### **Statutory Compliance, Penalties and Strictures**

Your Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets since the listing of the Company's Securities.

During the year, BSE Limited levied a penalty of Rs. 11,800 (including GST) on the Company for delay in submission of the notice / intimation of the Record Date under Regulation 60(2) of the SEBI LODR. The penalty was levied pursuant to the circular dated 13<sup>th</sup> November 2020 which came in to effect from 1<sup>st</sup> January 2021. The delay in submission of notice was pertaining to the period prior to the circular coming in to effect i.e. for on or before 28<sup>th</sup> December 2020. The Company paid the penalty under advise to BSE Limited.

#### **Code for Prevention of Insider Trading Practices**

In compliance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('the Regulations'), the Company has formulated and adopted the '**Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information**' to ensure prompt, timely and adequate disclosure of Unpublished Price Sensitive Information ('UPSI').

**The 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra Rural Housing Finance Limited'** to regulate, monitor and ensure reporting of Trading by Designated Persons and their immediate relatives and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. The provisions of the Code are designed to prohibit identified Designated Persons and Connected Persons from trading in the Company's Securities when in possession of Unpublished Price Sensitive Information ('UPSI'). The Code lays down guidelines for procedures to be followed and disclosures to be made while dealing with Securities of the Company and cautions them of the consequences of violations.

#### **WHISTLE BLOWER POLICY**

The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder and the Listing Regulations is implemented through the Whistle Blower Policy. This Policy provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee.

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

The Whistle Blower Policy *per-se* provides for protected disclosure and protection to the Whistle Blower. Under the Vigil Mechanism all stakeholders have been provided access to the Audit Committee through the Chairperson, to report illegal or unethical behaviour, actual or suspected fraud(s) or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity.

The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on the intranet portal of the Company. No personnel have been denied access to the Audit Committee. All employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company can make Protected Disclosures by sending an email at the designated email id: [MRHFL\\_COC@mahindra.com](mailto:MRHFL_COC@mahindra.com) or through any other mechanism as prescribed in the Whistle Blower Policy.

The Chairperson of the Audit Committee can be reached by sending a letter to the below mentioned address:

Chairperson of the Audit Committee, Mahindra Rural Housing Finance Ltd., 2<sup>nd</sup> Floor, Sadhana House, 570 P. B. Marg, Worli, Mumbai - 400 018.

The Whistle Blower Policy provides for reporting of insider trading violations as well as reporting of instances of leak of Unpublished Price Sensitive Information by the employees.

The Whistle Blower Policy has been hosted on the Company's website at the web-link: <https://www.mahindrahomefinance.com/src/assets/downloads/Whistle-Blower-Policy-MRHFL.pdf>

#### MEANS OF COMMUNICATION

The Company, from time to time and as may be required, interacts with its Shareholders, Debenture Holders and Investors through announcement of financial results, annual reports, dissemination of information on the website of the Company and Stock Exchange, etc.

The Company has sent all communication to the Shareholders, Debentures Holders and other Investors in electronic mode as prescribed under the applicable provisions.

The Company publishes its quarterly, half-yearly and annual results in Business Standard (all India editions) which is a national daily.

The Annual Report of the Company, the quarterly, half-yearly and the annual financial results and official news releases are displayed on the Company's website at <https://www.mahindrahomefinance.com/>

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

The Company discloses to the Stock Exchange, all information required to be disclosed under Regulation 52 read with Part 'B' of Schedule III of the Listing Regulations including material information having a bearing on the performance /operations of the Company and other price sensitive information. The Company also files various compliances and other disclosures required to be filed electronically on the online portal of BSE Limited viz. BSE Corporate Compliance and Listing Centre (Listing Centre).

The Company has designated [investorhelpline.mrhfl@mahindrahomefinance.com](mailto:investorhelpline.mrhfl@mahindrahomefinance.com) as an e-mail ID and 022-6652 6000 as contact number for the purpose of registering complaints/queries/requests by investors and displayed the same on the Company's website.

The Company has provided a dedicated e-mail address under its Vigil Mechanism, viz. [MRHFLLCOC@mahindra.com](mailto:MRHFLLCOC@mahindra.com) for reporting concerns by all employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company.

The Company's website is a comprehensive reference on the organisation's management, vision, mission, policies, corporate governance, corporate social responsibility, sustainability, investors, corporate benefits, products and services, updates and news.

#### GENERAL BODY MEETINGS

Details of last three Annual General Meetings and Special Resolutions passed thereat are given below.

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2019-2020	15 <sup>th</sup> July 2020	4.00 p.m.	<ul style="list-style-type: none"><li>• Payment of commission to Independent Directors of the Company, for the Financial Year ended 31<sup>st</sup> March 2020.</li><li>• Payment of commission to Independent Directors of the Company, for a period of five years commencing from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March, 2025.</li><li>• Re-appointment of Mr. Anuj Mehra (DIN: 02712119) as the Managing Director of the Company.</li></ul>	Held through Video Conferencing/Other Audio-Visual Means.  Deemed Venue for Meeting: Registered Office: Mahindra Towers, 4 <sup>th</sup> Floor, Worli, Mumbai - 400 018

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## REPORT ON CORPORATE GOVERNANCE - 2022-23

For the Financial Year	Date	Time	Special Resolutions passed	Venue
			<ul style="list-style-type: none"> <li>• Appointment of Mrs. Anjali Raina (DIN :02327927) as an Independent Director of the Company for a second term of 5 consecutive years commencing from 30<sup>th</sup> March 2020 to 29<sup>th</sup> March 2025.</li> <li>• Appointment of Mr. Jyotin Mehta (DIN: 00033518) as an Independent Director of the Company for a term of 5 consecutive years commencing from 30<sup>th</sup> March 2020 to 29<sup>th</sup> March 2025.</li> <li>• Amendment in certain clauses of the Memorandum of Association of the Company.</li> <li>• Amendment in the Articles of Association of the Company.</li> </ul>	
2020-2021	17 <sup>th</sup> July 2021	11.00 a.m.	Approval of overall borrowing limits under Section 180(1)(c) of the Companies Act, 2013 ("the Act") and creation of charge on the assets of the Company under Section 180(1)(a) of the Act.	<p>Held through Video Conferencing/Other Audio-Visual Means.</p> <p>Deemed Venue for Meeting: Registered Office: Mahindra Towers, 4<sup>th</sup> Floor, Worli, Mumbai - 400 018.</p>
2021-2022	22 <sup>nd</sup> July 2022	5.00 p.m.	-	Registered Office: Mahindra Towers, 4 <sup>th</sup> Floor, Worli, Mumbai - 400 018.

All the Resolutions moved at the last AGM were passed by the requisite majority of Members.



## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

Details of Extraordinary General Meetings held during the Financial Year and Special Resolutions passed thereat are given below:

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2022-23	28 <sup>th</sup> October 2022	4.30 p.m.	Appointment of Mr. Shantanu Rege (DIN: 06661312) as the Managing Director and Chief Executive Officer of the Company.	Held through Video Conferencing / Other Audio-Visual Means.  Deemed Venue for Meeting: Registered Office: Mahindra Towers, 4 <sup>th</sup> Floor, Worli, Mumbai - 400 018.

Resolution moved at the EGM were passed by the requisite majority of Members.

#### POSTAL BALLOT

The Company has not conducted Postal Ballot during the year and hence no Resolution was passed through Postal Ballot.

#### COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied with by your Company.

#### COMPLIANCE

The Company has complied with the requirements of Corporate Governance Report of Paragraphs (2) to (10) mentioned in Part 'C' of Schedule V of the Listing Regulations and disclosed necessary information as specified in Regulations 17 to 27 and Regulation 62(1) and (1A) in the respective places in this Report.

Your Company is in compliance with the applicable provisions of the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 and other directions/ guidelines issued by RBI/NHB as applicable from time to time.

Your Company is in compliance with the requirements of the Companies Act, 2013 and the Rules made thereunder.

## **MAHINDRA RURAL HOUSING FINANCE LIMITED**

### **REPORT ON CORPORATE GOVERNANCE - 2022-23**

#### **Compliance with Mandatory Requirements**

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

#### **Compliance with Non-Mandatory Requirements**

The Company has also adopted the following non-mandatory requirements to the extent mentioned below:

#### **Unmodified Audit Opinion**

During the year under review, there is no audit qualification in your Company's Financial Statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of Financial Statements with unmodified audit opinion.

#### **Separate Posts of Chairman and Managing Director & Chief Executive Officer**

As on the date of this Report, the Chairman of the Board is a Non-Executive Director, his position is separate from that of the Managing Director and he is not related to the Managing Director and Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013.

#### **Reporting of Internal Auditor**

The Internal auditor reports directly to the Audit Committee of the Board of the Company.

#### **OTHER DISCLOSURES**

##### **Disclosure in relation to recommendation made by Committees of the Board**

During the year under review, there were no such recommendations made by any Committee of the Board that were mandatorily required and not accepted by the Board.

##### **Details of utilisation of funds raised through Preferential Allotment or Qualified Institutions Placement**

Regulation 32 (7A) of the Listing Regulations is not applicable to the Company as it is a high value debt listed entity. However, your Company has not raised funds through any Preferential Allotment or Qualified Institutions Placement.

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

#### Total fees paid to the Statutory Auditors and all entities in the network firm / entities

The details of total fees for all the services paid by the Company to the Statutory Auditors i.e., M/s. Gokhale & Sathe, Chartered Accountants (ICAI Firm Registration No. 103264W) and all entities in the network firm/network entity of which the Statutory Auditors are a part, are given below:

Auditor's fees and expenses	M/s. Gokhale & Sathe
Audit fees	21.80
Other services	16.02
Reimbursement of expenses	2.18
<b>Total</b>	<b>40.00</b>

#### Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Status of complaints for the Financial Year 2022-23 are as follows:

a.	Number of complaints filed during the financial year	0
b.	Number of complaints disposed of during the financial year	0
c.	Number of complaints pending as at end of the financial year	0

#### Disclosures of Loans and advances in the nature of loans to firms / companies in which directors are interested by name and amount.

Nil

#### GENERAL SHAREHOLDERS INFORMATION

##### 16<sup>th</sup> ANNUAL GENERAL MEETING

Day and Date: Wednesday, 19<sup>th</sup> July 2023

Time: 5.00 p.m. IST

Venue of the Meeting: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018

#### Financial Year of the Company

The financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

Financial Reporting for

- Quarter ending 30<sup>th</sup> June 2023 - End of July 2023
- Half-year ending 30<sup>th</sup> September 2023 - End of October 2023
- Quarter ending 31<sup>st</sup> December 2023 - End of January 2024
- Year ending 31<sup>st</sup> March, 2024 - End of April 2024

**Note:** The above dates are indicative.

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

#### **Date of Book Closure**

The Board of Directors of the Company has not recommended any Dividend to the Shareholders for the FY 2022-23 and hence, there is no requirement of the Book Closure.

#### **Dividend Payment**

The Board of Directors of the Company has not recommended any Dividend for the FY 2022-23.

#### **Registered Office**

Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

#### **Corporate Identity Number**

U65922MH2007PLC169791

#### **Listing Details**

- A. Equity Shares: The Company's equity shares are not listed on any stock exchange.
- B. Non-Convertible Debentures and Commercial Paper:

The Non-Convertible Debentures (NCDs) of the Company comprise of secured, unsecured and subordinated NCDs issued on private placement basis. The NCDs are listed on the debt market segment of BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

During the year under consideration, the Company has not issued Commercial Paper (CP) and no CP were listed as on 31<sup>st</sup> March 2023.

The Company has paid the requisite listing fees in full. None of the securities were suspended from trading during the year.

#### **Debenture Trustee:**

Pursuant to Regulation 53 of the Listing Regulations, the name and contact details of the Debenture Trustee for the privately placed NCDs are given below.

Axis Trustee Services Limited  
The Ruby, 2<sup>nd</sup> Floor, SW,  
29 Senapati Bapat Marg,

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

Dadar (West), Mumbai - 400 028.

Telephone: (022) 6230 0451/446,

Fax: (022) 6230 0700,

E-mail: [debenturetrustee@axistrustee.in](mailto:debenturetrustee@axistrustee.in).

These details are also available on the website of the Company at the web-link: <https://www.mahindrahomefinance.com/investors/>.

#### Stock Code, Market price and performance in comparison to broad-based indices

The Company's equity shares are not listed on any stock exchange and hence, the Company's shares are not traded on stock exchanges. Demat ISIN in NSDL and CDSL for equity shares is INE950O01019. The script code for the Non-Convertible Debentures is 954028.

#### Distribution of Shareholding

The distribution of the shareholding of the equity shares of the Company by size and by ownership class as on 31<sup>st</sup> March 2023 are as follows.

#### Shareholding pattern by size as on 31<sup>st</sup> March 2023

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
1 - 5,000	54	16,552	0.01
5,001 - 10,000	69	48,785	0.04
10,001 - 20,000	20	27,241	0.02
20,001 - 30,000	18	43,052	0.04
30,001 - 40,000	13	45,270	0.04
40,001 - 50,000	12	51,672	0.04
50,001 - 1,00,000	22	1,63,036	0.13
1,00,001 and above	22	12,24,92,262	99.68
<b>Total</b>	<b>230</b>	<b>12,28,87,870</b>	<b>100.00</b>

#### Shareholding pattern by ownership as on 31<sup>st</sup> March 2023

Category of Shareholders	Number of Shares held	% of Shareholding
Promoter	12,09,52,678	98.43
Non-Promoter Non-Public (Shares are held by MRHFL ESOP Trust)	7,50,408	0.61
Others (MRHFL Employees pursuant to the MRHFL ESOP Scheme)	11,84,784	0.96
<b>Total</b>	<b>12,28,87,870</b>	<b>100.00</b>

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

#### **Dematerialisation of Shares and Liquidity:**

As on 31<sup>st</sup> March 2023, entire equity capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company is not equity listed entity and hence, the Company's shares are not traded on stock exchanges.

#### **Outstanding GDRs/ ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity**

As on 31<sup>st</sup> March 2023, the Company did not have any outstanding GDRs / ADRs / Warrants or any Convertible Instruments, except stock options.

#### **Commodity Price Risk or Foreign Exchange Risk and Commodity hedging activities**

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.

Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15<sup>th</sup> November 2018 is not required to be furnished by the Company.

As per the Company's Foreign Exchange and Interest Rate Risk Management Policy, your Company can enter into derivative transactions to hedge its exposure to foreign exchange risk and interest rate risk on account of foreign currency loans. Your Company is not having any foreign currency exposure as on 31<sup>st</sup> March 2023.

Your Company follows the Accounting Policy and Disclosure Norms for derivative transactions as prescribed by the relevant Regulatory Authorities and Accounting Standards from time to time.

#### **Credit Rating**

The Credit Rating details of the Company as on 31<sup>st</sup> March 2023 are provided below:

During the year under consideration, CRISIL Ratings Limited has upgraded Company's rating from 'CRISIL AA+/Stable' outlook to 'CRISIL AAA/Stable' outlook to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt and re-affirmed 'CRISIL A1+' rating to the Company's Commercial Paper.

During the year under consideration, CRISIL Ratings Limited has assigned 'CRISIL PPMLD AAA/Stable' outlook to the Company's Long Term Principal Protected Market Linked Debentures (MLDs).

## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

India Ratings & Research Private Limited has re-affirmed 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.

During the year under consideration, India Ratings & Research Private Limited has assigned 'IND PPMLD AA+/Stable' outlook to the Company's Principal Protected Market Linked Debentures (MLDs)

CARE Ratings Limited (Formerly known as 'Credit Analysis & Research Limited') has re-affirmed the rating to the Company's Non-Convertible Debentures and Subordinated Debt as 'CARE AA+/stable' outlook.

#### **Plant Locations / Offices**

In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plant.

List of branches/offices with address is available on the Company's website at the web-link: <https://www.mahindrahomefinance.com/locations/>.

#### **Share Transfer System**

Company's equity shares are not listed on any stock exchange. Company's Non-Convertible Debentures and Subordinated Debt which are issued by way of private placement are listed on BSE Limited.

Pursuant to Regulation 61 read with Regulation 40 of the Listing Regulations, as amended, requests for transfer of listed securities are required to be processed only in dematerialised form with a Depository. However, this restriction shall not be applicable to the requests received for effecting transmission or transposition of physical Securities.

The Stakeholders Relationship Committee meets as and when required to *inter-alia*, consider other requests for transfer / transmission of shares / debentures, issue of duplicate share / debenture certificates, and attend to grievances of the security holders of the Company, etc.

#### **Secretarial Audit / Reconciliation of Share Capital Audit**

M/s. KSR & Co., Company Secretaries LLP has conducted a Secretarial Audit of the Company for the year 2022-23. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable RBI Directions, NHB Circulars /

## **MAHINDRA RURAL HOUSING FINANCE LIMITED**

### **REPORT ON CORPORATE GOVERNANCE - 2022-23**

Guidelines, Listing Agreements with the Stock Exchanges, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Board's Report.

Pursuant to Regulation 61(4) read with 40(9) of the Listing Regulations, certificates have been issued on annual basis, by a qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

A qualified Practicing Company Secretary confirms that there is no physical holding in the Company as all the securities are held in Demat mode only based on the confirmation received from the Registrar and Transfer agent.

#### **Annual Secretarial Compliance Report**

Pursuant to SEBI Circular dated 8<sup>th</sup> February, 2019, as amended, read with the Regulation 24A of Listing Regulations as applicable to the Company, in view of the Company being a 'high value debt listed entity', the Annual Secretarial Compliance Report for the financial year 2022-23 issued by M/s. KSR & Co., Company Secretaries LLP, confirming compliance with all applicable SEBI Regulations and Circulars / Guidelines issued thereunder, will be submitted to the Stock Exchanges within 60 days of the end of the financial year.

#### **Address for Correspondence**

##### **Shares**

Shareholders may correspond with the Registrar and Transfer Agents on all matters relating to transfer, transmission, dematerialisation of shares, payment of dividend, change of address, change in bank details and any other query relating to the Equity Shares of the Company at:

##### **KFin Technologies Limited**

(Formerly KFin Technologies Private Limited)

Unit: Mahindra Rural Housing Finance Limited

Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District,

Nanakramguda, Serilingampally Mandal,

Hyderabad - 500 032

Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

Tel. No.: +91 040 67162222

Toll Free No.: 1800-345-4001

Fax No.: +91 040 23001153.

Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) | Website: [www.kfintech.com](http://www.kfintech.com)

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode.



## MAHINDRA RURAL HOUSING FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE - 2022-23

The Registrar and Transfer Agents also have an office at:

#### **KFin Technologies Limited**

24-B, Raja Bahadur Mansion, 6 Ambalal Doshi Marg,  
Behind BSE, Fort, Mumbai - 400 001.  
Tel.: + 91 22 66 23 5454

#### **Non-Convertible Debentures**

KFin Technologies Limited also acts as Registrar and Transfer Agents for the Non-Convertible Debentures of the Company. Complaints or queries / requests with respect to the Company's Privately Placed Debentures may be directed to Mr. Hanumantha Rao Patri, Email Id: einward.ris@kfintech.com; Tel.: +91 40 6716 2222.

Debenture holders would have to correspond with the respective Depository Participants for Debentures held in dematerialised mode.

**For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:**

Sadhana House, 2<sup>nd</sup> Floor,  
570, P. B. Marg, Worli,  
Mumbai - 400 018.  
Tel.: +91 022-6652 3500 | Fax: +91 22 2497 2741  
Email Id: [investorhelpline.mrhfl@mahindrahomefinance.com](mailto:investorhelpline.mrhfl@mahindrahomefinance.com)

Your Company can also be visited at its website: <https://www.mahindrafinance.com>

**MAHINDRA RURAL HOUSING FINANCE LIMITED**

**REPORT ON CORPORATE GOVERNANCE - 2022-23**

**DECLARATION BY THE MANAGING DIRECTOR UNDER PARAGRAPH D OF  
SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA  
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)  
REGULATIONS, 2015**

**To,  
The Members of  
Mahindra Rural Housing Finance Limited**

I, Shantanu Rege, Managing Director & Chief Executive Officer of Mahindra Rural Housing Finance Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March 2023.

**For Mahindra Rural Housing Finance Limited**

**Shantanu Rege  
Managing Director & Chief Executive Officer**

Place: Mumbai  
Date: 19<sup>th</sup> April 2023

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## REPORT ON CORPORATE GOVERNANCE - 2022-23

### Annexure A

#### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(pursuant to Regulation 34(3) and Schedule V - Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members,  
Mahindra Rural Housing Finance Limited,  
Mahindra Towers, P.K. Kurne Chowk, Worli,  
Mumbai- 400 018.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Mahindra Rural Housing Finance Limited** having CIN U65922MH2007PLC169791 and having its registered office at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V- Para C Sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment/Re-appointment –in the Company
1.	Mr. Ramesh Ganesh Iyer	00220759	09/04/2007
2.	Mr. Shantanu Dilip Rege <sup>^</sup>	06661312	01/10/2022
3.	Mr. Jyotin Kantilal Mehta	00033518	30/03/2020
4.	Mr. Narendra Mairpady	00536905	13/08/2015 (Re-appointed on 13/08/2020)
5.	Mrs. Anjali Ishan Raina	02327927	30/03/2015 (Re-appointed on 30/03/2020)
6.	Mr. Vivek Anant Karve	06840707	17/07/2021
7.	Mr. Amit Kumar Sinha*	09127387	23/04/2022

**MAHINDRA RURAL HOUSING FINANCE LIMITED**

**REPORT ON CORPORATE GOVERNANCE - 2022-23**

<b>Sr. No.</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Date of Appointment/Re-appointment –in the Company</b>
8.	Mr. Rajnish Agarwal <sup>\$</sup>	03335692	01/10/2021

<sup>^</sup> Appointed as the Managing Director & CEO w.e.f. 1<sup>st</sup> October 2022.

<sup>\*</sup> Ceased to be a Director w.e.f. 19<sup>th</sup> March 2023.

<sup>\$</sup> Ceased to be the MD & CEO w.e.f. close of the business hours on 30<sup>th</sup> September 2022.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Date: 19<sup>th</sup> April, 2023**

**Place: Coimbatore**

**For KSR & Co Company Secretaries LLP**

**Dr. C. V. Madhusudhanan**

**Partner**

**FCS: 5367; CP:4408**

**UDIN: F005367E000142460**

**PR No:2635/2022**

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## REPORT ON CORPORATE GOVERNANCE - 2022-23

### Annexure B

#### CEO / CFO Certificate

To,  
**The Board of Directors of  
Mahindra Rural Housing Finance Limited**

We, the undersigned, in our respective capacities as Managing Director & Chief Executive Officer and Chief Financial Officer of Mahindra Rural Housing Finance Limited ("the Company"), to the best of our knowledge and belief certify that:

- a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March 2023 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading; and
  - ii. these statements, together, present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that:
  - i. there have been no significant changes in internal control over financial reporting during this year;
  - ii. there have been no significant changes in accounting policies during this year; and
  - iii. there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Shantanu Rege  
Managing Director & CEO

Dharmesh Vakharia  
Chief Financial Officer

Place: Mumbai  
Date: 19<sup>th</sup> April 2023

# MAHINDRA RURAL HOUSING FINANCE LIMITED

## REPORT ON CORPORATE GOVERNANCE - 2022-23

### CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,  
The Members,  
Mahindra Rural Housing Finance Limited,  
Mahindra Towers, P.K. Kurne Chowk, Worli,  
Mumbai- 400 018

We have examined documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and all the relevant records for certifying the compliance of conditions of Corporate Governance by **Mahindra Rural Housing Finance Limited (CIN U65922MH2007PLC169791)** (the Company) for the year ended 31<sup>st</sup> March, 2023, as stipulated in Regulation 34 (3) read with Para E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

#### **Management's Responsibility**

The compliance of conditions of Corporate Governance is the responsibility of the management. The management along with the Board of Directors are responsible in implementation and maintenance of internal control and procedures to ensure compliance with conditions of corporate governance as stated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

#### **Our Responsibility**

Our examination was limited to implementation of the conditions thereof and adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated under Securities Exchange and Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

#### **Our Opinion**

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27 on a comply or explain basis, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

**MAHINDRA RURAL HOUSING FINANCE LIMITED**

**REPORT ON CORPORATE GOVERNANCE - 2022-23**

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Date: 19<sup>th</sup> April 2023**

**Place: Coimbatore**

**For KSR & Co Company Secretaries LLP**

**Dr. C. V. Madhusudhanan**

**Partner**

**FCS: 5367; CP:4408**

**UDIN: F005367E000142559**

**PR No:2635/2022**

## INDEPENDENT AUDITOR’S REPORT

To the Members of **Mahindra Rural Housing Finance Limited**  
**Report on the Audit of Financial Statements**

### Opinion

We have audited the financial statements of Mahindra Rural Housing Finance Limited (“the Company”), which comprise the Balance Sheet as at, March 31, 2023 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 significant accounting policies and other explanatory information.

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 March 31, 2023 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 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 on the financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters

Key audit matter	How the matter was addressed in our audit
<p><b>Impairment of loans and advances</b></p>	
<p><i>Refer to the accounting policies in “Note 2.5 (ii) and (vi) to the financial statements: Impairment of financial statements and Estimation uncertainty relating to post pandemic Macro-economic scenario”, “Note 4 to the financial statements: Loans” and “Note 44 (ii) to the financial statements: Credit Risk Management”</i></p>	
<p>The Company has recognized impairment loss allowance of Rs.17,222.85 lakhs in its Statement of Profit and Loss during the year 2022-2023. The Company has maintained impairment provisions amounting to Rs.35,805.61 lakhs as at March 31, 2023.</p> <p>Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company’s estimation of ECLs are:</p> <ul style="list-style-type: none"> <li>• Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate.</li> <li>• Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Exposures at Default (“EAD”), Probabilities of Default (“PD”) and Loss Given Default (“LGD”). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company’s modelling approach.</li> </ul>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual, general IT and application controls over key systems used in the impairment loss allowance process.</li> <li>• 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.</li> <li>• Testing management’s controls over authorization and calculation of post model adjustments and management overlays, if any.</li> <li>• 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.</li> </ul>



Key audit matter	How the matter was addressed in our audit
<b>Impairment of loans and advances</b>	
<ul style="list-style-type: none"> <li>Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions including the spill-over effects of the Covid 19 pandemic, if any.</li> </ul> <p>The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties and other macro-economic factors, which are often outside the control of the Company. 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.</p> <p>Disclosures:</p> <p>The disclosures regarding the Company’s application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.</p>	<ul style="list-style-type: none"> <li>Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied.</li> <li>Testing the ‘Governance Framework’ over validation, implementation and model monitoring in line with the RBI guidance.</li> <li>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.</li> <li>We have also obtained management representations wherever considered necessary.</li> </ul>

<b>IT Systems and Controls</b>	
Key audit matter	How the matter was addressed in our audit
<p>The company has separate software applications for management of its loan portfolio from origination to servicing and closure and for the routine accounting. Transfer of data from / to these applications is critical for accurate compilation of financial information. Further, the Company’s financial accounting and reporting processes are dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated.</p> <p>We have identified ‘IT systems and controls’ as key audit matter because of the high-level automation, number of systems being used by the management and the inherent risks/ complexity of the IT architecture.</p>	<p>We have performed the following key audit procedures:</p> <ul style="list-style-type: none"> <li>Performed control testing on user access management, change management, segregation of duties, system and system application controls over key financial accounting and reporting systems.</li> <li>Tested key controls operating over information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</li> <li>Tested the design and operating effectiveness of key controls over user access management which includes granting access / right, new user creation, removal of user rights and preventive controls designed to enforce segregation of duties.</li> <li>Other areas that were tested include security configurations, system interface controls, controls over changes to applications and databases and controls to ensure that developers and production support did not have access to change applications, the operating system, or databases in the production environment.</li> </ul>

**Information other than the financial statements and auditor’s report thereon**

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 and Board of Directors’ 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 / loss 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 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, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditors’ 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 auditors’ 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:

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

- ii. 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.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- iv. Conclude on the appropriateness of the Management and Board of Directors 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 auditors’ 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 auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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**

1. As required by the Companies (Auditors' Report) Order, 2020 ("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.
  2. As required by Section 143(3) of the Act, we report that:
    - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
    - c. the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
    - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
    - e. on the basis of written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act;
    - f. with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
    - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the financial statements.
      - ii. the Company has made provisions, 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 38 to the financial statements.
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the Company.
  - iv. In respect of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014,
    - a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. In respect of Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, since proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable for the company only w.e.f. April 01, 2023, reporting under this clause is not applicable.

3. As required by Section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of 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 **Gokhale & Sathe**  
*Chartered Accountants*  
Firm Regn. No.10326W

**Rahul Joglekar**  
Partner

Place: Mumbai  
Date: 19 April 2023

Membership No.:129389  
UDIN: 23129389BGUYDZ4282

## Annexure A to Independent Auditor’s Report

**(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Mahindra Rural Housing Finance Limited of even date)**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment including intangible assets.
- (b) The Company has a regular programme of physical verification of Property, Plant and Equipment under which property, plant and equipment are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification during the year.
- (c) The title deeds (comprising of registered sale deeds/ transfer deeds /conveyance deeds) of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) provided to us, are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The nature of the Company’s business is such that it is not required to hold any inventories and, hence, reporting under clause 3(ii) of the order is not applicable to the Company.
- (b) The Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks and financial institutions on the basis of security of current assets. The quarterly returns and statements filed by the Company with such banks and financial institutions are in agreement with the books of account and records of the Company.
- (iii) (a) Since the Company is a Housing Finance Company whose principal business is to give loans, clause 3(iii)(a) of the Order is not applicable to the Company.

- (b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company’s interest.
- (c) in respect of loans and advances in the nature of loans (together referred to as “loan assets”), the schedule of repayment of principal and payment of interest has been stipulated. Note 2.10 to the financial statements explains the Company’s accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at the year-end aggregating Rs.75,306.73 lakhs were categorised as credit impaired (“Stage 3”) and Rs. 1,08,017.18 lakhs were categorised as those where the credit risk has increased significantly since initial recognition (“Stage 2”). Disclosures in respect of such loans have been provided in Note 45(ii)(j) to the financial statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating Rs.5,36,668.85 lakhs, where credit risk has not significantly increased since initial recognition (categorised as “Stage 1”), delinquencies in the repayment of interest and/or principal aggregating Rs.3,630.95 lakhs were also identified, albeit of less than 30 days. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company’s business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.
- (d) The total overdue amount for more than 90 days as on March 31, 2023 is as per details below:

No. of cases	Principal amount overdue (Rs. Lakhs)	Interest overdue (Rs. Lakhs)	Total overdue (Rs. Lakhs)	Remarks (if any)
59,181	4,253.16	13,234.62	17,487.78	None

- In our opinion, the Company has taken reasonable steps for the recovery of the principal and interest.
- (e) Since the Company is a Housing Finance Company whose principal business is to give loans, clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

- (iv) There are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are attracted. Accordingly, clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder are applicable. Accordingly, clause 3(v) of the Order is not applicable to the Company.
- (vi) 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, clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) In our opinion, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, goods and service tax, cess and other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amounts payable were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of the statute	Nature of Dues	Period to which the amount pertains. (F.Y.)	Amount (Rs. in lakhs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2011-12	8.11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2013-14	23.22	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2016-17	30.99	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2017-18	46.92	Commissioner of Income Tax (Appeals)

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) The Company has not defaulted repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

- (b) The Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) The Company has utilized the money raised by way of terms loans during the year for the purpose for which they were raised.
- (d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e)&(f) The Company does not have subsidiaries, associates or joint ventures during the year and therefore clause 3(ix)(e) and (f) of the Order is not applicable to the Company
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) (a) No fraud by the Company has been noticed or reported during the year. In respect of frauds noticed and reported by the Company, the following information is furnished

Nature of fraud	Amount (Rs. Lakhs)
Cases of cheating and forgery by borrowers and employees	128.86
Cases of frauds by employees	59.70

- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year and upto the date of this report, while determining the nature, timing and extent of our audit procedures.
- (xii) The Company is not a Nidhi Company and hence, reporting under clause 3 (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45- IA of the Reserve Bank of India Act, 1934 (2 of 1934).
- (b) The Company is a Housing Finance Company and it holds a valid Certificate of Registration (CoR) from the National Housing Bank issued under Section 29A(2) of the National Housing Bank Act 1987 for conducting housing finance business. Prior to 9th August 2019, the power of registration of Housing Finance Companies was vested with the National Housing Bank and not the Reserve Bank of India.
- (c) The Company is not a Core Investment Company (CIC) and hence reporting under clause 3(xvi)(c) of the Order is not applicable to the Company
- (d) The Group (as defined under Master Direction DNBR. PD.008/03.10.119/2016-17 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. There are 4 CIC forming part of the Group.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the auditor during the year hence there is no requirement to report under this clause.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and it should not be construed as a guarantee or assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) There are no unspent amounts under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project requiring transfer to special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (xxi) The Company is not required to prepare Consolidated Financial Statements and therefore reporting under clause 3(xxi) of the Order is not applicable for the year.

For **Gokhale & Sathe**  
Chartered Accountants  
Firm Regn. No.10326W

**Rahul Joglekar**  
Partner

Place: Mumbai  
Date: 19 April 2023

Membership No.:129389  
UDIN: 23129389BGUYDZ4282

## **Annexure B to the Independent Auditors' report on the financial statements of Mahindra Rural Housing Finance Limited for the year ended March 31, 2023.**

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

**Referred to in paragraph 2(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 March 31, 2023 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 March 31, 2023, 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 –

- a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b. 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 authorizations of management and directors of the company; and
- c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of

changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Gokhale & Sathe**  
*Chartered Accountants*  
Firm Regn. No.10326W

**Rahul Joglekar**  
*Partner*

Place: Mumbai  
Date: 19 April 2023

Membership No.:129389  
UDIN: 23129389BGUYDZ4282

**BALANCE SHEET AS AT 31 MARCH 2023**

Particulars	Note	(Rs. in Lakhs)	(Rs. in Lakhs)
		As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>1) Financial Assets</b>			
a) Cash and cash equivalents .....	3	31,494.46	42,369.05
b) Bank balance other than (a) above.....		88,702.87	23,145.05
c) Loans .....	4	684,524.55	702,884.34
d) Investments .....	5	34,095.06	61,961.34
e) Other financial assets .....	6	3,332.71	1,193.50
		<u>842,149.65</u>	<u>831,553.28</u>
<b>2) Non-financial Assets</b>			
a) Current tax assets (Net) .....		1,920.89	317.86
b) Deferred tax assets (Net) .....	7	11,028.76	11,800.89
c) Property, Plant and Equipments .....	8	12,527.61	5,029.44
d) Other intangible assets .....	9	23.61	22.57
e) Other non-financial assets .....	10	4,125.99	2,635.91
		<u>29,626.86</u>	<u>19,806.67</u>
<b>Total Assets</b> .....		<u><b>871,776.51</b></u>	<u><b>851,359.95</b></u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>1) Financial Liabilities</b>			
a) Payables .....	11		
I) Trade payables .....			
i) total outstanding dues of micro enterprises and small enterprises .....		1.32	21.28
ii) total outstanding dues of creditors other than micro enterprises and small enterprises .....		4,366.40	7,505.96
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 .....		22.28	22.28
b) Debt securities .....	12	316,771.91	334,445.20
c) Borrowings (Other than Debt Securities) .....	13	319,162.66	283,476.77
d) Subordinated liabilities .....	14	46,049.24	46,028.50
e) Other financial liabilities .....	15	35,107.89	30,916.87
		<u>721,481.70</u>	<u>702,416.86</u>
<b>2) Non-Financial Liabilities</b>			
a) Current tax liabilities (Net) .....		-	1,237.61
b) Provisions .....	16	1,480.32	1,635.79
c) Other non-financial liabilities .....	17	651.47	618.97
		<u>2,131.79</u>	<u>3,492.37</u>
<b>3) EQUITY</b>			
a) Equity share capital .....	18	12,213.75	12,186.88
b) Other equity .....	19	135,949.27	133,263.84
		<u>148,163.02</u>	<u>145,450.72</u>
<b>Total Liabilities and Equity</b> .....		<u><b>871,776.51</b></u>	<u><b>851,359.95</b></u>
Summary of significant accounting policies .....	2		
The accompanying notes form an integral part of the financial statements. ....	1 to 53		
As per our report of even date attached.			

For **Gokhale & Sathe**  
Chartered Accountants  
Firm's Registration No: 103264W

For and on behalf of the Board of Directors  
**Mahindra Rural Housing Finance Limited**  
CIN: U65922MH2007PLC169791

**Rahul Joglekar**  
Partner  
Membership No: 129389

**Ramesh Iyer**  
Director  
[DIN: 00220759]

**Jyoti Mehta**  
Director  
[DIN: 00033518]

**Shantanu Rege**  
Managing Director  
[DIN: 06661312]

**Dharmesh Vakharia**  
Chief Financial Officer

**Navin Joshi**  
Company Secretary  
[ACS 9049]

Mumbai  
19 April 2023

Mumbai  
19 April 2023

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023

Particulars	Note	(Rs. in Lakhs)	(Rs. in Lakhs)
		Year ended 31 March 2023	Year ended 31 March 2022
<b>REVENUE FROM OPERATIONS</b>			
i) Interest income .....	20	130,371.65	134,469.03
ii) Fees and commission income.....	21	1,012.20	248.70
iii) Net gain / (loss) on fair value changes and derecognised financial instruments ...	22	1,982.60	2,976.70
<b>I Total revenue from operations .....</b>		<b>133,366.45</b>	<b>137,694.43</b>
II Other income.....	23	1,613.58	54.51
<b>III Total Income (I+II).....</b>		<b>134,980.03</b>	<b>137,748.94</b>
<b>EXPENSES</b>			
i) Finance costs .....	24	52,512.77	51,808.48
ii) Fees and commission expense.....	25	707.17	363.48
iii) Impairment on financial instruments .....	26	17,222.85	31,884.47
iv) Employee benefits expenses .....	27	40,442.66	32,131.33
v) Depreciation, amortisation and impairment .....	28	2,625.74	1,510.48
vi) Other expenses .....	29	18,839.89	14,278.69
<b>IV Total Expenses (IV).....</b>		<b>132,351.08</b>	<b>131,976.93</b>
<b>V Profit / (Loss) before tax (III - IV) .....</b>		<b>2,628.95</b>	<b>5,772.01</b>
<b>VI Tax expense:</b>			
i) Current tax.....		–	4,385.77
ii) Deferred tax.....		835.08	(3,150.64)
iii) (Excess) / Short Provision for Income Tax - earlier years.....		(380.91)	(236.39)
		<b>454.17</b>	<b>998.74</b>
<b>VII Profit / (Loss) for the year (V-VI).....</b>		<b>2,174.78</b>	<b>4,773.27</b>
<b>VIII Other Comprehensive Income</b>			
(A) (i) Items that will not be reclassified to profit or loss			
– Remeasurement loss on defined benefit plans.....		(55.37)	(135.82)
(ii) Income tax impact thereon.....		13.93	34.18
<b>Subtotal (A).....</b>		<b>(41.44)</b>	<b>(101.64)</b>
(B) (i) Items that will be reclassified to profit or loss			
– Net gain / (loss) on debt instruments through OCI.....		(194.77)	(86.22)
(ii) Income tax impact thereon.....		49.02	21.70
<b>Subtotal (B).....</b>		<b>(145.75)</b>	<b>(64.52)</b>
<b>Other Comprehensive Income / (Loss) (A+B) .....</b>		<b>(187.19)</b>	<b>(166.16)</b>
<b>IX Total Comprehensive Income / (Loss) for the year (VII+VIII) (Comprising Profit / (Loss) and other Comprehensive Income for the year).....</b>		<b>1,987.59</b>	<b>4,607.11</b>
<b>X Earnings per equity share (for continuing operations)</b>			
(Face value - Rs. 10/- per share)	30		
Basic (Rupees).....		1.78	3.92
Diluted (Rupees).....		1.78	3.90

As per our report of even date attached.

For **Gokhale & Sathe**  
Chartered Accountants  
Firm's Registration No: 103264W

For and on behalf of the Board of Directors  
**Mahindra Rural Housing Finance Limited**  
CIN: U65922MH2007PLC169791

**Rahul Joglekar**  
Partner  
Membership No: 129389

**Ramesh Iyer**  
Director  
[DIN: 00220759]

**Jyotin Mehta**  
Director  
[DIN: 00033518]

**Shantanu Rege**  
Managing Director  
[DIN: 06661312]

**Dharmesh Vakharia**  
Chief Financial Officer

**Navin Joshi**  
Company Secretary  
[ACS 9049]

Mumbai  
19 April 2023

Mumbai  
19 April 2023

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023**

	(Rs. in Lakhs)	(Rs. in Lakhs)
	31 March 2023	31 March 2022
<b>A Equity Share Capital</b>		
<b>Balance at the beginning of the year</b> .....	<b>12,288.79</b>	12,288.79
<b>Changes in Equity share capital during the period</b>		
Add: Fresh allotment of shares:		
– Issue of Shares .....	–	–
– Shares issued under Employees' Stock Option Scheme .....	–	–
	<b>12,288.79</b>	12,288.79
Less: Shares issued to ESOS Trust but not allotted to employees.....	<b>75.04</b>	101.91
<b>Balance at the end of the year</b> .....	<b>12,213.75</b>	12,186.88

**B Other Equity**

	Reserves and Surplus					Total
	Statutory reserves	Securities premium	General reserves	Employee stock options outstanding	Retained earnings or Profit & loss account	
<b>Balance as at 01 April 2021</b> .....	28,804.93	43,033.65	290.00	540.92	55,438.36	128,107.86
Profit for the year .....	–	–	–	–	4,773.27	4,773.27
Other Comprehensive Income .....	–	–	–	–	(166.16)	(166.16)
<b>Total Comprehensive Income</b> .....	–	–	–	–	4,607.11	4,607.11
Transfers to Securities premium on exercise of employee stock options .....	–	129.61	–	(129.61)	–	–
Allotment of equity shares by ESOP Trust to employees .....	–	117.93	–	–	–	117.93
ESOP outstanding reserve account.....	–	–	–	343.05	–	343.05
Share based payment expense .....	–	–	–	87.89	–	87.89
Transfers to Statutory reserves.....	2,530.00	–	–	–	(2,530.00)	–
<b>Balance as at 31 March 2022</b> .....	<b>31,334.93</b>	<b>43,281.19</b>	<b>290.00</b>	<b>842.25</b>	<b>57,515.47</b>	<b>133,263.84</b>
<b>Balance as at 01 April 2022</b> .....	<b>31,334.93</b>	<b>43,281.19</b>	<b>290.00</b>	<b>842.25</b>	<b>57,515.47</b>	<b>133,263.84</b>
Profit for the year .....	–	–	–	–	2,174.78	2,174.78
Other Comprehensive Income .....	–	–	–	–	(187.19)	(187.19)
<b>Total Comprehensive Income</b> .....	–	–	–	–	1,987.59	1,987.59
Transfers to Securities premium on exercise of employee stock options .....	–	236.72	–	(236.72)	–	–
Allotment of equity shares by ESOP Trust to employees .....	–	153.14	–	–	–	153.14
ESOP outstanding reserve account.....	–	–	–	360.05	–	360.05
Share based payment expense .....	–	–	–	184.65	–	184.65
Transfers to Statutory reserves.....	475.00	–	–	–	(475.00)	–
<b>Balance as at 31 March 2023</b> .....	<b>31,809.93</b>	<b>43,671.05</b>	<b>290.00</b>	<b>1,150.23</b>	<b>59,028.06</b>	<b>135,949.27</b>

As per our report of even date attached

For **Gokhale & Sathe**  
Chartered Accountants  
Firm's Registration No: 103264W

For and on behalf of the Board of Directors  
**Mahindra Rural Housing Finance Limited**  
CIN: U65922MH2007PLC169791

**Rahul Joglekar**  
Partner  
Membership No: 129389

**Ramesh Iyer**  
Director  
[DIN: 00220759]

**Jyotin Mehta**  
Director  
[DIN: 00033518]

**Shantanu Rege**  
Managing Director  
[DIN: 06661312]

Mumbai  
19 April 2023

**Dharmesh Vakharia**  
Chief Financial Officer  
Mumbai  
19 April 2023

**Navin Joshi**  
Company Secretary  
[ACS 9049]

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

Particulars	(Rs. in Lakhs) Year ended 31 March 2023	(Rs. in Lakhs) Year ended 31 March 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes .....	2,628.95	5,772.01
<b>Add/(Less):</b>		
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation expense .....	2,625.74	1,510.48
Impairment on financial instruments .....	23,339.44	34,810.46
Interest income .....	(130,371.65)	(134,469.03)
Interest expense .....	52,148.87	51,373.01
Loss/ (profit) on sale of Property, Plant and Equipment .....	(22.21)	(6.41)
Share based payments to employees .....	544.70	430.93
Profit on sale of investments in mutual funds .....	(2,792.09)	(2,909.24)
Net gain / (loss) on financial instruments at FVTPL .....	809.49	(67.46)
<b>Operating profit before working capital changes .....</b>	<b>I</b>	<b>(51,088.76)</b>
<b>Working capital changes in</b>		
Loans .....	3,418.22	(24,817.00)
Other financial assets .....	(2,048.67)	(532.48)
Other non-financial assets .....	(886.96)	1,889.83
Trade payable .....	(3,159.52)	(841.97)
Other liabilities .....	(1,740.80)	2,539.35
Provisions .....	(210.84)	17.80
	<b>II</b>	<b>(4,628.57)</b>
<b>Cash used in operations .....</b>	<b>(I+II)</b>	<b>(55,717.33)</b>
Interest received .....	121,973.79	134,401.74
Interest paid .....	(51,465.14)	(59,234.28)
Income tax paid (net of refunds) .....	(2,459.73)	(3,148.15)
<b>NET CASH GENERATED FROM / USED IN OPERATING ACTIVITIES (A) .....</b>	<b>12,331.59</b>	<b>6,719.59</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment and Intangible assets .....	(4,160.44)	(1,189.17)
Proceeds from sale of Property, Plant and Equipment .....	111.43	33.21
Purchase of investments .....	(192,700.22)	(183,761.91)
Proceeds from sale of investments .....	222,263.77	205,976.36
Investments in term deposits with banks .....	(139,312.76)	(81,399.75)
Proceeds from term deposits with banks .....	73,754.94	105,692.51
<b>NET CASH USED IN INVESTING ACTIVITIES (B) .....</b>	<b>(40,043.28)</b>	<b>45,351.25</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Debt securities issued .....	57,500.00	136,000.00
Debt securities repaid .....	(75,500.00)	(84,800.00)
Borrowings other than debt securities .....	168,400.00	136,725.00
Borrowings other than debt securities repaid .....	(132,720.04)	(218,822.94)
Payment for principal portion of lease liability .....	(842.86)	(617.50)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C) .....</b>	<b>16,837.10</b>	<b>(31,515.44)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) .....</b>	<b>(10,874.59)</b>	<b>20,555.40</b>
<b>Cash and Cash equivalents at the beginning of the year .....</b>	<b>42,369.05</b>	<b>21,813.65</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR .....</b>	<b>31,494.46</b>	<b>42,369.05</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023 (CONTD...)**

Particulars	(Rs. in Lakhs)	(Rs. in Lakhs)
	Year ended 31 March 2023	Year ended 31 March 2022
Cash and cash equivalents at the end of the year		
– Cash on hand	939.62	1,313.36
– Balances with banks in current accounts	2,604.84	2,006.03
– Term deposits with original maturity up to 3 months	27,950.00	39,049.66
<b>Total</b>	<b>31,494.46</b>	<b>42,369.05</b>

**Notes:**

- 1) The above Statement of Cash Flow has been prepared under the 'Indirect method' as set out in the Ind AS 7 'Statement of Cash Flows'.
- 2) During the year, the Company has spent an amount of Rs. 460.70 Lakhs in cash (31 March 2022: Rs. 657.05 Lakhs) towards corporate social responsibility (CSR) expenditure (refer note 37)

As per our report of even date attached.

For **Gokhale & Sathe**  
Chartered Accountants  
Firm's Registration No: 103264W

For and on behalf of the Board of Directors  
**Mahindra Rural Housing Finance Limited**  
CIN: U65922MH2007PLC169791

**Rahul Joglekar**  
Partner  
Membership No: 129389

**Ramesh Iyer**  
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**Shantanu Rege**  
Managing Director  
[DIN: 06661312]

Mumbai  
19 April 2023

**Dharmesh Vakharia**  
Chief Financial Officer  
Mumbai  
19 April 2023

**Navin Joshi**  
Company Secretary  
[ACS 9049]

## Notes to the Financial Statements for the year ended 31 March 2023

### 1 COMPANY INFORMATION

Mahindra Rural Housing Finance Limited ('the Company'), having corporate identification number CIN: U65922MH2007PLC169791, 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 fulfils the Principal Business Criteria as laid down under paragraph 4.1.17, of the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 ('Master Directions'). The Company's financial assets constitute more than 60% of its total assets and out of the total assets, the Company has financed over 50% towards housing loans to individuals.

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 principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the Reserve Bank of India Master Direction DOR. FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 (as amended).

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.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These separate financial statements were approved by the Company's Board of Directors and authorised for issue on 19 April 2023.

#### 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 or 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 has 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 as and 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)

The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the 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 44)

#### (iii) Provisions and other contingent liabilities:

The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs. Contingent Liabilities in respect of show cause notices are considered only when converted into demands.

## Notes to the Financial Statements for the year ended 31 March 2023

The reliable measure of the estimates and judgements 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 / Compensated absences:**

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.

Company's liability towards long term compensated absences are recognised as liability at the present value of the projected benefit obligation as at the balance sheet date, based on actuarial valuation, using the projected unit credit method.

**(vi) Estimation uncertainty relating to post pandemic Macro-economic scenario:**

The COVID-19 pandemic has had a significant impact on the economy and our business operations over the past two years. While the situation remains fluid as the world transitions into a post-pandemic environment in FY 2022-2023, we are encouraged by the recent positive developments in our business.

While the pandemic resulted in significant volatility in financial markets, we have effectively managed our risk exposures and maintained strong liquidity and capital levels throughout the pandemic and even after that. While the immediate impact of the Covid-19 pandemic on the global economy has largely abated and as we transition from the pandemic, we expect to see continued growth in demand for our services as the economy recovers. However, we will continue to monitor the situation closely and adapt our business operations as necessary and we are optimistic about the future and remain committed to delivering value for our stakeholders.

Economic forecasts are subject to a varied degree of uncertainty in the current environment. Limitations of forecasts and economic models require a greater reliance on management judgement in addressing both the error inherent in economic forecasts and in assessing associated ECL outcomes.

The calculation of ECL under Ind AS 109 involves significant judgements, assumptions and estimates. The level of estimation uncertainty and judgement is moderately low during financial year due to the curtailed impact of the pandemic spread, including significant judgements relating to:

- the selection and weighting of economic scenarios, given rapidly changing economic conditions in an unprecedented manner, uncertainty as to the effect of government and RBI support measures designed to alleviate adverse economic impacts, increase in the interest rates by RBI and a wider distribution of economic forecasts than before the pandemic. The key judgements are the length of time over which the economic effects of the pandemic will occur, the speed and shape of spread and recovery. The main factors include the effectiveness of pandemic containment measures, effectiveness of vaccines,

and the emergence of new variants of the virus, plus a range of geopolitical uncertainties, which together may represent a high degree of estimation uncertainty, particularly in assessing worst case scenario;

- estimating the economic effects on the scenarios on ECL, though the historical trends now include a little history post the outbreak of the pandemic that can be reflected in the models to represent the effects of the economic changes of the severity and speed brought about by the COVID-19 outbreak. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate ECL in these conditions, and there is significant uncertainty in the estimation of parameters such as collateral values and loss severity; and
- the identification of customers experiencing significant increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues given muted default experience to date.

Judgements (including overlays) in relation to credit impairments and the impact of macro-economic risks on the credit environment, in particular those arising from the COVID-19 pandemic, are continuously discussed throughout the year. The management focused on the key assumptions, methodologies and in-model and post model adjustments applied to provisions under Ind AS 109. The economic uncertainty and unprecedented conditions not experienced since the implementation of Ind AS 109 challenged the usefulness of model outputs.

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 2023 about future events that the 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 are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly 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, fair value measurement, and recoverable amount assessments of non-financial assets.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further in the relevant note to these Financial Statements. The Company will continue to closely monitor any material changes to future economic conditions (**refer note 44**).

**(vii) Going Concern**

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 43 and note 44 (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.



## Notes to the Financial Statements for the year ended 31 March 2023

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 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.

### d) Other Income

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

## 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. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

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 Equipments that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

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. Depreciation methods, useful lives and residual values are reviewed in each financial year, and changes, if any, are accounted for prospectively.

In accordance with Ind AS 116 - Leases, 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.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured.

The estimated useful lives used for computation of depreciation are as follows:

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)	upto 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. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or loss arising on derecognition of the asset (calculated 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.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

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 calculated using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

## 2.9 Cash and cash equivalent:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

## 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 Comprehensive Income (FVTOCI) - debt instruments;

## Notes to the Financial Statements for the year ended 31 March 2023

- Fair Value Through Other Comprehensive Income (FVTOCI) - equity instruments;
- Fair Value Through Profit and Loss (FVTPL)

### Amortized cost -

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 loans at amortised cost.

### FVOCI - debt instruments -

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

### FVOCI - equity instruments -

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in Other Comprehensive Income. This cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of such instruments. Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.

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. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of such instruments. Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment

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

### Subsequent measurement and gains and losses:

Financial assets classified 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 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.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

#### Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company 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.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

#### 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 portfolio. 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

## Notes to the Financial Statements for the year ended 31 March 2023

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 44)

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.

### Loan contract renegotiation and modifications:

Loans are identified as renegotiated and classified as credit impaired when the Company modifies the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non payment of future cash flows and retain the designation of renegotiated until maturity or derecognition.

Mandatory and general offer loan modifications that are not borrower-specific, for example market-wide customer relief programmes announced by the Regulator or other statutory body, have not been classified as renegotiated loans and so have not resulted in derecognition, but their stage allocation is determined considering all available and supportable information under our ECL impairment policy.

A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances are considered to be originated credit impaired financial asset and will continue to be disclosed as renegotiated loans.

Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows over the minimum observation period, and there are no other indicators of impairment. These loans could be transferred to stage 1 or 2 based on the risk assessment mechanism by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed.

Loan modifications that are not identified as renegotiated are considered to be commercial restructuring. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that the Company's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided.

### 2.11 Employee benefits:

#### a) Short-term employee benefits

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and gratia. Short-term employee benefit obligations are measured on an undiscounted basis and these 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

The defined contribution plans i.e. provident fund (administered through Regional Provident Fund Office), superannuation fund and employee state insurance corporation and National Pension Scheme are post-employment benefit plans under which a Company pays fixed contributions and will have no legal and constructive obligation to pay further amounts beyond its contributions. The Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Company's contribution paid/payable during the year to provident fund, superannuation scheme, employees state insurance corporation (ESIC) and national pension scheme (NPS) 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 Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

#### Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial 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.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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

## Notes to the Financial Statements for the year ended 31 March 2023

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 straight-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.

Interest expense on lease liabilities (Ind AS 116 - Leases) 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. 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.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current tax is recognised in statement of profit or loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### 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.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### 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. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are not recognised for future operating losses.

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 and general purpose office 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.

## Notes to the Financial Statements for the year ended 31 March 2023

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.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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 certain that 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 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.

The Company has used a single discount rate to a portfolio of leases with similar characteristics.

In accordance with Ind AS 116, Leases, the financial information have been presented in the following manner.

- ROU assets and lease liabilities have been included within the line items "Property, Plant and Equipments" and "Other financial liabilities" respectively in the Balance sheet;
- 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;
- 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.
- Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

The disclosures pertaining to Ind AS 116 are set out under **note no. 34**.

### 2.18 Corporate Social Responsibility (CSR) expenses

The Corporate Social Responsibility Committee ('CSR Committee' Board level) is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities and to monitor the CSR Policy periodically.

#### Funding and Allocation:

For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee allocates for its Annual CSR Budget, 2% of the average net profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company may spend upto 5% of the total CSR expenditure in one financial year on building CSR capabilities. The Company may also make contributions to its Corporate Foundations/Trusts i.e. K. C. Mahindra Education Trust and Mahindra Foundation, towards its corpus for projects approved by the Board. The CSR Committee will approve the CSR budget annually.

Any unspent amount at the end of the financial year shall be treated as per the provisions of the existing CSR Law. Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company.

The Company has identified CSR Thrust Areas for undertaking CSR Projects/ programs/activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local Government/Grampanchayat/NGOs. The Company shall give preference to the local area and areas around which the Company operates for CSR spending. Thrust areas include health, education, environment and other activities.

The amount spent or contribution / donations made towards CSR activities is charged to Corporate Social Responsibility (CSR) expenses respectively, in the Statement of Profit and Loss (**Refer note 29**)

### 2.19 Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all years 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 year attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the year, 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. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

### 2.20 New standards or amendments to the existing standards and other pronouncements:

#### Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March 2023, MCA amended The Companies (Indian Accounting Standards) Amendment Rules, 2015, applicable from 1st April 2023, as below:

#### IND AS 1 – Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company does not expect the amendment to have any significant impact on its financial statements.

#### IND AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company does not expect the amendment to have any significant impact on its financial statements.

#### IND AS 12 – Income taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company does not expect the amendment to have any significant impact on its financial statements.

**Notes to the Financial Statements for the year ended 31 March 2023**
**3 Cash and cash equivalents**

	31 March 2023	31 March 2022
Cash on hand	939.62	1,313.36
Balances with banks in current accounts	2,604.84	2,006.03
Term deposits with original maturity up to 3 months	27,950.00	39,049.66
<b>Total</b>	<b>31,494.46</b>	<b>42,369.05</b>

**4 Loans**

	31 March 2023	31 March 2022
<b>A) Loans (at amortised cost):</b>		
i) Loans against assets	719,893.96	760,212.46
ii) Other loans and advances	98.80	132.83
<b>Total (A) - Gross</b>	<b>719,992.76</b>	<b>760,345.29</b>
Less: Impairment loss allowance	(35,468.21)	(57,460.95)
<b>Total (A) - Net</b>	<b>684,524.55</b>	<b>702,884.34</b>
<b>B) i) Secured by tangible assets (hypothecation on land and/or building)</b>	<b>718,848.68</b>	<b>758,202.55</b>
ii) Unsecured	1,144.08	2,142.74
<b>Total (B) - Gross</b>	<b>719,992.76</b>	<b>760,345.29</b>
Less: Impairment loss allowance	(35,468.21)	(57,460.95)
<b>Total (B) - Net</b>	<b>684,524.55</b>	<b>702,884.34</b>
<b>C) I) Loans in India</b>		
i) Public Sector	-	-
ii) Others	719,992.76	760,345.29
<b>Total (C) - Gross</b>	<b>719,992.76</b>	<b>760,345.29</b>
Less: Impairment loss allowance	(35,468.21)	(57,460.95)
<b>Total (C) (I) - Net</b>	<b>684,524.55</b>	<b>702,884.34</b>
<b>II) Loans outside India</b>	-	-
Less: Impairment loss allowance	-	-
<b>Total (C) (II) - Net</b>	-	-
<b>Total C (I) and C (II)</b>	<b>684,524.55</b>	<b>702,884.34</b>

**5 Investments**

	31 March 2023	31 March 2022
<b>A) At Fair Value</b>		
Through Profit or Loss		
Units of mutual funds	22,088.07	53,604.25
<b>Total (Gross)</b>	<b>22,088.07</b>	<b>53,604.25</b>
Less: Impairment loss allowance	-	-
<b>Total (Net) - A</b>	<b>22,088.07</b>	<b>53,604.25</b>

**B) At Fair Value**

	31 March 2023	31 March 2022
Through Other Comprehensive Income		
Government securities*	12,006.99	8,357.09
<b>Total (Gross)</b>	<b>12,006.99</b>	<b>8,357.09</b>
Less: Impairment loss allowance	-	-
<b>Total (Net) - B</b>	<b>12,006.99</b>	<b>8,357.09</b>
Investments in India	34,095.06	61,961.34
Investments outside India	-	-
<b>Total (Net)</b>	<b>34,095.06</b>	<b>61,961.34</b>

\* Government Securities being risk free the Company has not recognised any provision under Expected Credit Loss on such Investments.

**6 Other financial assets**

	31 March 2023	31 March 2022
Security deposits for office premises / others	897.31	490.08
Insurance claims receivable	32.53	19.35
Interest accrued on Term Deposit	1,800.12	684.07
Other receivables	602.75	-
<b>Total</b>	<b>3,332.71</b>	<b>1,193.50</b>

**7 Deferred tax assets**

	31 March 2023	31 March 2022
<b>Tax effect of items constituting deferred tax liabilities:</b>		
FVTPL financials assets	55.86	257.55
FVTOCI financial assets (G-Sec)	(70.72)	(21.70)
<b>Total (A)</b>	<b>(14.86)</b>	<b>235.85</b>
<b>Tax effect of items constituting deferred tax assets:</b>		
Provision for employee benefits	376.94	416.11
Allowance for Expected Credit Loss (ECL)	4,675.99	9,004.79
Effective Interest Rate (EIR) - financial instruments	1,463.35	2,056.92
Depreciation on property, plant and equipment	351.48	354.73
Tax losses	3,757.23	-
Leases	230.41	116.51
Other provisions	158.50	87.68
<b>Total (B)</b>	<b>11,013.90</b>	<b>12,036.74</b>
<b>Total deferred tax assets (B-A)</b>	<b>11,028.76</b>	<b>11,800.89</b>

(Rs. in Lakhs)

**Notes to the Financial Statements for the year ended 31 March 2023**
**8 Property, plant and equipments**

Particulars	Buildings*	Computers	Furniture and fixtures	Vehicles	Office equipments	Right-of-use assets (Leasehold Premises)	Total
<b>GROSS CARRYING AMOUNT</b>							
Balance as at 1 April 2021	23.12	1,850.45	961.48	1,393.44	1,660.45	4,207.14	10,096.08
Additions during the year	–	394.42	64.25	375.41	162.34	997.56	1,993.98
Disposals / deductions during the year	–	154.45	17.41	142.79	421.42	–	736.07
<b>Balance as at 31 March 2022</b>	<b>23.12</b>	<b>2,090.42</b>	<b>1,008.32</b>	<b>1,626.06</b>	<b>1,401.37</b>	<b>5,204.70</b>	<b>11,353.99</b>
Balance as at 1 April 2022	23.12	2,090.42	1,008.32	1,626.06	1,401.37	5,204.70	11,353.99
Additions during the year	–	1,320.04	805.39	988.96	418.08	6,656.85	10,189.32
Disposals / deductions during the year	–	494.01	42.68	350.36	189.46	–	1,076.51
<b>Balance as at 31 March 2023</b>	<b>23.12</b>	<b>2,916.45</b>	<b>1,771.03</b>	<b>2,264.66</b>	<b>1,629.99</b>	<b>11,861.55</b>	<b>20,466.80</b>
<b>ACCUMULATED DEPRECIATION</b>							
Balance as at 1 April 2021	2.06	1,583.36	615.62	753.18	1,295.16	1,293.31	5,542.69
Additions during the year	0.38	213.09	89.59	245.65	203.53	738.89	1,491.13
Disposals / deductions during the year	–	154.43	15.40	123.66	415.78	–	709.27
<b>Balance as at 31 March 2022</b>	<b>2.44</b>	<b>1,642.02</b>	<b>689.81</b>	<b>875.17</b>	<b>1,082.91</b>	<b>2,032.20</b>	<b>6,324.55</b>
Balance as at 1 April 2022	2.44	1,642.02	689.81	875.17	1,082.91	2,032.20	6,324.55
Additions during the year	0.39	505.89	257.70	343.28	199.24	1,295.43	2,601.93
Disposals / deductions during the year	–	491.77	36.60	271.82	187.10	–	987.29
<b>Balance as at 31 March 2023</b>	<b>2.83</b>	<b>1,656.14</b>	<b>910.91</b>	<b>946.63</b>	<b>1,095.05</b>	<b>3,327.63</b>	<b>7,939.19</b>
<b>NET CARRYING AMOUNT</b>							
As at 31 March 2022	<b>20.68</b>	<b>448.40</b>	<b>318.51</b>	<b>750.89</b>	<b>318.46</b>	<b>3,172.50</b>	<b>5,029.44</b>
As at 31 March 2023	<b>20.29</b>	<b>1,260.31</b>	<b>860.12</b>	<b>1,318.03</b>	<b>534.94</b>	<b>8,533.92</b>	<b>12,527.61</b>

\* Secured non convertible debentures (NCDs) have pari passu charges on buildings whose carrying amount is Rs. 20.68 Lakhs (31 March 2022 - Rs. 21.06 Lakhs)

**9 Other intangible assets**

Particulars	Computer software	Particulars	Computer software
<b>GROSS CARRYING AMOUNT</b>		<b>Balance as at 1 April 2022</b>	242.91
Balance as at 1 April 2021	265.48	Additions during the period	23.81
Additions during the period	–	Disposals / deductions during the period	–
Disposals / deductions during the period	–	<b>Balance as at 31 March 2023</b>	<b>266.72</b>
<b>Balance as at 31 March 2022</b>	<b>265.48</b>	<b>NET CARRYING AMOUNT</b>	
Balance as at 1 April 2022	265.48	As at 31 March 2022	<b>22.57</b>
Additions during the period	24.85	As at 31 March 2023	<b>23.61</b>
Disposals / deductions during the period	–		
<b>Balance as at 31 March 2023</b>	<b>290.33</b>	<b>10 Other non-financial assets</b>	
<b>ACCUMULATED DEPRECIATION</b>			
Balance as at 1 April 2021	223.56	Capital advances	814.49
Additions during the period	19.35	Prepaid expenses	1,909.45
Disposals / deductions during the period	–	Other advances	1,402.05
<b>Balance as at 31 March 2022</b>	<b>242.91</b>	<b>Total</b>	<b>4,125.99</b>
			2,635.91

**Notes to the Financial Statements for the year ended 31 March 2023**

**11 Payables**

	31 March 2023	31 March 2022		31 March 2023	31 March 2022
<b>I) Trade payables</b>			a) Dues remaining unpaid to any supplier at the year end		
i) total outstanding dues of micro enterprises and small enterprises	1.32	21.28	– Principal	1.32	21.28
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4,366.40	7,505.96	– Interest on the above	–	–
<b>II) Other payables</b>			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		
i) total outstanding dues of micro enterprises and small enterprises	–	–	– Principal paid beyond the appointed date	1,202.86	169.18
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	22.28	22.28	– Interest paid in terms of Section 16 of the MSMED Act	20.55	1.86
<b>TOTAL</b>	<b>4,390.00</b>	<b>7,549.52</b>	c) Amount of interest due and payable for the period 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	–	–

**Micro, Small and Medium Enterprises:**

Based on and to the extent of the information received by the Company from the suppliers during the period 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 :

**Ageing for trade payables outstanding as at 31 March 2023 is as follows:**

	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME *	1.32	–	–	–	1.32
(ii) Others	4,354.59	3.85	7.96	–	4,366.40
(iii) Disputed dues – MSME	–	–	–	–	–
(iv) Disputed dues – Others	–	–	–	–	–

**Ageing for trade payables outstanding as at 31 March 2022 is as follows:**

	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME *	21.28	–	–	–	21.28
(ii) Others	7,358.76	131.24	9.23	6.73	7,505.96
(iii) Disputed dues – MSME	–	–	–	–	–
(iv) Disputed dues – Others	–	–	–	–	–

\*As per MSMED Act, 2006.

**Relationship with Struck off Companies as at 31 March 2023:**

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding	Relationship with the Struck off company
Efcee Sarovar Portico Div Leela Tradelink Pvt Ltd	Payable	–	Vendor
Xtechone Internet Solutions Pvt Ltd	Payable	–	Vendor
Liance Consultant & Engineers Pvt Ltd	Payable	–	Vendor



(Rs. in Lakhs)

**Notes to the Financial Statements for the year ended 31 March 2023**
**12 Debt Securities**

	31 March 2023	31 March 2022
<b>At Amortised cost</b>		
<b>i) Bonds / Debentures (Secured)</b>		
– Non-convertible debentures	152,130.29	131,755.50
<b>ii) Bonds / Debentures (Unsecured)</b>		
– Non-convertible debentures	164,641.62	202,689.70
<b>Total</b>	<b>316,771.91</b>	<b>334,445.20</b>
Debt securities in India	316,771.91	334,445.20
Debt securities outside India	–	–
<b>Total</b>	<b>316,771.91</b>	<b>334,445.20</b>

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

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

From the Balance Sheet date	As at 31 March 2023		As at 31 March 2022	
	Interest rate range	Amount	Interest rate range	Amount
<b>Repayable on maturity:</b>				
Maturing within 1 year	7.15%-9.25%	69,500.00	6.90%-8.25%	37,000.00
Maturing between 1 year to 3 years	7.75%-8.20%	57,500.00	7.15%-9.25%	69,500.00
Maturing between 3 years to 5 years	8.30%	1,000.00	7.75%-8.30%	11,000.00
Maturing beyond 5 years	7.90%-9.18%	24,510.00	7.90%-9.18%	14,510.00
<b>Total at face value</b>		<b>152,510.00</b>		<b>132,010.00</b>
Less: Unamortised finance cost		379.71		254.50
<b>Total amortised cost</b>		<b>152,130.29</b>		<b>131,755.50</b>

Secured by pari passu charges on the property of the Company located at Chinchwad, Pune in the State of Maharashtra and/ or exclusive charge on book debt and receivables under loan contracts and/ or owned assets to the extent of 100% of outstanding secured debentures.

The rates mentioned above are the applicable rates as at the year end. These includes floating rate loans which are based on external benchmark.

# The funds raised by the Company during the period 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 or General Corporate purposes of the Company in compliance with applicable laws and the terms of the issue.

**Details of Bonds / Debentures (Unsecured) - Non-convertible debentures:**

From the Balance Sheet date	As at 31 March 2023		As at 31 March 2022	
	Interest rate range	Amount	Interest rate range	Amount
<b>Repayable on maturity:</b>				
Maturing within 1 year	7.55%-8.51%	85,000.00	6.85%-7.35%	38,500.00
Maturing between 1 year to 3 years	6.70%-8.14%	80,000.00	5.61%-7.55%	165,000.00
<b>Total at face value</b>		<b>165,000.00</b>		<b>203,500.00</b>
Less: Unamortised discounting charges		358.38		810.30
<b>Total amortised cost</b>		<b>164,641.62</b>		<b>202,689.70</b>

The rates mentioned above are the applicable rates as at the year end. These includes floating rate loans which are based on benchmark based spreads.

The funds raised by the Company during the period by issue of Unsecured 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 or General Corporate purposes of the Company in compliance with applicable laws and the terms of the issue.

**Notes to the Financial Statements for the year ended 31 March 2023**
**13 Borrowings (Other than Debt Securities)**

	31 March 2023	31 March 2022
<b>At Amortised cost</b>		
<b>i) Term loans</b>		
Secured -		
– from banks	276,862.47	231,251.58
– from other parties (National Housing Bank)	11,125.19	17,525.19
<b>ii) Loans from related parties</b>		
Unsecured -		
– Inter-corporate deposits (ICDs)	31,175.00	34,700.00
<b>Total</b>	<u>319,162.66</u>	<u>283,476.77</u>
Borrowings in India	319,162.66	283,476.77
Borrowings outside India	–	–
<b>Total</b>	<u>319,162.66</u>	<u>283,476.77</u>

There are no borrowings measured at FVTPL or designated at FVTPL

**Details of term loans from banks (Secured)**

From the Balance Sheet date	As at 31 March 2023		As at 31 March 2022	
	Interest rate range	Amount	Interest rate range	Amount
<b>1) Repayable on maturity:</b>				
Maturing within 1 year	8.22%-9.24%	31,350.00	5.05%-7.9%	31,000.00
Maturing between 1 year to 3 years	–	–	7.55%	20,000.00
Maturing between 3 years to 5 years	8.77%-8.94%	15,000.00	7.05%	15,000.00
<b>Total</b>		<u>46,350.00</u>		<u>66,000.00</u>
<b>2) Repayable in installments:</b>				
<b>i) Quarterly -</b>				
Maturing within 1 year	8.20%-9.94%	17,306.72	5.86%-8.10%	18,120.03
Maturing between 1 year to 3 years	8.20%-9.94%	23,951.68	5.86%-6.95%	20,892.86
Maturing between 3 years to 5 years	8.20%-9.94%	17,473.74	6.30%-6.90%	9,642.86
Maturing beyond 5 years	8.80%-9.94%	1,785.71	6.30%-6.86%	5,357.14
<b>Sub total</b>		<u>60,517.85</u>		<u>54,012.89</u>
<b>ii) Half yearly -</b>				
Maturing within 1 year	8.10%-8.35%	3,444.44	7.35%	5,000.00
Maturing between 1 year to 3 years	8.10%-8.35%	26,555.56	–	–
Maturing between 3 years to 5 years	8.10%-8.35%	26,000.00	7.20%	30,000.00
<b>Sub total</b>		<u>56,000.00</u>		<u>35,000.00</u>
<b>iii) Yearly -</b>				
Maturing within 1 year	7.35%-9.05%	36,250.00	7.15%-9.05%	17,250.00
Maturing between 1 year to 3 years	8.05%-8.70%	52,125.00	7.00%-9.05%	42,625.00
Maturing between 3 years to 5 years	8.25%-8.70%	25,625.00	7.00%-7.35%	16,375.00
<b>Sub total</b>		<u>114,000.00</u>		<u>76,250.00</u>
<b>Total</b>		<u>230,517.85</u>		<u>165,262.89</u>
<b>Total (1+2) (As per contractual terms)</b>		<u>276,867.85</u>		<u>231,262.89</u>
Less: Unamortized finance cost		5.38		11.31
<b>Total amortized cost</b>		<u>276,862.47</u>		<u>231,251.58</u>

Secured by an exclusive charge on book debt and receivables under loan contracts to the minimum of 100% of outstanding secured loans plus applicable margin

The rates mentioned above are the applicable rates as at the period end. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR) & external benchmark based spreads.

(Rs. in Lakhs)

**Notes to the Financial Statements for the year ended 31 March 2023**
**Details of Secured term loans from other parties (National Housing Bank)**
**From the Balance Sheet date**

	As at 31 March 2023		As at 31 March 2022	
	Interest rate range	Amount	Interest rate range	Amount
<b>1) Repayable in installments :</b>				
<b>Quarterly</b>				
Maturing within 1 year	8.65%	4,800.00	7.40%	4,800.00
Maturing between 1 year to 3 years	8.65%	6,325.19	7.40%	12,725.19
<b>Total</b>		<b>11,125.19</b>		<b>17,525.19</b>
Less: Unamortized finance cost		-		-
<b>Total amortized cost</b>		<b>11,125.19</b>		<b>17,525.19</b>

Secured by exclusive charge on receivables under loan contracts and book debts to the minimum of 100% of outstanding secured loans plus applicable margin. These are floating rate loans which are based on National Housing Bank's internal assessment norms.

**Details of Inter-corporate deposits (ICDs) (Unsecured):**
**From the Balance Sheet date**

	As at 31 March 2023		As at 31 March 2022	
	Interest rate range	Amount	Interest rate range	Amount
<b>Repayable on maturity:</b>				
Maturing within 1 year	6.50%-8.10%	9,100.00	6.25%-8.95%	16,575.00
Maturing between 1 year to 3 years	6.70%-7.75%	22,075.00	6.50%-7.00%	18,125.00
<b>Total</b>		<b>31,175.00</b>		<b>34,700.00</b>
Less: unamortized finance cost		-		-
<b>Total amortized cost</b>		<b>31,175.00</b>		<b>34,700.00</b>

The rates mentioned above are the applicable rates as at the year end.

**14 Subordinated liabilities**

	31 March 2023	31 March 2022
<b>At Amortised cost</b>		
Unsecured Subordinated redeemable non-convertible debentures	46,049.24	46,028.50
<b>Total</b>	<b>46,049.24</b>	<b>46,028.50</b>
Subordinated liabilities in India	46,049.24	46,028.50
Subordinated liabilities outside India	-	-
<b>Total</b>	<b>46,049.24</b>	<b>46,028.50</b>

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\*:**
**From the Balance Sheet date**

	As at 31 March 2023		As at 31 March 2022	
	Interest rate range	Amount	Interest rate range	Amount
<b>A) Issued on private placement basis</b>				
<b>Repayable on maturity:</b>				
Maturing between 1 year to 3 years	8.40%-9.50%	7,000.00	8.40%	1,000.00
Maturing between 3 years to 5 years	8.40%-9.10%	20,700.00	8.40%-9.50%	18,200.00
Maturing beyond 5 years	7.90%-9.40%	18,500.00	7.90%-9.40%	27,000.00
<b>Sub-total at face value</b>		<b>46,200.00</b>		<b>46,200.00</b>
Less: Unamortised finance cost		150.76		171.50
<b>Total amortised cost</b>		<b>46,049.24</b>		<b>46,028.50</b>

# The funds raised by the Company 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 or General Corporate purposes of the Company, in compliance with applicable laws and the terms of the issue.

**Notes to the Financial Statements for the year ended 31 March 2023**
**15 Other financial liabilities**

	31 March 2023	31 March 2022
Interest accrued but not due on borrowings	18,461.37	18,368.57
Credit balances in current accounts with banks as per books	579.99	2,811.65
Insurance premium payable (on behalf of borrowers)	1,260.59	1,458.66
Salary, bonus and performance pay payable	3,925.14	3,871.20
Provision for expenses	1,319.33	751.03
Lease liabilities	9,449.41	3,635.43
Other liabilities	112.06	20.33
<b>Total</b>	<b>35,107.89</b>	<b>30,916.87</b>

**16 Provisions**

	31 March 2023	31 March 2022
Provision for employee benefits		
– Gratuity	269.71	188.62
– Leave encashment	873.21	1,097.68
Provision for ECL on loan commitments	337.40	349.49
<b>Total</b>	<b>1,480.32</b>	<b>1,635.79</b>

**17 Other non-financial liabilities**

	31 March 2023	31 March 2022
Statutory dues payable	651.47	618.97
<b>Total</b>	<b>651.47</b>	<b>618.97</b>

**18 (i) Equity Share capital**

	31 March 2023	31 March 2022
<b>Authorised capital:</b>		
150,000,000 (31 March 2022 : 150,000,000) Equity shares of Rs.10/- each	15,000.00	15,000.00
<b>Issued capital:</b>		
122,887,870 (31 March 2022 : 122,887,870) Equity shares of Rs.10/- each	12,288.79	12,288.79
<b>Subscribed and paid-up capital:</b>		
122,887,870 (31 March 2022: 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	75.04	101.91
<b>Total</b>	<b>12,213.75</b>	<b>12,186.88</b>

	31 March 2023		31 March 2022	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
<b>a) Reconciliation of number of equity shares:</b>				
<b>Balance at the beginning of the year</b>	122,887,870	12,288.79	122,887,870	12,288.79
Add: Fresh allotment of shares:				
Issue of Shares	–	–	–	–
Shares issued under Employees' Stock Option Scheme	–	–	–	–
Less: Shares issued to ESOS Trust but not allotted to employees	(750,408)	(75.04)	(1,019,075)	(101.91)
<b>Balance at the end of the year</b>	<b>122,137,462</b>	<b>12,213.75</b>	<b>121,868,795</b>	<b>12,186.88</b>
<b>b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates:</b>				
Holding Company: Mahindra & Mahindra Financial Services Limited (including 12 shares held jointly with nominees)	120,952,678	12,095.27	120,952,678	12,095.27
Percentage of holding (%)	98.43%	98.43%	98.43%	98.43%
<b>c) Shareholders holding more than 5 percent shares:</b>				
Mahindra & Mahindra Financial Services Limited	120,952,678	12,095.27	120,952,678	12,095.27
Percentage of holding (%)	98.43%	98.43%	98.43%	98.43%

**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.

**Notes to the Financial Statements for the year ended 31 March 2023**
**18 (ii) Disclosure of shareholding of promoters**

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

Promoter name	Shares held by promoter				
	As at 31 March 2023		As at 31 March 2022		% Change during the year
	No of shares	% of total shares	No of shares	% of total shares	
Mahindra & Mahindra Financial Services Limited (including 12 shares held jointly with nominees)	120,952,678	98.43%	120,952,678	98.43%	–
<b>Total</b>	<b>120,952,678</b>	<b>98.43%</b>	<b>120,952,678</b>	<b>98.43%</b>	<b>–</b>

**19 Other Equity**
**Description of the nature and purpose of Other Equity:**
**Statutory reserve**

As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. The Company transfers an amount to Special Reserve at year end. The Company does not anticipate any withdrawal from Special Reserve 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 was created through 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.

**Employee stock options outstanding**

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees.

**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.

**20 Interest income**

	31 March 2023	31 March 2022
<b>(A) On financial assets measured at amortised cost</b>		
Interest on loans	125,229.79	132,357.67
Other interest income	1.81	1.51
<b>(B) Interest income from investments</b>		
Interest income from investments	532.01	239.66
<b>(C) Interest on deposits with banks</b>		
Interest on deposits with banks	4,608.04	1,870.19
<b>Total (A+B+C)</b>	<b>130,371.65</b>	<b>134,469.03</b>

**21 Fees and commission income**

	31 March 2023	31 March 2022
Service charges and other fees on loan transactions	1,012.20	248.70
<b>Total</b>	<b>1,012.20</b>	<b>248.70</b>

**22 Net gain / (loss) on fair value changes and derecognised financial instruments**

	31 March 2023	31 March 2022
Net gain / (loss) on financial instruments at FVTPL		
– Mutual fund units		
Fair value changes :		
– Realised	2,792.09	2,909.24
– Unrealised	(809.49)	67.46
<b>Total</b>	<b>1,982.60</b>	<b>2,976.70</b>

**23 Other income**

	31 March 2023	31 March 2022
Net gain on derecognition of property, plant and equipment	22.21	6.41
Income from branding and marketing activities	1,545.90	–
Others	45.47	48.10
<b>Total</b>	<b>1,613.58</b>	<b>54.51</b>

**24 Finance costs**

	31 March 2023	31 March 2022
<b>On financial liabilities measured at amortised cost</b>		
Interest on borrowings	22,517.47	22,786.92
Interest on debt securities	24,957.50	24,189.49
Interest on subordinated liabilities	4,102.04	4,100.32
Interest on lease liability	571.85	296.27
Other borrowing costs	363.91	435.48
<b>Total</b>	<b>52,512.77</b>	<b>51,808.48</b>

## Notes to the Financial Statements for the year ended 31 March 2023

### 25 Fees and commission expense

	31 March 2023	31 March 2022
Fees, commission / brokerage	707.17	363.48
<b>Total</b>	<b>707.17</b>	<b>363.48</b>

### 26 Impairment on financial instruments

	31 March 2023	31 March 2022
<b>On financial instruments measured at amortised cost</b>		
Loans	(21,992.74)	5,600.71
Bad debts / Loss on termination	39,227.68	26,421.62
Loan commitment	(12.09)	(137.86)
<b>Total</b>	<b>17,222.85</b>	<b>31,884.47</b>

### 27 Employee benefits expenses

	31 March 2023	31 March 2022
Salaries and wages	35,721.28	28,316.24
Contribution to provident and other funds	3,248.19	2,535.53
Share based payments to employees	566.63	456.26
Staff welfare expenses	906.56	823.30
<b>Total</b>	<b>40,442.66</b>	<b>32,131.33</b>

### 28 Depreciation, amortization and impairment

	31 March 2023	31 March 2022
Depreciation on property, plant and equipment	1,306.49	752.24
Amortization of intangible assets	23.82	19.35
Amortization on right of use assets	1,295.43	738.89
<b>Total</b>	<b>2,625.74</b>	<b>1,510.48</b>

### 31 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

### 29 Other expenses

	31 March 2023	31 March 2022
Rent	201.25	120.56
Rates and taxes, excluding taxes on income	134.93	79.24
Electricity charges	258.88	178.63
Repairs and maintenance	700.38	178.59
Communication costs	574.71	583.75
Printing and stationery	547.77	353.92
Travelling and conveyance expenses	5,462.89	3,358.78
Advertisement and publicity	200.62	72.22
Administration support charges	427.26	529.81
Directors' fees, allowances and expenses	45.29	45.83
Auditor's fees and expenses -		
- Audit fees	21.80	28.43
- Other services	16.02	14.06
- Reimbursement of expenses	2.18	2.08
Legal and professional charges	3,661.37	2,207.89
Insurance	1,539.42	1,095.90
Manpower outsourcing cost	3,138.36	3,612.79
Donations	1.11	0.25
Corporate Social Responsibility (CSR) expenditure	460.70	657.05
Other expenditure	1,444.95	1,158.91
<b>Total</b>	<b>18,839.89</b>	<b>14,278.69</b>

### 30 Earning Per Share

	31 March 2023	31 March 2022
Profit/(loss) for the year attributable to equity shareholders (Rupees in lakhs)	2,174.78	4,773.27
Weighted average number of equity shares used in computing basic EPS	121,966,325	121,731,095
Effect of potential dilutive equity shares	550,567	601,411
Weighted average number of equity shares used in computing diluted EPS	122,516,892	122,332,506
Basic earnings per share (Rs.) (Face value of Rs. 10/- per share)	1.78	3.92
Diluted earnings per share (Rs.)	1.78	3.90

(Rs. in Lakhs)

**Notes to the Financial Statements for the year ended 31 March 2023**

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

Vesting Date	31 March 2023			31 March 2022		
	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 19 October 2022	4 Years	152.18	10.00	–	–	–
Grant Dated 21 October 2021	–	–	–	4 Years	150.52	10.00

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

Variables <sup>#</sup>	31 March 2023	31 March 2022
1) Risk free interest rate	6.35%	4.15%
2) Expected life	4 Years	4 Years
3) Expected volatility	46.69%	45.50%
4) Price of the underlying share at the time of option grant (Rs.)	160.00	159.00

<sup>#</sup> 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

Sr. No	Particulars	31 March 2023		31 March 2022	
		Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
1	Outstanding at the beginning of the year	1,985,807	34.28	1,457,728	52.84
2	Granted during the year	137,263	10.00	943,708	10.00
3	Forfeited / Lapsed during the year	197,275	33.16	208,737	34.07
4	Exercised during the year	268,667	40.88	206,892	54.52
5	Outstanding at the end of the year	1,657,128	31.33	1,985,807	34.28
6	Exercisable at the end of the year	824,662	52.87	907,931	63.34

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

Grant date	31 March 2023			31 March 2022		
	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.)
07-Oct-17	496,052	1.05	67.00	633,153	1.92	67.00
08-Dec-17	85,705	1.19	67.00	128,557	1.69	67.00
16-Jan-18	38,500	1.29	67.00	84,250	1.85	67.00
16-Oct-19	98,838	2.52	10.00	139,107	3.42	10.00
18-Jan-21	71,087	3.59	10.00	98,197	4.46	10.00
21-Oct-21	736,295	4.23	10.00	902,543	5.06	10.00
19-Oct-22	130,651	5.05	10.00	–	–	–

**Notes to the Financial Statements for the year ended 31 March 2023**

## 32 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 administered by the Life Insurance Corporation of India through its gratuity fund.

**Post retirement medical cover**

The Company provides for post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

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

**Asset volatility -**

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

**Change in bond yields -**

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

**Variability in withdrawal rates -**

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**Regulatory Risk -**

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of Rs. 20.00 Lakhs, raising accrual rate from 15/26 etc.).

**Inflation risk -**

The present value of some of the defined benefit plan obligations are calculated with 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. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

**Life expectancy -**

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

If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**Defined benefit plans:**

	Particulars	Funded Plan Gratuity	
		31 March 2023	31 March 2022
<b>I</b>	<b>Amount recognised in the Statement of Profit and Loss for the year ended:</b>		
1	Current service cost	172.60	146.29
2	Interest cost on benefit obligation (Net)	12.79	(2.54)

Particulars	Funded Plan Gratuity	
	31 March 2023	31 March 2022
3 Past service cost	-	-
4 Adjustment due to opening balance	(13.84)	(1.88)
<b>Total expenses included in employee benefits expense</b>	<b>171.55</b>	<b>141.87</b>
<b>II Amount recognised in Other Comprehensive income for the year</b>		
1 Actuarial (gains)/losses arising from changes in demographic assumption	53.71	(27.21)
2 Actuarial (gains)/losses arising from changes in financial assumption	(6.80)	(22.27)
3 Actuarial (gains)/losses arising from changes in experience adjustment	8.46	185.30
4 Return on plan assets	-	-
<b>Recognised in other comprehensive income</b>	<b>55.37</b>	<b>135.82</b>
<b>III Change in the present value of obligation during the year</b>		
1 Present value of defined benefit obligation at the beginning of the year	1,018.88	822.45
2 Current service cost	172.60	146.29
3 Past service cost	-	-
4 Interest cost/income	74.58	55.60
5 Remeasurements (gains)/ losses		
(i) Actuarial (gains)/losses arising from changes in demographic assumption	53.71	(27.21)
(ii) Actuarial (gains)/losses arising from changes in financial assumption	(6.80)	(22.27)
(iii) Actuarial (gains)/losses arising from changes in experience adjustment	8.46	185.30
6 Benefits paid	(129.85)	(141.28)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>1,191.58</b>	<b>1,018.88</b>
<b>IV Change in fair value of plan assets during the year</b>		
1 Fair value of plan assets at the beginning of the year	830.25	858.21
2 Interest income	-	-
3 Contributions by employer	145.83	53.30



(Rs. in Lakhs)

**Notes to the Financial Statements for the year ended 31 March 2023**

Particulars	Funded Plan Gratuity	
	31 March 2023	31 March 2022
4 Benefits paid	(129.85)	(141.28)
5 Return on plan assets excluding interest income	61.79	58.14
6 Adjustment to the change in opening balance of plan assets	13.84	1.88
<b>Fair value of plan assets at the end of the year</b>	<b>921.86</b>	<b>830.25</b>
<b>V Net Asset/(Liability) recognised in the Balance Sheet as at year end</b>		
1 Present value of defined benefit obligation	1,191.58	1,018.88
2 Fair value of plan assets	921.86	830.25
3 Surplus/(Deficit)	(269.72)	(188.63)
4 Current portion of the above	(269.72)	(188.63)
5 Non current portion of the above	-	-
<b>VI Actuarial assumptions and Sensitivity</b>		
1 Discount rate	7.53%	7.32%
2 Expected rate of return on plan assets	-	-
3 Salary growth rate	7.00%	7.00%
4 Attrition rate	60.68% for age upto 30, 49.70% for age 31-44, 31.58% for above 44	46.35% for age upto 30, 42.82% for age 31-44, 26.03% for above 44
5 In-service mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

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

Assumptions	31 March 2023	31 March 2022
One percentage point increase in discount rate	(25.77)	(26.57)
One percentage point decrease in discount rate	25.89	27.06
One percentage point increase in salary growth rate	25.78	26.89
One percentage point decrease in salary growth rate	(27.52)	(26.89)

Expected contribution for the next annual reporting year	31 March 2023	31 March 2022
Service Cost	211.80	187.07
Net Interest Cost	89.61	74.58
<b>Expected Expense for the next annual reporting year</b>	<b>301.41</b>	<b>261.65</b>

**Maturity profile of defined benefit obligation**

	31 March 2023	31 March 2022
Within 1 year	899.58	667.80
Between 1 and 5 years	6,448.20	4,383.62

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 plan assets have been primarily invested in government securities and corporate bonds.

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

**Contribution to funds**

The Company's contribution to provident fund and superannuation fund aggregating Rs. 2,310.19 lakhs (31 March 2022 : Rs. 1,852.41 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expenses.

**33 Operating segments**

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

The Company operates in single segment only. 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 2023 or 31 March 2022

**34 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 and general purpose office equipments used for operating activities.

In accordance with the requirements under Ind AS 116, Leases, the Company has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate.

Maturity analysis – contractual undiscounted cash flows	31 March 2023	31 March 2022
Less than 1 year	1,871.25	966.64
1-3 years	3,534.71	1,754.71
3-5 years	2,951.52	1,191.33
More than 5 years	3,833.12	645.71
<b>Total undiscounted lease liabilities</b>	<b>12,190.60</b>	<b>4,558.39</b>

**Other disclosures:**

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 2023	31 March 2022
i) Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 28 "Depreciation, amortization and impairment")	1,295.43	738.89

**Notes to the Financial Statements for the year ended 31 March 2023**

Particulars	31 March 2023	31 March 2022
ii) Interest expense on lease liabilities (presented under note - 24 "Finance costs")	571.85	296.27
iii) Expense relating to short-term leases	-	-
iv) Expense relating to leases of low-value assets	201.25	120.56
v) Payments for lease liability	1,414.71	913.78
vi) Additions to right-of-use assets during the year	6,656.84	997.57
vii) Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset -	-	-
- Property taken on lease for office premises (presented under note - 8 "Property, plant and equipments")	8,533.92	3,172.50
viii) Lease liabilities (presented under note - 15 "Other financial liabilities")	9,449.41	3,635.43

**35 Frauds reported during the period**

There were 93 cases (31 March 2022: 95 cases) of frauds amounting to Rs. 188.56 Lakhs (31 March 2022: Rs. 108.19 Lakhs) reported during the year. The Company has recovered amount of Rs. 345.41 Lakhs (31 March 2022: Rs. 68.24 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.

**36 Contingent liabilities and commitments (to the extent not provided for)**

	31 March 2023	31 March 2022
<b>i) Claims against the Company not acknowledged as debt</b>		
Legal suits filed by customers	235.04	171.34
Income Tax	109.25	116.87

Detail of amount spent towards CSR activities :

- a) Gross amount required to be spent by the Company during the year is Rs. 460.70 lakhs (31 March 2022 : Rs. 657.05 lakhs).  
 b) Amount spent by the Company during the year :

Particulars	For the year ended 31 March 2023			For the year ended 31 March 2022		
	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	460.70	-	460.70	657.05	-	657.05

**38** The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year 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.

**39 Capital Management**

The Reserve Bank of India Master Direction DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 dated February 17, 2021 (as amended), outlines the regulatory guidance in relation to Ind AS financial statements. This includes the guidance for computation of 'owned funds', 'net owned funds' and 'regulatory capital'. Accordingly, the 'regulatory capital' has been computed in accordance with these requirements.

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

**ii) Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for

31 March  
2023

31 March  
2022

1,369.61

852.45

**Other commitments :**

Amount on account of loan sanctioned but not disbursed

47,715.02

43,299.41

**Total**

49,428.92

44,440.07

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.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

**37 Corporate Social Responsibility (CSR)**

The CSR activities of the Company shall include, but not limited to any or all of the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company reviews the sectors/activities from time to time and make additions/deletions/ clarifications to the above sectors/activities.

During the year, the Company has incurred an expenditure of Rs. 460.70 Lakhs (31 March 2022 : Rs. 657.05 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. 0.47 Lakhs (31 March 2022 : Rs. NIL Lakhs) towards the CSR activities undertaken by the Company.

through a mix of either equity 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 capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements as per Chapter IV "Capital" of Master Directions. As per Capital requirement guidelines, the Company is required to maintain a capital adequacy ratio on an going basis consisting of Tier I and Tier II Capital which shall not be less than 15% on or before 31st March 2022 and thereafter of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet. The Tier I capital at any point of time shall not be less than 10 percent. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital.

Company has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by RBI.

(Rs. in Lakhs)

**Notes to the Financial Statements for the year ended 31 March 2023**
**Regulatory capital**

	31 March 2023	31 March 2022
Tier 1 capital	136,831.34	133,559.80
Tier 2 capital	39,804.92	45,877.67
Total capital	176,636.26	179,437.47
Risk weighted assets	391,508.23	431,634.96
Tier 1 capital ratio	34.95%	30.94%
Tier 2 capital ratio	10.17%	10.62%
Total capital ratio	45.12%	41.56%

“Tier I Capital” means owned fund as reduced by investment in shares of other non-banking financial companies including housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

**40 Taxation**
**Deferred tax assets**

	Balance as at 01 April 2021	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2022	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2023
Tax effect of items constituting deferred tax liabilities :							
- FVTPL financials assets	239.78	17.77	-	257.55	(201.69)	-	55.86
- FVTOCI through Investment (G-Sec)	-	-	(21.70)	(21.70)	-	(49.02)	(70.72)
	<b>239.78</b>	<b>17.77</b>	<b>(21.70)</b>	<b>235.85</b>	<b>(201.69)</b>	<b>(49.02)</b>	<b>(14.86)</b>
Tax effect of items constituting deferred tax assets :							
- Provision for employee benefits & others	343.35	38.58	34.18	416.11	(53.10)	13.93	376.94
- Allowance for Expected Credit Loss (ECL)	5,675.24	3,329.55	-	9,004.79	(4,250.26)	-	4,754.53
- Effective Interest Rate (EIR) on financial instruments	2,335.25	(278.33)	-	2,056.92	(593.57)	-	1,463.35
- Depreciation on property, plant and equipment	345.42	9.31	-	354.73	(3.25)	-	351.48
- Tax losses	-	-	-	-	3,678.68	-	3,678.68
- Lease liabilities	85.96	30.55	-	116.51	113.91	-	230.42
- Other provisions	48.92	38.76	-	87.68	70.82	-	158.50
	<b>8,834.14</b>	<b>3,168.42</b>	<b>34.18</b>	<b>12,036.74</b>	<b>(1,036.77)</b>	<b>13.93</b>	<b>11,013.90</b>
<b>Total deferred tax assets (net)</b>	<b>8,594.36</b>	<b>3,150.65</b>	<b>55.88</b>	<b>11,800.89</b>	<b>(835.08)</b>	<b>62.95</b>	<b>11,028.76</b>

The Company though has reported profits in the financial statements, but have reported tax losses as per the computations in line with The Income Tax Act, 1961. Due to the spread of COVID 19 pandemic in the previous years, the business of the Company got impacted and resulted in high credit impaired assets for certain loans. In the current year the Company has taken higher Bad Debts and Loss on Termination of certain such highly impacted contracts. These high write-offs are still subject to enforcement procedures wherever appropriate and the Company keeps on receiving the recoveries on the same which are netted off against the same in the statement of profit and loss.

Disbursement of loans in the year ending 31 March 2023 are higher by 25.16% as compared to the year ending 31 March 2022. As the spread of the pandemic has subsided, the business volumes in new disbursements and collections are seeing upsidings and during the year Company has recovered Rs. 6,116.58 Lakhs from past written off cases, which is offered for tax on the year of collections. The Company also has a large number of enforcement actions in the pipeline which will boost the recoveries in the coming years and therefore the Deferred Tax Assets created on account of the losses are estimated to be reversed as taxable income in the coming years would lead to an offset against the same.

“Owned Fund” means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves including balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

**“Tier II capital” includes the following -**

- Preference shares other than those which are compulsorily convertible into equity;
  - Revaluation reserves at discounted rate of fifty-five per cent.
  - General provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth per cent of risk weighted assets;
  - Hybrid debt capital instruments and
  - Subordinated debt;
- to the extent the aggregate does not exceed Tier I capital.

**Income tax recognised in Statement of Profit and loss**

	31 March 2023	31 March 2022
<b>Current tax:</b>		
In respect of current year	-	4,385.77
In respect of prior years	(380.91)	(236.39)
	<b>(380.91)</b>	<b>4,149.38</b>
<b>Deferred tax:</b>		
In respect of current year origination and reversal of temporary differences	835.08	(3,150.64)
In respect of prior years	-	-
	<b>835.08</b>	<b>(3,150.64)</b>
<b>Total income tax recognised in Statement of Profit and Loss</b>	<b>454.17</b>	<b>998.74</b>

**Notes to the Financial Statements for the year ended 31 March 2023**
**Income tax recognised in Other Comprehensive Income**

	31 March 2023	31 March 2022
<b>Deferred tax related to items recognised in Other Comprehensive Income during the year :</b>		
Remeasurement of defined employee benefits for current year	(13.93)	(34.18)
Remeasurement of Debt Instruments for current year	(49.02)	(21.70)
<b>Total income tax recognised in Other Comprehensive Income</b>	<b>(62.95)</b>	<b>(55.88)</b>

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

	31 March 2023	31 March 2022
Profit before tax	2,628.95	5,772.01
Applicable income tax rate	25.168%	25.168%
Expected income tax expense	661.65	1,452.70
<b>Tax effect of adjustments to reconcile expected income tax expense at tax rate to reported income tax expense:</b>		
Effect of income exempt from tax	-	-
Effect of expenses/provisions not deductible in determining taxable profit	173.42	(217.57)
Tax of earlier years	(380.91)	(236.39)
<b>Income tax expense</b>	<b>454.17</b>	<b>998.74</b>

**41 Change in liabilities arising from financing activities**

Particulars	31 March 2022	Cash flows	Amortisation of	New lease	31 March 2023
			loan origination		
			costs	origination	
Debt securities	334,445.20	(18,000.00)	326.71	-	316,771.91
Borrowings other than debt securities	283,476.77	35,679.96	5.93	-	319,162.66
Subordinated liabilities	46,028.50	-	20.74	-	46,049.24
Lease liability	3,635.43	(842.86)	-	6,656.84	9,449.41
<b>Total liabilities from financing activities</b>	<b>667,585.90</b>	<b>16,837.10</b>	<b>353.38</b>	<b>6,656.84</b>	<b>691,433.22</b>

Particulars	31 March 2021	Cash flows	Amortisation of	New lease	31 March 2022
			loan origination		
			costs	origination	
Debt securities	283,647.72	51,200.00	(402.52)	-	334,445.20
Borrowings other than debt securities	365,559.99	(82,097.94)	14.72	-	283,476.77
Subordinated liabilities	46,009.47	-	19.02	-	46,028.50
Lease liability	3,255.36	(617.50)	-	997.57	3,635.43
<b>Total liabilities from financing activities</b>	<b>698,472.54</b>	<b>(31,515.44)</b>	<b>(368.78)</b>	<b>997.57</b>	<b>667,585.90</b>

**42 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.

	31 March 2023			31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	31,494.46	-	31,494.46	42,369.05	-	42,369.05
Bank balance other than above	88,702.87	-	88,702.87	23,145.05	-	23,145.05
Loans	176,462.91	508,061.64	684,524.55	197,333.27	505,551.07	702,884.34
Investments	34,095.06	-	34,095.06	61,961.34	-	61,961.34
Other financial assets	2,518.95	813.76	3,332.71	759.52	433.97	1,193.50
<b>Non-financial Assets</b>						
Current tax assets (Net)	-	1,920.89	1,920.89	-	317.86	317.86
Deferred tax assets (Net)	-	11,028.76	11,028.76	-	11,800.89	11,800.89
Property, plant and equipment	-	12,527.61	12,527.61	-	5,029.44	5,029.44
Other intangible assets	-	23.61	23.61	-	22.57	22.57
Other non-financial assets	3,267.76	858.23	4,125.99	2,396.91	239.00	2,635.91
<b>Total</b>	<b>336,542.01</b>	<b>535,234.50</b>	<b>871,776.51</b>	<b>327,965.14</b>	<b>523,394.80</b>	<b>851,359.95</b>
<b>Liabilities</b>						
<b>Financial Liabilities</b>						
Payables						
l) Trade Payables						
i) total outstanding dues of micro enterprises and small enterprises	1.32	-	1.32	21.28	-	21.28

(Rs. in Lakhs)

**Notes to the Financial Statements for the year ended 31 March 2023**

	31 March 2023			31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4,366.40	–	4,366.40	7,505.96	–	7,505.96
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	22.28	–	22.28	22.28	–	22.28
Debt securities	154,066.90	162,705.01	316,771.91	74,907.66	259,537.54	334,445.20
Borrowings (other than debt securities)	102,248.25	216,914.42	319,162.66	92,736.36	190,740.42	283,476.77
Subordinated liabilities	–	46,049.24	46,049.24	–	46,028.50	46,028.50
Other financial liabilities	25,926.83	9,181.06	35,107.89	27,580.30	3,336.57	30,916.87
<b>Non-Financial Liabilities</b>						
Current tax liabilities (Net)	–	–	–	1,237.61	–	1,237.61
Provisions	1,033.06	447.26	1,480.32	994.02	641.77	1,635.79
Other non-financial liabilities	651.47	–	651.47	618.97	–	618.97
<b>Total</b>	<b>288,316.50</b>	<b>435,296.99</b>	<b>723,613.49</b>	<b>205,624.44</b>	<b>500,284.80</b>	<b>705,909.23</b>
<b>Net</b>	<b>48,225.51</b>	<b>99,937.51</b>	<b>148,163.02</b>	<b>122,340.70</b>	<b>23,110.00</b>	<b>145,450.72</b>

**43 Analysis of financial assets and liabilities and loan commitments**

a The table below summarises the maturity pattern of certain items of assets and liabilities:

31 March 2023	Upto 1 month	Over	Over	Over	Over	Over	Over	Over	Over	Over 10 years	Over 10 years	Total
		1 month & up to 2 months	2 months & up to 3 months	3 months & up to 6 months	6 months & up to 1 year	1 year & up to 3 years	3 years & up to 5 years	5 years & up to 7 years	7 years & up to 10 years			
<b>Financial Assets</b>												
Cash and cash equivalents	23,394.46	8,100.00	–	–	–	–	–	–	–	–	–	31,494.46
Bank balance other than above	7,700.98	53,659.90	12,320.35	6,974.41	8,047.23	–	–	–	–	–	–	88,702.87
Financial investments	22,088.07	4,002.69	–	–	8,004.30	–	–	–	–	–	–	34,095.06
Loans	20,379.43	15,710.71	19,210.74	43,916.79	77,245.24	198,953.27	99,955.88	40,554.68	48,262.39	120,335.42	–	684,524.55
Other financial assets	848.88	860.19	241.35	367.11	201.42	153.13	171.00	69.88	419.75	–	–	3,332.71
<b>Total Financial Assets</b>	<b>74,411.82</b>	<b>82,333.49</b>	<b>31,772.44</b>	<b>51,258.31</b>	<b>93,498.19</b>	<b>199,106.40</b>	<b>100,126.88</b>	<b>40,624.56</b>	<b>48,682.14</b>	<b>120,335.42</b>	<b>–</b>	<b>842,149.65</b>
<b>Financial Liabilities</b>												
Debt securities	–	44,862.89	15,981.40	79,768.87	13,453.74	137,266.99	985.86	3,490.54	20,961.62	–	–	316,771.91
Borrowings (other than debt securities)	8,775.00	2,873.55	11,355.75	23,755.26	55,488.69	131,029.89	84,098.81	1,785.71	–	–	–	319,162.66
Subordinated liabilities	–	–	–	–	–	6,913.29	20,664.27	13,476.78	4,994.90	–	–	46,049.24
Other financial liabilities	3,600.74	7,065.89	4,613.91	8,713.50	1,932.78	2,678.92	2,999.30	2,058.62	1,421.51	22.72	–	35,107.89
<b>Total Financial Liabilities</b>	<b>12,375.74</b>	<b>54,802.33</b>	<b>31,951.06</b>	<b>112,237.63</b>	<b>70,875.21</b>	<b>277,889.09</b>	<b>108,748.24</b>	<b>20,811.65</b>	<b>27,378.03</b>	<b>22.72</b>	<b>–</b>	<b>717,091.70</b>
<b>Total Financial Assets/ (Liabilities) - Net</b>	<b>62,036.08</b>	<b>27,531.16</b>	<b>(178.62)</b>	<b>(60,979.32)</b>	<b>22,622.98</b>	<b>(78,782.69)</b>	<b>(8,621.36)</b>	<b>19,812.91</b>	<b>21,304.11</b>	<b>120,312.70</b>	<b>–</b>	<b>125,057.95</b>

## Notes to the Financial Statements for the year ended 31 March 2023

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

	Up to 3 months	Over 3 months & upto 12 months	Total
<b>31 March 2023</b>			
Loan commitments	<u>41,345.27</u>	<u>6,369.75</u>	<u>47,715.02</u>

a The table below summarises the maturity pattern of certain items of assets and liabilities:

	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
<b>31 March 2022</b>											
<b>Financial Assets</b>											
Cash and cash equivalents	13,104.29	15,214.76	14,050.00	–	–	–	–	–	–	–	42,369.05
Bank balance other than above	1,999.90	3,184.73	4,359.74	7,169.34	6,431.34	–	–	–	–	–	23,145.05
Financial investments	53,604.25	–	–	–	8,357.09	–	–	–	–	–	61,961.34
Loans	22,828.34	18,675.55	17,886.24	35,677.90	102,265.24	234,139.36	117,352.87	37,129.18	44,843.05	72,086.60	702,884.33
Other financial assets	66.35	128.31	125.26	323.87	115.73	198.32	111.73	75.81	48.12	–	1,193.50
<b>Total Financial Assets</b>	<u>91,603.13</u>	<u>37,203.35</u>	<u>36,421.24</u>	<u>43,171.11</u>	<u>117,169.40</u>	<u>234,337.68</u>	<u>117,464.60</u>	<u>37,204.99</u>	<u>44,891.17</u>	<u>72,086.60</u>	<u>831,553.27</u>
<b>Financial Liabilities</b>											
Debt securities	–	2,348.44	–	38,318.52	34,240.70	234,050.46	10,989.67	3,504.17	10,993.24	–	334,445.20
Borrowings (other than debt securities)	2,225.00	12,397.54	29,435.00	28,621.66	20,057.16	114,365.43	71,017.84	5,357.14	–	–	283,476.77
Subordinated liabilities	–	–	–	–	–	920.02	18,151.00	11,973.35	14,984.13	–	46,028.50
Other financial liabilities	12,738.54	7,505.10	3,641.62	9,845.83	1,398.72	1,518.14	1,133.71	452.03	203.31	29.39	38,466.39
<b>Total Financial Liabilities</b>	<u>14,963.54</u>	<u>22,251.08</u>	<u>33,076.62</u>	<u>76,786.01</u>	<u>55,696.58</u>	<u>350,854.05</u>	<u>101,292.22</u>	<u>21,286.69</u>	<u>26,180.68</u>	<u>29.39</u>	<u>702,416.86</u>
<b>Total Financial Assets/ (Liabilities) - Net</b>	<u>76,639.59</u>	<u>14,952.27</u>	<u>3,344.62</u>	<u>(33,614.90)</u>	<u>61,472.82</u>	<u>(116,516.37)</u>	<u>16,172.38</u>	<u>15,918.30</u>	<u>18,710.49</u>	<u>72,057.21</u>	<u>129,136.41</u>

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

	Up to 3 months	Over 3 months & upto 12 months	Total
<b>31 March 2022</b>			
Loan commitments	<u>34,055.46</u>	<u>9,243.95</u>	<u>43,299.41</u>

#### 44 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 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 and regulatory requirements.

##### i) Market Risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, etc. The objective of market risk management is

to manage and control market risk exposures within acceptable parameters, while maximizing the return.

##### a) Pricing Risk

The Company's investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the company does not possess any risk associated with trading. A 1 percent increase in Net Assets Value (NAV) would increase profit before tax by approximately Rs 220.88 lakhs (31st March 2022 : Rs 536.04 lakhs ). A similar percentage decrease would have resulted equivalent opposite impact.

##### b) Currency Risk

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

##### c) 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 the financial assets & liabilities.

## Notes to the Financial Statements for the year ended 31 March 2023

With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings and floating rate advances given, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax	Effect on pre-tax equity
Year ended 31 March 2023	INR	100	1,149.24	-
Year ended 31 March 2022	INR	100	945.74	-

**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.

### Credit quality of financial assets

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

Particulars	31 March 2023	31 March 2022
<b>Gross carrying value of loan assets</b>		
Neither Past due nor impaired	498,000.53	434,718.63
30 days past due	38,668.32	37,153.75
31 - 90 days past due	108,017.18	202,370.17
Impaired (more than 90 days past due)	75,306.73	86,102.74
<b>Total Gross carrying value as at reporting date</b>	<b>719,992.76</b>	<b>760,345.29</b>

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. 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 Resolution Framework

#### Assessment of loan modifications on credit risk:

In response to the economic fall-out on account of Covid-19 pandemic, RBI on August 6, 2020 announced resolution plan framework vide circular no. RBI/2020-21/16 DOR.No.BP. BC/3/21.04.048/2020-21 for personal loan customers. Further owing to the second wave of the Pandemic in India, RBI on May 5, 2021 announced resolution framework 2.0 vide circular

No. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22. Loan modifications executed under both these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower-specific. The Company had implemented resolution plans under the resolution framework 2.0 for loans amounting to Rs 2,51,788.76 Lakhs in the previous year. These loans have an outstanding balance of Rs. 1,78,147.43 Lakhs as of 31 March 2023 (31 March 2022 : Rs. 2,42,770.85 Lakhs). The Company continues to monitor the recoverability of loans granted in accordance with these circulars and is continuing to carry the required overlays over and above the model provisioning based in the repayment behaviour on these loan accounts. (refer Note 45 for detailed RBI disclosure).

### (b) Impact of COVID-19

The uncertainty that was prevalent in the year ending 31 March 2022 on account of the various waves of the pandemic was 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 changes in the macro economic outlook and its associated impact on the impairment calculations.

Even though the economic situation has recovered, the management will continue to assess on a regular basis, the impact on the portfolio arising out in the post pandemic period.

The methodologies and assumptions applied in the impairment loss allowance calculations have primarily remained unchanged from those applied while preparing the financial results for the year ended 31 March 2022. The Company has been updating the ECL model with the latest set of data on reasonable periodic intervals for the year ended 31 March 2023, to capture the significant changes in economic and market drivers, customer behaviours and government actions caused by COVID-19 to reduce the risk of uncertainty due to judgements and estimations considering economic outlook as per Government agencies data around the growth parameters.

The management has been closely monitoring the position around the uncertainties owing to the pandemic and its impact on the measurement of impairment loss allowance. Since the impact of the post pandemic economic & behavioural factors have already been factored into the ECL model, the amount of management overlay is Nil for the current year ending 31 March 2023 (31 March 2022 : Rs. 14504.04 Lakhs).

### (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 exceeds 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 future years has been used as exposure for Stage 2.

### (e) Estimations and assumptions considered in the ECL model

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

- "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.
- "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.

## Notes to the Financial Statements for the year ended 31 March 2023

### (f) Measurement of ECL

ECL is measured as follows:

- financial assets that are not credit impaired at the reporting date: for Stage 1, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL. For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years Marginal PDs and LGD percentage and thus arrived ECL is then discounted with the respective loan EIR to calculate the present value of ECL.
- financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD and actual cash flows till reporting date;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment 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. Considering that major chunk of borrowers in the retail portfolio is from rural area, Agriculture (real change % p.a.) is used as a macroeconomic variable.

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 have been considered for ECL calculation. Along with the actual numbers (considered for base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook.

The Company in the current year has continued with the similar probability weightage as considered for previous year ending 31 March 2022.

### (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.

As a part of the qualitative assessment of whether a borrower is in default, the Company also considers a variety of instances that may indicate unlikelihood 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 borrower having other loans which are in Stage 1 or 2.
- Cases where Company suspects fraud and legal proceedings are initiated.

Further, the Company classifies certain category of exposures in to Stage 3 and makes accelerated provision upto 100% based on qualitative assessment implying the significant deterioration in asset quality or increase in credit risk on selective basis

### (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 "impairment 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 The Economist Intelligence Unit Limited. 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.

ECL scenario for Macro Economic Variable	Year		Best Case	Base Case	Worst Case
Probability Assigned			10%	65%	25%
Agriculture ( % real change p.a)					
	2022	%	5.9	3.4	0.9
	2023	%	6.9	4.4	1.9
	2024	%	5.9	3.4	0.9
	2025	%	6.9	4.4	1.9
	2026	%	6.6	4.1	1.6
	2027	%	7.5	4.9	2.4
	2028	%	5.6	3.0	0.5
	Subsequent Years	%	6.7	4.1	1.6

### Impairment loss

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

	Performing Loans - 12 month ECL	Under performing loans - lifetime ECL not credit impaired	Impaired loans - lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2023	536,668.85	108,017.18	75,306.73	719,992.76
Expected credit loss rate	0.97%	8.75%	27.60%	
Carrying amount as at 31 March 2023 (net of impairment provision)	531,440.01	98,562.46	54,522.08	684,524.55
Gross Balance as at 31 March 2022	471,872.38	202,370.17	86,102.74	760,345.29
Expected credit loss rate	2.01%	11.99%	27.54%	
Carrying amount as at 31 March 2022 (net of impairment provision)	462,390.46	178,105.65	62,388.23	702,884.34



## Notes to the Financial Statements for the year ended 31 March 2023

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

### (k) An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loans

#### Gross exposure reconciliation - Loans

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount balance as at 1 April 2021</b>	455,200.99	208,876.36	100,593.39	764,670.74
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(87,579.91)	80,434.33	7,145.58	-
- Transfers to Stage 2	61,025.68	(76,450.12)	15,424.44	-
- Transfers to Stage 3	2,388.28	998.81	(3,387.09)	-
- Loans that have been derecognised during the period	(37,396.73)	(10,862.26)	(20,865.89)	(69,124.88)
New loans originated during the year	131,547.64	4,032.70	25.16	135,605.50
Write-offs	-	-	(20,554.30)	(20,554.30)
Remeasurement of net exposure	(53,313.57)	(4,659.65)	7,721.45	(50,251.77)
<b>Gross carrying amount balance as at 31 March 2022</b>	<b>471,872.38</b>	<b>202,370.17</b>	<b>86,102.74</b>	<b>760,345.29</b>
- Transfers to Stage 1	(40,619.46)	31,414.86	9,204.60	-
- Transfers to Stage 2	51,621.84	(85,062.19)	33,440.35	-
- Transfers to Stage 3	3,071.09	2,872.69	(5,943.78)	-
- Loans that have been derecognised during the period	(49,832.20)	(21,011.37)	(20,274.53)	(91,118.10)
New loans originated during the year	166,838.78	734.81	51.56	167,625.15
Write-offs	(42.15)	-	(29,982.69)	(30,024.84)
Remeasurement of net exposure	(66,241.43)	(23,301.79)	2,708.48	(86,834.74)
<b>Gross carrying amount balance as at 31 March 2023</b>	<b>536,668.85</b>	<b>108,017.18</b>	<b>75,306.73</b>	<b>719,992.76</b>

\* The contractual amount outstanding on financial assets that have been written off during the year ended 31 March 2023 and are under enforcement activity was Rs. 16,825.71 Lakhs (31 March 2022 : Rs. 10,274.05 Lakhs)

#### Gross exposure reconciliation - Loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount balance as at 1 April 2021</b>	36,353.41	1,077.04	4.56	37,435.01
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(101.15)	90.05	11.10	-
- Transfers to Stage 2	8.83	(9.86)	1.03	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	(34,558.64)	(1,052.57)	(4.56)	(35,615.77)
New loans originated during the year	42,286.35	429.04	1.18	42,716.57
Write-offs	-	-	-	-
Remeasurement of net exposure	(1,173.31)	(56.80)	(6.29)	(1,236.40)
<b>Gross carrying amount balance as at 31 March 2022</b>	<b>42,815.49</b>	<b>476.90</b>	<b>7.02</b>	<b>43,299.41</b>
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(3.78)	3.42	0.36	-
- Transfers to Stage 2	13.97	(13.97)	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	(40,858.76)	(462.93)	(7.03)	(41,328.72)
New loans originated during the year	47,061.66	4.77	-	47,066.43
Write-offs	-	-	-	-
Remeasurement of net exposure	(1,321.26)	(0.75)	(0.09)	(1,322.10)
<b>Gross carrying amount balance as at 31 March 2023</b>	<b>47,707.32</b>	<b>7.44</b>	<b>0.26</b>	<b>47,715.02</b>

**Notes to the Financial Statements for the year ended 31 March 2023**
**Reconciliation of ECL balance on loans**

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance balance as at 1 April 2021</b>	6,105.92	17,859.07	27,895.25	51,860.24
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	(1,365.47)	1,251.22	114.25	–
– Transfers to Stage 2	5,214.63	(6,535.12)	1,320.49	–
– Transfers to Stage 3	614.05	224.15	(838.20)	–
– Loans that have been derecognised during the period	(472.86)	(931.52)	(7,240.21)	(8,644.59)
New loans originated during the year	1,425.44	380.56	6.18	1,812.18
Write-offs	–	–	(7,566.96)	(7,566.96)
Net remeasurement of loss allowance	(2,039.79)	12,016.16	10,023.71	20,000.08
<b>ECL allowance balance as at 31 March 2022</b>	<b>9,481.92</b>	<b>24,264.52</b>	<b>23,714.51</b>	<b>57,460.95</b>
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	(2,780.92)	2,340.66	440.26	–
– Transfers to Stage 2	6,050.17	(10,389.51)	4,339.34	–
– Transfers to Stage 3	860.61	723.43	(1,584.04)	–
– Loans that have been derecognised during the period	(989.19)	(2,517.68)	(7,066.23)	(10,573.10)
New loans originated during the year	1,640.29	64.23	13.46	1,717.98
Write-offs	(0.78)	–	(6,942.95)	(6,943.73)
Net remeasurement of loss allowance	(9,033.26)	(5,030.93)	7,870.30	(6,193.89)
<b>ECL allowance balance as at 31 March 2023</b>	<b>5,228.84</b>	<b>9,454.72</b>	<b>20,784.65</b>	<b>35,468.21</b>

**Reconciliation of ECL balance on loan commitments**

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance balance as at 1 April 2021</b>	408.42	77.97	0.97	487.36
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	(1.02)	0.98	0.04	–
– Transfers to Stage 2	0.64	(0.71)	0.07	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	(399.13)	(76.19)	(0.97)	(476.29)
New loans originated during the year	305.30	36.34	0.28	341.92
Write-offs	–	–	–	–
Net remeasurement of loss allowance	(6.79)	2.02	1.27	(3.50)
<b>ECL allowance balance as at 31 March 2022</b>	<b>307.42</b>	<b>40.41</b>	<b>1.66</b>	<b>349.49</b>
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	(0.03)	0.03	–	–
– Transfers to Stage 2	1.18	(1.18)	–	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	(300.27)	(39.21)	(1.66)	(341.14)
New loans originated during the year	334.06	0.42	–	334.48
Write-offs	–	–	–	–
Net remeasurement of loss allowance	(5.68)	0.18	0.07	(5.43)
<b>ECL allowance balance as at 31 March 2023</b>	<b>336.68</b>	<b>0.65</b>	<b>0.07</b>	<b>337.40</b>

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.

(Rs. in Lakhs)

## Notes to the Financial Statements for the year ended 31 March 2023

### 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:

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Concentration by geographical region in India:</b>		
North	77,761.12	60,391.64
East	10,151.74	9,433.19
West	289,509.64	328,031.18
South	342,570.26	362,489.28
<b>Total carrying value</b>	<b>719,992.76</b>	<b>760,345.29</b>

### 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.

### 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:

	Maximum exposure to Credit Risk	Land and Building	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
<b>31 March 2023</b>						
<b>Loans:</b>						
a) Loans against assets	75,306.73	166,132.43	(91,822.63)	74,309.80	996.93	20,784.65
b) Others	-	-	-	-	-	-
<b>Total</b>	<b>75,306.73</b>	<b>166,132.43</b>	<b>(91,822.63)</b>	<b>74,309.80</b>	<b>996.93</b>	<b>20,784.65</b>
<b>31 March 2022</b>						
<b>Loans:</b>						
a) Loans against assets	86,102.74	172,654.49	(88,536.65)	84,117.84	1,984.90	23,714.51
b) Others	-	-	-	-	-	-
<b>Total</b>	<b>86,102.74</b>	<b>172,654.49</b>	<b>(88,536.65)</b>	<b>84,117.84</b>	<b>1,984.90</b>	<b>23,714.51</b>

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's concentrations of risk are managed based on Loan to value (LTV) segregation. The following tables stratify credit exposures from housing and other loans to customers by range of Loan to value (LTV) ratio. LTV is calculated as the ratio of gross amount of loan - or the amount committed for loan commitments - to the value of collateral. The value of the collateral for housing and other loans is based on collateral value at origination.

#### Gross value of total loans to value of collateral :

Loan To Value	Gross Value of total loans	
	31 March 2023	31 March 2022
Upto 50%	269,813.49	297,156.07
51 - 70%	268,479.76	307,649.21
71 - 100%	181,600.71	155,407.18
Above 100%	-	-
	<b>719,893.96</b>	<b>760,212.46</b>

**Notes to the Financial Statements for the year ended 31 March 2023**
**(Gross value of credit impaired loans to value of collateral)**

Loan To Value	Gross value of loans in stage 3	
	31 March 2023	31 March 2022
Upto 50%	32,338.75	29,854.26
51 - 70%	32,964.47	42,490.86
71 - 100%	10,003.51	13,757.62
Above 100%	—	—
	<u>75,306.73</u>	<u>86,102.74</u>

**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 and 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 contractual 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.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
<b>Non-derivative financial liabilities</b>				
<b>31 March 2023</b>				
Trade payable:	4,367.72	—	—	—
Other payable	22.28	—	—	—
<b>Debt securities:</b>				
– Principal	154,500.00	137,500.00	1,000.00	24,510.00
– Interest	23,636.80	20,798.86	4,135.13	7,963.97
<b>Borrowings (Other than debt securities):</b>				
– Principal	102,251.16	131,032.43	84,098.74	1,785.71
– Interest	22,622.99	27,129.76	7,222.69	77.49
<b>Subordinated liabilities:</b>				
– Principal	—	7,000.00	20,700.00	18,500.00
– Interest	4,084.52	8,074.07	5,645.92	3,314.00
<b>Other financial liabilities:</b>	26,594.49	4,343.12	3,022.67	4,021.12
<b>Total</b>	<u>338,079.95</u>	<u>335,878.24</u>	<u>125,825.15</u>	<u>60,172.29</u>
<b>31 March 2022</b>				
Trade payable	7,527.24	—	—	—
Other payable	22.28	—	—	—
<b>Debt securities:</b>				
– Principal	75,500.00	234,500.00	11,000.00	14,510.00
– Interest	24,001.74	25,382.33	3,323.21	4,984.67
<b>Borrowings (Other than debt securities):</b>				
– Principal	92,745.04	114,368.05	71,017.86	5,357.14
– Interest	16,885.08	19,172.79	6,846.60	350.24
<b>Subordinated liabilities:</b>				
– Principal	—	1,000.00	18,200.00	27,000.00
– Interest	4,082.05	8,162.72	7,296.46	5,659.34
<b>Other financial liabilities:</b>	27,879.12	1,938.24	1,316.63	867.71
<b>Total</b>	<u>248,642.55</u>	<u>404,524.13</u>	<u>119,000.76</u>	<u>58,729.10</u>

**iv) Measurement of Fair Value**
**Valuation technique for fair value measurement**

Fair value of loans and borrowings are calculated using a portfolio based approach, grouping them as far as possible into homogenous groups based on similar characteristics (such as tenor and 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).

(Rs. in Lakhs)

## Notes to the Financial Statements for the year ended 31 March 2023

## Financial instruments measured at amortised cost

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
<b>As at 31 March 2023</b>					
<b>Financial assets</b>					
a) Cash and cash equivalent	31,494.46	31,494.46	31,494.46	–	–
b) Bank balances other than (a) above	88,702.87	88,702.87	88,702.87	–	–
c) Loans	684,524.55	684,355.15	–	–	684,355.15
d) Other financial assets	3,332.71	3,332.71	–	3,332.71	–
<b>Total</b>	<b>808,054.59</b>	<b>807,885.19</b>	<b>120,197.33</b>	<b>3,332.71</b>	<b>684,355.15</b>
<b>Financial liabilities</b>					
a) Trade Payables	4,367.72	4,367.72	–	4,367.72	–
b) Other Payable	22.28	22.28	–	22.28	–
c) Debt securities	316,771.91	314,654.45	314,654.45	–	–
d) Borrowings other than debt securities	319,162.66	318,550.07	–	318,550.07	–
e) Subordinated Liabilities	46,049.24	46,130.90	46,130.90	–	–
f) Other financial liabilities	35,107.89	35,107.89	–	35,107.89	–
<b>Total</b>	<b>721,481.70</b>	<b>718,833.31</b>	<b>360,785.35</b>	<b>358,047.96</b>	<b>–</b>
<b>As at 31 March 2022</b>					
<b>Financial assets</b>					
a) Cash and cash equivalent	42,369.05	42,369.05	42,369.05	–	–
b) Bank balances other than (a) above	23,145.05	23,145.05	23,145.05	–	–
c) Loans	702,884.34	703,814.14	–	–	703,814.14
d) Other financial assets	1,193.50	1,193.50	–	1,193.50	–
<b>Total</b>	<b>769,591.94</b>	<b>770,521.74</b>	<b>65,514.10</b>	<b>1,193.50</b>	<b>703,814.14</b>
<b>Financial liabilities</b>					
a) Trade payables	7,527.24	7,527.24	–	7,527.24	–
b) Other payable	22.28	22.28	–	22.28	–
c) Debt securities	334,445.20	337,921.70	337,921.70	–	–
d) Borrowings other than debt securities	283,476.77	283,586.04	–	283,586.04	–
e) Subordinated liabilities	46,028.50	47,214.89	47,214.89	–	–
f) Other financial liabilities	30,916.87	30,916.87	–	30,916.87	–
<b>Total</b>	<b>702,416.86</b>	<b>707,189.02</b>	<b>385,136.59</b>	<b>322,052.43</b>	<b>–</b>

There were no transfers between Level 1, Level 2 and Level 3 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).

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 2023	As at 31 March 2022					
Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	22,088.07	53,604.25	Level 1	Quoted market price			
Investment in Government Securities	Financial Assets	Financial instrument measured at FVTOCI	12,006.99	8,357.09	Level 1	Quoted market price			

## 45 Disclosure as required under Guidelines on Resolution Framework for COVID-19-related Stress:

- (i) "In the year ending 31 March 2022 to relieve COVID-19 pandemic related stress, the Company had invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI vide its circular no. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 on Resolution Framework – 2.0 : Resolution of Covid-19 related stress of Individuals and Small Businesses dated 5 May 2021. This is in continuation to the restructuring plan implemented for the customers as per the RBI circular no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 on Resolution Framework for COVID-19-related Stress dated 6 August 2020.

**Notes to the Financial Statements for the year ended 31 March 2023**

**As at 31 March 2023**

(i) Disclosure as per format prescribed under circular no.RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the year ended 31 March 2023 for the restructuring plans implemented as per RBI circular dated 6 August 2020.

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year *	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year **
Personal Loans	–	–	–	–	–
Corporate persons	–	–	–	–	–
Of which, MSMEs	–	–	–	–	–
Others - Housing Loan	264.52	–	–	49.11	231.14

\* Represents amount outstanding as at the end of 30 September 2022

\*\* Represents the closing balance of loan accounts as at 31 March 2023

(ii) Disclosure as per format prescribed under circular no. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 for the year ended 31 March 2023 for the restructuring plans implemented as per RBI circular dated 5 May 2021.

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year ***	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ****
Personal Loans	–	–	–	–	–
Corporate persons	–	–	–	–	–
Of which, MSMEs	–	–	–	–	–
Others - Housing Loan	163,872.28	31,404.34	–	40,911.80	132,794.35

\*\*\* Represents amount outstanding as at the end of 30 September 2022

\*\*\*\* Represents the closing balance of loan accounts as at 31 March 2023

**As at 31 March 2022**

(i) Disclosure as per format prescribed under circular no.RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the period ended 31 March 2022 for the restructuring plans implemented as per RBI circular dated 6 August 2020.

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year *	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year **
Personal Loans	–	–	–	–	–
Corporate persons	–	–	–	–	–
Of which, MSMEs	–	–	–	–	–
Others - Housing Loan	248.35	–	–	36.57	300.90

\* Represents amount outstanding as at the end of 30 September 2021

\*\* Represents the closing balance of loan accounts as at 31 March 2022

(ii) Disclosure as per format prescribed under circular no. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 for the period ended 31 March 2022 for the restructuring plans implemented as per RBI circular dated 5 May 2021.

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year ***	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ****
Personal Loans	–	–	–	–	–
Corporate persons	–	–	–	–	–
Of which, MSMEs	–	–	–	–	–
Others - Housing Loan	239,572.52	20,467.96	–	39,988.42	224,463.09

\*\*\* Represents amount outstanding as at the end of 30 September 2021

\*\*\*\* Represents the closing balance of loan accounts as at 31 March 2022

(Rs. in Lakhs)

## Notes to the Financial Statements for the year ended 31 March 2023

46 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

i) A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended

31 March 2023

Asset Classification as per NHB Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
<b>Performing Assets</b>						
Standard	Stage 1	534,683.02	5,201.00	529,482.02	5,572.33	(371.33)
	Stage 2	45,498.67	3,988.55	41,510.12	2,140.92	1,847.63
<b>Subtotal for standard</b>		<b>580,181.69</b>	<b>9,189.55</b>	<b>570,992.14</b>	<b>7,713.25</b>	<b>1,476.30</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 1	1,974.10	27.66	1,946.44	282.62	(254.96)
	Stage 2	62,161.68	5,434.98	56,726.70	8,814.60	(3,379.62)
	Stage 3	42,647.35	11,406.19	31,241.16	6,057.41	5,348.78
<b>Subtotal for standard</b>		<b>106,783.13</b>	<b>16,868.83</b>	<b>89,914.30</b>	<b>15,154.63</b>	<b>1,714.20</b>
Doubtful - up to 1 year	Stage 1	9.17	0.14	9.03	2.22	(2.08)
	Stage 2	344.90	30.15	314.75	80.48	(50.33)
	Stage 3	12,060.83	3,216.15	8,844.68	2,566.57	649.58
<b>Subtotal for doubtful up to 1 year</b>		<b>12,414.90</b>	<b>3,246.44</b>	<b>9,168.46</b>	<b>2,649.27</b>	<b>597.17</b>
Doubtful - 1 to 3 years	Stage 1	2.56	0.04	2.52	0.97	(0.93)
	Stage 2	11.93	1.04	10.89	4.53	(3.49)
	Stage 3	19,630.57	5,581.18	14,049.39	5,284.05	297.13
<b>Subtotal for doubtful up to 1 to 3 years</b>		<b>19,645.06</b>	<b>5,582.26</b>	<b>14,062.80</b>	<b>5,289.55</b>	<b>292.71</b>
More than 3 years	Stage 3	757.93	371.08	386.85	351.85	19.23
<b>Subtotal for Doubtful - More than 3 years</b>		<b>757.93</b>	<b>371.08</b>	<b>386.85</b>	<b>351.85</b>	<b>19.23</b>
<b>Subtotal for Doubtful</b>		<b>32,817.89</b>	<b>9,199.78</b>	<b>23,618.11</b>	<b>8,290.67</b>	<b>909.11</b>
Loss	Stage 3	210.05	210.05	-	204.17	5.88
<b>Subtotal for NPA</b>		<b>139,811.07</b>	<b>26,278.66</b>	<b>113,532.41</b>	<b>23,649.47</b>	<b>2,629.19</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	47,707.32	336.68	47,370.64	-	336.68
	Stage 2	7.44	0.65	6.79	-	0.65
	Stage 3	0.26	0.07	0.19	-	0.07
<b>Subtotal</b>		<b>47,715.02</b>	<b>337.40</b>	<b>47,377.62</b>	<b>-</b>	<b>337.40</b>
<b>Total</b>	Stage 1	584,376.17	5,565.52	578,810.65	5,858.14	(292.62)
	Stage 2	108,024.62	9,455.37	98,569.25	11,040.53	(1,585.16)
	Stage 3	75,306.99	20,784.72	54,522.27	14,464.05	6,320.67
<b>Total (Including commitments)</b>		<b>767,707.78</b>	<b>35,805.61</b>	<b>731,902.17</b>	<b>31,362.72</b>	<b>4,442.89</b>

**Notes to the Financial Statements for the year ended 31 March 2023**

31 March 2022

Asset Classification as per NHB Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3) - (4)	(6)	(7)= (4) - (6)
<b>Performing Assets</b>						
Standard	Stage 1	471,872.38	9,481.92	462,390.46	10,002.09	(520.17)
	Stage 2	202,370.17	24,264.52	178,105.65	17,437.98	6,826.54
<b>Subtotal for standard</b>		<b>674,242.55</b>	<b>33,746.44</b>	<b>640,496.11</b>	<b>27,440.07</b>	<b>6,306.37</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	23,055.33	6,989.10	16,066.23	3,623.07	3,366.03
Doubtful - up to 1 year	Stage 3	16,865.64	4,563.77	12,301.87	3,590.57	973.20
1 to 3 years	Stage 3	42,974.86	10,546.88	32,427.98	11,646.46	(1,099.58)
More than 3 years	Stage 3	2,827.14	1,234.99	1,592.15	1,319.15	(84.16)
<b>Subtotal for doubtful</b>		<b>62,667.64</b>	<b>16,345.64</b>	<b>46,322.00</b>	<b>16,556.18</b>	<b>(210.54)</b>
Loss	Stage 3	379.77	379.77	–	384.25	(4.48)
<b>Subtotal for NPA</b>		<b>86,102.74</b>	<b>23,714.51</b>	<b>62,388.23</b>	<b>20,563.50</b>	<b>3,151.01</b>
<b>Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms</b>	Stage 1	42,815.49	307.42	42,508.07	–	307.42
	Stage 2	476.90	40.41	436.49	–	40.41
	Stage 3	7.02	1.66	5.36	–	1.66
<b>Subtotal</b>		<b>43,299.41</b>	<b>349.49</b>	<b>42,949.92</b>	<b>–</b>	<b>349.49</b>
<b>Total</b>	Stage 1	514,687.87	9,789.34	504,898.53	10,002.09	(212.75)
	Stage 2	202,847.07	24,304.93	178,542.14	17,437.98	6,866.95
	Stage 3	86,109.76	23,716.17	62,393.59	20,563.50	3,152.67
<b>Total (Including commitments)</b>		<b>803,644.70</b>	<b>57,810.43</b>	<b>745,834.26</b>	<b>48,003.57</b>	<b>9,806.86</b>

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2023, no amount is required to be transferred to 'Impairment Reserve' for the financial year. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

The balance in the 'Impairment Reserve' (as and when created) shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI

- ii) In terms of recommendations as per above referred notification, the Company has complied with Ind AS 109, Financial Instruments and the Board approved Expected Credit Loss (ECL) policy in the computation and measurement of impairment allowance. For the purpose of provisions as per IRACP norms the Company has adopted the definition used for regulatory purposes.

As at 31 March 2023 and 31 March 2022, there were no loan accounts that are past due beyond 90 days but not treated as impaired, i.e. all 90+ days ageing loan accounts have been classified as Stage-3 and no dispensation is considered in stage-3 classification.



**Notes to the Financial Statements for the year ended 31 March 2023**

**47 Disclosures pertaining to Fund raising by issuance of Debt Securities by Large Corporates as per SEBI notification no. SEBI/HO/DDHS/CIR/P/2018/144 dated 26 November 2018**

As per the definition given in above referred notification, the Company is a Large Corporate and hence is required to disclose the following information about its borrowings.

**Annexure A**

**Initial Disclosure to be made by an entity identified as a Large Corporate**

(To be submitted to the Stock Exchange(s) with in 30 days from the beginning of the FY)

Sr.no.	Particulars	Details
1	Name of the company	Mahindra Rural Housing Finance Limited
2	CIN	U65922MH2007PLC169791
3	Outstanding borrowing of company as on 31 March 2023	Rs. 6,81,983.81 Lakhs
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	a) Bank Borrowings – CRISIL AAA/Stable/IND AA+/Stable b) NCD/Sub-Debt – CRISIL AAA/Stable/IND AA+/ Stable, CARE AA+/ Stable, CRISIL PPMLD AAA/Stable', IND PPMLD AA+/ Stable' c) Short term external credit rating (Commercial Papers)-IND A1+, CRISIL A1+
5	Name of Stock Exchange in which the fine shall be paid, incase of shortfall in the required borrowing under the framework	BSE Limited

**Annexure B**

1	Name of the company	Mahindra Rural Housing Finance Limited
2	CIN	U65922MH2007PLC169791
3	Report filed for FY	2022-23
4	Details of the current block	FY2022, FY2023 and FY2024

Sr.	Particulars	31 March 2023
(i)	3-year block period	FY2022, FY2023 and FY2024
(ii)	Incremental borrowing done (a)	182,647.39
(iii)	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	45,661.85
(iv)	Actual borrowings done through debt securities (c)	57,500.00
(v)	Shortfall in the borrowing through debt securities, if any, for FY carried forward to FY (d)	Not Applicable
(vi)	Quantum of (d), which has met from (c) (e)	NIL
(vii)	Shortfall, if any, in the mandatory borrowing through debt securities, for FY (f) = b- [(c) - (e)]	NIL
5	Details of penalty to be paid, if any, in respect of previous block:	

Sr.	Particulars	31 March 2023
(i)	3-year block period	FY2022, FY2023 and FY2024
(ii)	Amount of the fine to be paid for the block, if applicable. Fine = 0.2% ((d) - (e))	NIL

**48 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.

Name of the KMP	Nature of transactions	31 March 2023	31 March 2022
<b>Mr. Shantanu Rege (Managing Director)</b> (Appointed from 1 October 2022)	Gross Salary including perquisites	63.10	-
	Others - Contribution to Funds	-	-
	Stock Option	5.79	-
		<b>68.89</b>	<b>-</b>
<b>Mr. Rajnish Agarwal (Managing Director)</b> (Appointed from 1 October 2021 and ceased to be a director from 30 September 2022)	Gross Salary including perquisites	188.19	45.44
	Others - Contribution to Funds	2.71	3.24
	Stock Option	-	20.15
		<b>190.90</b>	<b>68.83</b>
<b>Mr. Anuj Mehra (Managing Director)</b> (Ceased to be a director from 30 September 2021)	Gross Salary including perquisites	-	210.82
	Others - Contribution to Funds	-	3.00
	Stock Option	-	-
		<b>-</b>	<b>213.82</b>
<b>Mr. Dharmesh Vakharia (Chief Financial Officer)</b>	Gross Salary including perquisites	149.94	117.20
	Others - Contribution to Funds	11.27	5.74
	Stock Option	7.85	1.61
		<b>169.06</b>	<b>124.55</b>
<b>Mrs. Anjali Raina (Independent Director)</b>	Commission \ Remuneration	8.25	8.25
	Other benefits	5.80	5.90
		<b>14.05</b>	<b>14.15</b>
<b>Mr. Jyotin Mehta (Independent Director)</b>	Commission \ Remuneration	8.25	8.25
	Other benefits	6.20	6.30
		<b>14.45</b>	<b>14.55</b>

**Notes to the Financial Statements for the year ended 31 March 2023**

Name of the KMP	Nature of transactions	31 March 2023	31 March 2022
Mr. Narendra Mairpady (Independent Director)	Commission \	8.25	8.25
	Remuneration		
	Other benefits	4.80	5.10
		<u>13.05</u>	<u>13.35</u>

**49 Related party disclosures:**

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

a) <b>Ultimate Holding Company</b>	Mahindra & Mahindra Limited
b) <b>Holding Company</b>	Mahindra & Mahindra Financial Services Limited
c) <b>Fellow Subsidiaries:</b> (entities with whom the Company has transactions)	Mahindra Insurance Brokers Limited NBS International Limited Mahindra Integrated Business Solutions Private Limited Mahindra Holidays and Resorts India Limited Mahindra Defence Systems Limited Mahindra First Choice Wheels Limited Mahindra Water Utilities Limited

d) <b>Other Related Parties:</b>	Kanha & Company
e) <b>Joint Ventures/ Associates</b> (entities with whom the Company has transactions)	Tech Mahindra Limited Swaraj Engines Limited Mahindra University Mahindra Manulife Investment Management Private Limited Medwell Ventures Private Limited
f) <b>Key Management Personnel:</b>	Mr. Shantanu Rege (Managing Director) (w.e.f. 01 October 2022) Mr. Rajnish Agarwal (Managing Director) (w.e.f. 01 October 2021 to 30 September 2022) Mr. Anuj Mehra (Managing Director) (Ceased to be a director w.e.f. 30 September 2021) Mr. Dharmesh Vakharia (Chief Financial Officer) Mr. Jyotin Mehta (Independent Director) Mrs. Anjali Raina (Independent Director) Mr. Narendra Mairpady (Independent Director)

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

Particulars	Holding Company		Fellow Subsidiaries/ Other Related Parties		Joint Ventures/ Associates		Key Management Personnel	
	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022
<b>Interest expense</b>								
- Mahindra & Mahindra Limited	-	130.99	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	1,575.38	2,430.41	-	-	-	-
- Mahindra Manulife Investment Management Private Limited	-	-	-	-	409.80	409.80	-	-
- Mahindra Holidays and Resorts India Limited	-	-	603.00	1,161.27	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	332.24	-	-
- Swaraj Engines Limited	-	-	-	-	-	41.27	-	-
- Mahindra Water Utilities Limited	-	-	-	54.54	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	-	77.92	-	-	-	-
<b>Other expenses</b>								
- Mahindra & Mahindra Limited	137.77	124.06	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	483.60	448.96	-	-	-	-	-	-
- NBS International Limited	-	-	5.77	3.28	-	-	-	-
- Mahindra Integrated Business Solutions Private Limited	-	-	1,122.28	940.85	-	-	-	-
- Mahindra Defence Systems Limited	-	-	-	5.70	-	-	-	-
- Medwell Ventures Private Limited	-	-	-	-	0.05	-	-	-
- Mahindra University	-	-	-	-	2.36	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	30.00	52.52	-	-	-	-
- Kanha & Company	-	-	113.87	-	-	-	-	-
<b>ESOP Expenses</b>								
- Mahindra & Mahindra Limited	1.91	-	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	20.01	25.33	-	-	-	-	-	-
<b>Remuneration \ Sitting fees \ Commission</b>								
- Mr. Shantanu Rege	-	-	-	-	-	-	68.89	-

Notes to the Financial Statements for the year ended 31 March 2023

Particulars	Holding Company		Fellow Subsidiaries/ Other Related Parties		Joint Ventures/ Associates		Key Management Personnel	
	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022
- Mr. Rajnish Agarwal	-	-	-	-	-	-	190.90	68.83
- Mr. Anuj Mehra	-	-	-	-	-	-	-	213.82
- Mr. Dharmesh Vakharia	-	-	-	-	-	-	169.06	124.55
- Mr. Jyotin Mehta	-	-	-	-	-	-	14.45	14.55
- Mrs. Anjali Raina	-	-	-	-	-	-	14.05	14.15
- Mr. Narendra Mairpady	-	-	-	-	-	-	13.05	13.35
<b>Purchase of fixed assets</b>								
- Mahindra & Mahindra Limited	375.08	121.80	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	2.17	20.54	-	-	-	-	-	-
- NBS International Limited	-	-	14.28	4.46	-	-	-	-
<b>Capital Advance</b>								
- Mahindra & Mahindra Limited	9.58	42.85	-	-	-	-	-	-
<b>Inter corporate deposits taken</b>								
- Mahindra Insurance Brokers Limited	-	-	13,050.00	3,225.00	-	-	-	-
- Mahindra Holidays and Resorts India Limited	-	-	-	9,000.00	-	-	-	-
<b>Inter corporate deposits repaid/matured</b>								
- Mahindra & Mahindra Limited	-	5,000.00	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	16,575.00	11,465.00	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	-	1,000.00	-	-
- Mahindra Water Utilities Limited	-	-	-	800.00	-	-	-	-
- Mahindra Holidays and Resorts India Limited	-	-	-	20,500.00	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	-	2,500.00	-	-	-	-
<b>Subordinate debt repaid</b>								
- Tech Mahindra Limited	-	-	-	-	-	15,000.00	-	-

iii) Balances as at the end of the year:

Particulars	Holding Company		Fellow Subsidiaries/ Other Related Parties		Joint Ventures/ Associates		Key Management Personnel	
	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2022
<b>Balances as at the end of the year</b>								
<b>Subordinate debt held (including interest accrued but not due)</b>								
- Mahindra Manulife Investment Management Private Limited	-	-	-	-	4,856.15	4,856.88	-	-
<b>Payables</b>								
- Mahindra & Mahindra Limited	16.39	61.79	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	0.61	106.41	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Private Limited	-	-	65.34	86.88	-	-	-	-
- NBS International Limited	-	-	0.29	1.52	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	1.74	5.58	-	-	-	-
- Others	-	-	-	-	-	-	22.28	22.28
<b>Inter corporate deposits outstanding (including interest accrued but not due)</b>								
- Mahindra Insurance Brokers Limited	-	-	22,793.35	26,599.15	-	-	-	-
- Mahindra Holidays and Resorts India Limited	-	-	9,396.99	9,395.50	-	-	-	-

## Notes to the Financial Statements for the year ended 31 March 2023

### 50 Balance Sheet Disclosures as required under Master Direction Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021

These disclosures are made pursuant to Reserve Bank of India Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 (as amended), to the extent applicable to the Company and outlining the regulatory guidance in relation to Ind AS financial statements. This includes guidance for computation of 'owned funds', 'net owned funds' and 'regulatory capital'. Accordingly, Capital to Risk (weighted) Assets Ratio (CRAR) and other disclosures have been computed in accordance with these requirements read with the requirements of the Indian Accounting Standards prescribed under Sec 133 of The Companies Act, 2013.

#### 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 2023.

#### I Capital

Particulars	31 March 2023	31 March 2022
(i) CRAR (%)	45.12%	41.56%
(ii) CRAR - Tier I Capital (%)	34.95%	30.94%
(iii) CRAR - Tier II Capital (%)	10.17%	10.62%
(iv) Amount of subordinated debt raised as Tier - II Capital	35,220	40,760
(v) Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

#### II Investments

The investments outstanding details are as under :

Particulars	31 March 2023	31 March 2022
<b>1 Value of Investments</b>		
(i) Gross value of Investments*		
(a) In India	34,095.06	61,961.34
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	34,095.06	61,961.34
(b) Outside India	-	-
<b>2 Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	-	-
(ii) Add: Provisions made	-	-
(iii) Less: Write-off/Written-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

\* Value of investments represent fair value of investment

#### III Derivatives

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

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

Particulars	31 March 2023	31 March 2022
(i) The notional principal of swap agreements	Not Applicable	Not Applicable
(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		
(iv) Concentration of credit risk arising from the swaps		
(v) The fair value of the swap book		

#### b) Exchange Traded Interest Rate (IR) Derivative

Particulars	31 March 2023	31 March 2022
(i) The notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	Not Applicable	Not Applicable
(a)		
(b)		
(c)		
(ii) The notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2021 (instrument wise)		
(a)		
(b)		
(c)		
(iii) The notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)		
(a)		
(b)		
(c)		
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)		
(a)		
(b)		
(c)		

#### c) Disclosures on Risk Exposure in Derivatives

##### A Qualitative Disclosure:

The Company does not trade in derivatives and hence, this disclosure is not applicable.

##### B Quantitative Disclosure

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	Not Applicable	Not Applicable
(ii) Marked to Market Positions		
(a) Assets (+)		
(b) Liability (-)		
(iii) Credit Exposure		
(iv) Unhedged Exposures		

**Notes to the Financial Statements for the year ended 31 March 2023**
**IV Assets Liability Management**

31 March 2023

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	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	Total
<b>Liabilities</b>											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowing from bank	-	-	8,775.00	2,873.55	11,355.75	23,755.26	46,388.68	108,954.89	84,098.81	1,785.71	287,987.65
Market borrowing	-	-	-	44,862.89	15,981.40	79,768.87	22,553.73	166,255.28	21,650.13	42,923.85	393,996.15
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>											
Advances	4,687.27	5,094.86	10,597.31	15,710.71	19,210.74	43,916.79	77,245.23	198,953.27	99,955.88	209,152.49	684,524.55
Investments	22,088.07	-	-	4,002.69	-	-	8,004.30	-	-	-	34,095.06
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

31 March 2022

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	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	Total
<b>Liabilities</b>											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowing from bank	-	-	-	10,997.54	25,510.00	28,421.66	11,232.19	96,240.41	71,017.84	5,357.14	248,776.78
Market borrowing	-	350.00	1,875.00	3,748.44	3,925.00	38,518.52	43,065.67	253,095.50	29,140.67	41,454.90	415,173.70
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>											
Advances	5,316.05	5,530.16	11,982.13	18,675.55	17,886.24	35,677.90	102,265.24	234,139.36	117,352.87	154,058.83	702,884.33
Investments	53,604.25	-	-	-	-	-	8,357.09	-	-	-	61,961.34
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

**V Exposure**
**a) Exposure to real estate sector**

Category		31 March 2023	31 March 2022
a)	Direct exposure		
(i)	Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	<b>719,685.32</b>	760,212.46
	Of the above Individual housing loan upto Rs.15 lakh	<b>601,644.44</b>	693,100.10
(ii)	Commercial Real Estate -		

Category		31 March 2023	31 March 2022
	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	<b>208.64</b>	Nil
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a) Residential	<b>Nil</b>	Nil
	b) Commercial Real Estate	<b>Nil</b>	Nil

## Notes to the Financial Statements for the year ended 31 March 2023

Category		31 March 2023	31 March 2022
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

b) The Company does not have any exposure towards capital market.

Particulars	31 March 2023	31 March 2022
(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;	Not Applicable	Not Applicable
(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;	Not Applicable	Not Applicable
(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;	Not Applicable	Not Applicable
(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;	Not Applicable	Not Applicable
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Not Applicable	Not Applicable
(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;	Not Applicable	Not Applicable
(vii) bridge loans to companies against expected equity flows/issues;	Not Applicable	Not Applicable
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	Not Applicable	Not Applicable
<b>Total exposure to capital market</b>	<b>Not Applicable</b>	<b>Not Applicable</b>

c) The Company has not financed any parent Company products and accordingly no disclosure is made.

d) 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.

e) The Company has not given any unsecured advances against collateral of rights, licenses, authorisations, etc. and accordingly no disclosure is made.

f) Exposure to group companies engaged in real estate business.

(Rs. in Lakhs)

SN	Particulars	31 March 2023	% of NOF	31 March 2022	% of NOF
(i)	Exposure to any single entity in a group engaged in real estate business*	192.38	0.14%	92.38	0.07%
(ii)	Exposure to all entities in a group engaged in real estate business*	192.38	0.14%	92.38	0.07%

\* This exposure is towards the retail individual home buyers.

### VI Miscellaneous

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

b) No penalty has been imposed on the Company by National Housing Bank/ Reserve Bank of India or any other regulator, except for Rs. 10,000/- by Bombay Stock Exchange (BSE) during the year ended 31 March 2023.

#### c) Related Party Policy :

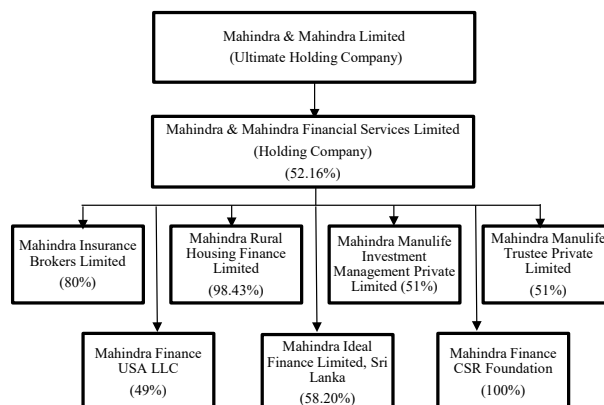
All contracts/arrangements/transactions entered into by the Company during the current year with related parties were in the ordinary course of business and on an arm's length basis (refer note 49).

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 and is available on the website of the Company.

#### d) Group Structure

Below is the diagrammatic representation of group structure as of 31 March 2023:



#### e) Rating assigned by Credit Rating Agencies and migration of rating during the year.

During the year under consideration, CRISIL Ratings Limited has upgraded Company's rating from 'CRISIL AA+/Stable' outlook to 'CRISIL AAA/Stable' outlook to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt and re-affirmed 'CRISIL A1+' rating to the Company's Commercial Paper.

## Notes to the Financial Statements for the year ended 31 March 2023

During the year under consideration, CRISIL Ratings Limited has assigned 'CRISIL PPMLD AAA/Stable' outlook to the Company's Long Term Principal Protected Market Linked Debentures (MLDs)

India Ratings & Research Private Limited has re-affirmed 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.

During the year under consideration, India Ratings & Research Private Limited has assigned 'IND PPMLD AA+/Stable' outlook to the Company's Principal Protected Market Linked Debentures (MLDs)

CARE Ratings Limited (Formerly known as 'Credit Analysis & Research Limited') has re-affirmed the rating to the Company's Non-Convertible Debentures and Subordinated Debt as 'CARE AA+/stable' outlook.

### f) Remuneration of Independent Directors

(Rs. in Lakhs)

Particulars of Remuneration	Names of Directors			Total
	Mr. Jyotin Mehta	Mrs. Anjali Raina	Mr. Narendra Mairpady	
Independent Directors				
Fee for attending board/committee meetings	6.20	5.80	4.80	16.80
	(6.30)	(5.90)	(5.10)	(17.30)
	8.25	8.25	8.25	24.75
Remuneration/Commission	(8.25)	(8.25)	(8.25)	(24.75)
<b>Total</b>	<b>14.45</b>	<b>14.05</b>	<b>13.05</b>	<b>41.55</b>
	(14.55)	(14.15)	(13.35)	(42.05)

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

The Company has complied with Ind AS 109, Financial Instruments and the Board approved Expected Credit Loss (ECL) policy in the computation and measurement of impairment allowance. In the disclosures required under RBI/NHB, the references of amounts to Non Performing Assets refers to Stage 3 amounts as per Ind AS 109.

### g) Net profit or loss for the period, prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to accounts in terms of the relevant accounting standards.

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

### VIII Other Disclosures

#### a) Provisions and Contingencies

(Rs. in Lakhs)

Breakup of "Provisions & Contingencies" shown under the head Expenditure in Statement of Profit and Loss	31 March 2023	31 March 2022
1. Provisions for depreciation on Investment	-	-
2. Provision towards non performing assets (Stage 3 assets)	(2,929.87)	(4,180.74)
3. Provision made towards Income Tax	-	4,385.77
4. Other Provision and Contingencies	-	-
5. Provision for Standard Assets (Stage 1 and Stage 2 assets)	(19,062.87)	9,781.45

(Rs. in Lakhs)

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
<b>Standard Assets</b>				
a) Total Outstanding Amount	601,924.56	644,897.00	42,761.47	29,345.55
b) Provisions made	13,952.37	32,446.17	731.20	1,300.27
<b>Sub-Standard Assets</b>				
a) Total Outstanding Amount	41,143.51	22,066.18	1,503.84	989.16
b) Provisions made	11,017.57	6,727.22	388.63	261.86
<b>Doubtful Assets - Category - I</b>				
a) Total Outstanding Amount	11,549.86	16,212.43	510.96	653.21
b) Provisions made	3,083.75	4,389.71	132.40	174.06
<b>Doubtful Assets - Category - II</b>				
a) Total Outstanding Amount	18,963.78	41,352.02	666.79	1,622.83
b) Provisions made	5,382.67	10,078.32	198.50	468.57
<b>Doubtful Assets - Category - III</b>				
a) Total Outstanding Amount	725.86	2,741.83	32.07	85.31
b) Provisions made	350.01	1,196.09	21.07	38.91
<b>Loss Assets</b>				
a) Total Outstanding Amount	198.28	350.12	11.76	29.65
b) Provisions made	198.28	350.12	11.76	29.65
<b>a) Total Outstanding Amount</b>	<b>674,505.85</b>	<b>727,619.58</b>	<b>45,486.89</b>	<b>32,725.71</b>
<b>b) Provisions made</b>	<b>33,984.65</b>	<b>55,187.63</b>	<b>1,483.56</b>	<b>2,273.32</b>

## Notes to the Financial Statements for the year ended 31 March 2023

Insurance/fees component in Loans has been classified under Non Housing Loans amounting to Rs. 25,461.07 Lakhs as of 31 March 2023 and Rs 26,719.66 Lakhs as of 31 March 2022.

### b) Draw Down from Reserves

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

### c) Concentration of Public Deposits, Advances, Exposures and NPAs

#### i) Concentration of Public Deposits (for Public Deposit taking/ holding HFCs)

Particulars	31 March 2023	31 March 2022
Total deposits of twenty largest depositors	Not Applicable	Not Applicable
Percentage of deposits of twenty largest depositors to total deposits of the deposit taking HFC		

#### ii) Concentration of Loans & Advances

(Rs. in Lakhs)

Particulars	31 March 2023	31 March 2022
Total loans & advances to twenty largest borrowers	1,098.20	749.25
Percentage of loans & advances to twenty largest borrowers to total advances of the HFC	0.15%	0.10%

#### iii) Concentration of all exposure (including off-balance sheet exposure)

(Rs. in Lakhs)

Particulars	31 March 2023	31 March 2022
Total exposure to twenty largest borrowers/customers	1,171.24	851.71
Percentage of exposure to twenty largest borrowers/customers to total exposure of the HFC on borrowers/customers	0.15%	0.11%

#### iv) Concentration of NPAs

(Rs. in Lakhs)

Particulars	31 March 2023	31 March 2022
Total exposure to top ten NPA accounts	317.33	352.45

#### v) Sector – wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
<b>A. Housing loans:</b>		
1	Individuals	10.76%
2	Builders/Project loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil
<b>B. Non-housing loans:</b>		
1	Individuals	5.99%
2	Builders/Project loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil

#### d) i) Movement of NPAs

(Rs. in Lakhs)

Particulars	31 March 2023	31 March 2022
(I) Net NPAs to Net Advances (%)	7.80%	8.47%
<b>(II) Movement of NPAs (Gross)</b>		
a) Opening balance	86,102.74	100,593.39
b) Additions during the year	82,025.09	64,508.62
c) Reductions during the year	(92,821.10)	(78,999.27)
d) Closing balance	75,306.73	86,102.74
<b>(III) Movement of Net NPAs</b>		
a) Opening balance	62,388.23	72,698.13
b) Additions during the year	44,830.57	38,454.92
c) Reductions during the year	(52,696.72)	(48,764.82)
d) Closing balance	54,522.08	62,388.23
<b>(IV) Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
a) Opening balance	23,714.52	27,895.25
b) Provisions made during the year	37,194.52	26,053.70
c) Write-off of short provision/ write-back of excess provisions	(40,124.39)	(30,234.43)
d) Closing balance	20,784.65	23,714.52

#### ii) Movement of standard assets provision

(Rs. in Lakhs)

Particulars	31 March 2023	31 March 2022
a) Opening balance	33,746.44	23,964.99
b) Provisions made during the year	(19,062.87)	9,781.45
c) Closing balance	14,683.57	33,746.44

#### e) Overseas Assets

The Company does not own any overseas asset and the area of operations is only India. The Company does not have any joint venture partners or overseas subsidiaries

Particulars	31 March 2023	31 March 2022
No overseas assets	Not Applicable	Not Applicable

#### f) Off-balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
Not Applicable	Not Applicable

#### IX Disclosure of customers complaints

Particulars	31 March 2023	31 March 2022
a) No. of complaints pending at the beginning of the year	53	71
b) No. of complaints received during the year	2478	3354
c) No. of complaints redressed during the year	2444	3372
d) No. of complaints pending at the end of the year	87	53



**Notes to the Financial Statements for the year ended 31 March 2023**
**X Movement of Statutory Reserve**

(As per Section 29C of the National Housing Bank Act, 1987)

(Rs. in Lakhs)

Particulars	31 March 2023	31 March 2022
<b>Balance at the beginning of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	210.00	185.00
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	31,124.93	28,619.93
<b>Total</b>	<b>31,334.93</b>	<b>28,804.93</b>
<b>Addition/Appropriation/Withdrawal during the year</b>		
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	450.00	2,505.00
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	-	-
<b>Balance at the end of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	235.00	210.00
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	31,574.93	31,124.93
<b>Total</b>	<b>31,809.93</b>	<b>31,334.93</b>

XI As required under Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No. 102/03.10.001/2019-20 dated 4 November 2019 and Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 dated 17 February 2021

Public disclosure on liquidity risk

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

Sr. No.	Type of instrument	Number of Significant Counter parties	Amount (Rs. In Lakhs)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	20	5,90,118.05	NA	81.55%

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

Sr. No.	Description	Amount (Rs. in Lakhs)	% of Total Deposits
1	NA	Nil	Nil

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

(Rs. in Lakhs)

Sr. No.	Description	Amount (Rs. in Lakhs)	% of Total Borrowings
1	Total for top 10 borrowings	4,55,067.86	66.73%

Funding concentration based on significant instrument/product

(Rs. in Lakhs)

Sr. No.	Name of the instrument /product	Amount (Rs. in Lakhs)	% of Total Liabilities
1	Bank borrowings	2,87,993.05	39.80%
2	Non-convertible debentures	3,17,510.00	43.88%
3	Inter corporate deposits	31,175.00	4.31%
4	Sub debt	46,200.00	6.38%
		6,82,878.05	94.37%
	Funding concentration pertaining to insignificant instruments/products	-	0.00%
	<b>Total borrowings under all instruments/products</b>	<b>6,82,878.05</b>	<b>94.37%</b>

## Notes to the Financial Statements for the year ended 31 March 2023

### Stock Ratios:

(Rs. in Lakhs)					
Sr. No.	Name of instrument/product	Amount (Rs. in Lakhs)	% of Total Public funds	% of Total Liabilities	% of Total deposits
1	Commercial papers (CPs)	Nil	Nil	Nil	Nil
2	NCDs with original maturity of less than one year	Nil	Nil	Nil	Nil
3	Other short-term liabilities	14,050.00	2.06%	1.94%	Nil

### Institutional set-up for liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors, which has established Asset and Liability Management Committee (ALCO), Asset and Liability Management Committee (ALMCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The ALCO and ALMCO meets regularly to review the liquidity position based on future cash flows. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company also maintains adequate liquid assets, banking facilities and reserve borrowing facilities to hedge against unexpected requirements.

In order to achieve above, the Company also has an Investment Policy to ensure that safety, liquidity and return on the surplus funds are given appropriate weightages and are placed in that order of priority. Investments are as per the operational parameters and framework within the limits as may be set by the Board for investment. The

Board approves revising the limit as and when required. The policy is also reviewed periodically in the background of developments in the money markets and the on the external factors proactively to reduce the risk in the investments. A well-defined front and back office mechanism is in place to ensure a system of checks and balances.

### Definition of terms as used in the table above:

#### a) Significant counterparty

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

#### b) Significant instrument/product:

A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

#### c) Total liabilities:

Total liabilities include all external liabilities (other than equity).

#### d) Public funds:

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.

It includes total borrowings outstanding under all types of instruments/products.

#### e) Other short-term liabilities:

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

## XII Liquidity Coverage Ratio (LCR)

S. No.	Particulars	Quarter ended 31 March 2023		Quarter ended 31 December 2022##		Quarter ended 30 September 2022##		Quarter ended 30 June 2022##	
		Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#	Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#	Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#	Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#
<b>High Quality Liquid Assets</b>									
1	Total High Quality Liquid Assets (HQLA)	<b>10,020.76</b>	<b>10,020.76</b>	8,025.94	8,025.94	8,028.82	8,028.82	8,025.37	8,025.37
<b>Cash Outflows</b>									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	<b>7,314.41</b>	<b>8,411.57</b>	3,279.08	3,770.94	8,064.84	9,274.56	5,586.55	6,424.53
4	Secured wholesale funding	<b>10,035.16</b>	<b>11,540.44</b>	5,972.16	6,867.98	16,482.03	18,954.34	19,926.03	22,914.94
5	Additional requirements, of which								
	<i>Outflows related to derivative exposures and other collateral requirements</i>	-	-	-	-	-	-	-	-
	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-	-	-	-	-
	<i>Credit and liquidity facilities</i>	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	<b>9,534.55</b>	<b>10,964.74</b>	12,482.79	14,355.21	14,100.05	16,215.06	14,978.29	17,225.03
7	Other contingent funding obligations	<b>28,219.87</b>	<b>32,452.85</b>	28,672.65	32,973.54	28,120.73	32,338.84	28,930.39	33,269.95
<b>8</b>	<b>TOTAL CASH OUTFLOWS</b>	<b>55,103.99</b>	<b>63,369.60</b>	50,406.68	57,967.67	66,767.65	76,782.80	69,421.26	79,834.45

**Notes to the Financial Statements for the year ended 31 March 2023**

S. No.	Particulars	Quarter ended 31 March 2023		Quarter ended 31 December 2022##		Quarter ended 30 September 2022##		Quarter ended 30 June 2022##	
		Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted
<b>Cash Inflows</b>									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures (Secured)	24,064.20	18,048.15	22,394.27	16,795.70	23,167.39	17,375.54	22,576.92	16,932.69
11	Other cash inflows	1,50,927.97	1,13,195.98	1,08,700.00	81,525.00	1,04,145.27	78,108.95	1,44,840.54	1,08,630.41
12	<b>TOTAL CASH INFLOWS</b>	<b>1,74,992.17</b>	<b>1,31,244.13</b>	<b>1,31,094.27</b>	<b>98,320.70</b>	<b>1,27,312.66</b>	<b>95,484.49</b>	<b>1,67,417.46</b>	<b>1,25,563.10</b>
13	<b>TOTAL HQLA</b>		<b>10,020.76</b>		<b>8,025.94</b>		<b>8,028.82</b>		<b>8,025.37</b>
14	<b>TOTAL NET CASH OUTFLOWS</b>		<b>15,842.40</b>		<b>14,491.92</b>		<b>19,195.70</b>		<b>19,958.61</b>
15	<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>63%</b>		<b>55%</b>		<b>42%</b>		<b>40%</b>

Notes:

- Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in debt mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines in order to meet the LCR requirement.
- Components of High Quality Liquid Assets (HQLA)

Particulars	Quarter ended 31 March 2023		Quarter ended 31 December 2022##		Quarter ended 30 September 2022##		Quarter ended 30 June 2022##	
	Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted
	Value (Average)*	Value (Average)#	Value (Average)*	Value (Average)#	Value (Average)*	Value (Average)#	Value (Average)*	Value (Average)#
Assets to be included as HQLA:								
- Government Securities	9,991.37	9,991.37	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00
- Cash Balance	30.48	30.48	25.99	25.99	28.82	28.82	25.37	25.37
Total	<b>10,021.85</b>	<b>10,021.85</b>	<b>8,025.99</b>	<b>8,025.99</b>	<b>8,028.82</b>	<b>8,028.82</b>	<b>8,025.37</b>	<b>8,025.37</b>

\* Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

# Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

## The figures pertaining to 31 December, 2022, 30 September, 2022 &amp; 30 June, 2022 are unaudited and are as represented by the management, which have been relied upon by auditors.

**Qualitative information:**

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days

HQLAs comprise of Cash (including cash on hand and demand deposits with Scheduled Commercial Banks), Investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Committee of the Board (ALCO) and Asset Liability Management Committee (ALMCO) oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the regulatory norms.

The average LCR is computed as simple averages of daily observations over the previous quarter. The Company has implemented the LCR framework and has maintained LCR well above the regulatory threshold. The average LCR for the quarter ended 31 March 2023 was 63% and for the quarter ended 31 December 2022 is 55% which is above the regulatory requirement of 50% and for the quarter ended 30 September 2022 average LCR was stood at 42%, For the quarter ended 30 June 2022 average LCR was stood at 40%, which is above the regulatory requirement of 30%.

**Notes to the Financial Statements for the year ended 31 March 2023**
**XIII Schedule to the Balance Sheet of the Company**

In compliance with Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Direction, 2021

		(Rs. in Lakhs)	
Particulars		Amount	Amount
Liabilities side		outstanding	overdue
(1)	<b>Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:</b>		
(a)	Debentures : Secured	1,57,707.26	-
	: Unsecured	1,73,870.08	-
	(other than falling within the meaning of public deposits*)		
(b)	Deferred credits		
(c)	Term loans	2,88,377.79	-
(d)	Inter-corporate loans and borrowing	32,190.34	-
(e)	Commercial paper	-	-
(f)	Public deposits*	-	-
(g)	Other loans (Subordinate debt)	48,299.70	-
(2)	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
(a)	In the form of Unsecured debentures	-	-
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c)	Other public deposits	-	-
		<b>Amount outstanding (net of provisions)</b>	
<b>Assets side</b>			
(3)	<b>Break-up of loans and advances including bills receivables [other than those included in (4) below]:</b>		
(a)	Secured	6,84,427.25	
(b)	Unsecured	97.30	
(4)	<b>Break up of leased assets and stock on hire and other assets counting towards asset financing activities</b>		
(i)	Lease assets including lease rentals under sundry debtors		
(a)	Financial lease	NA	
(b)	Operating lease	NA	
(ii)	Stock on hire including hire charges under sundry debtors		
(a)	Assets on hire	NA	
(b)	Repossessed assets	NA	
(iii)	Other loans counting towards asset financing activities		
(a)	Loans where assets have been repossessed	NA	
(b)	Loans other than (a) above	NA	
(5)	<b>Break-up of Investments</b>		
	<b>Current investments</b>		
1	<b>Quoted</b>		
(i)	Shares		
	(a) Equity	-	-

(Rs. in Lakhs)

Particulars		Amount	Amount
Liabilities side		outstanding	overdue
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	22,088.07	-
	(iv) Government securities	12,006.99	-
	(v) Others	-	-
2	<b>Unquoted</b>		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
	<b>Long term investments</b>		
1	<b>Quoted</b>		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (please specify)	-	-
2	<b>Unquoted</b>		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (please specify)	-	-

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

(Rs. in Lakhs)

		Amount net of provisions		
Category		Secured	Unsecured	Total
1	<b>Related Parties **</b>			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	<b>Other than related parties</b>	6,84,427.25	97.30	6,84,524.55

**Notes to the Financial Statements for the year ended 31 March 2023**

**(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : (Please see Note 3 below)**

(Rs. in Lakhs)

Category	Market Value/Break up or fair value or NAV		Book Value (Net of Provisions)
	1	2	
<b>1</b>	<b>Related Parties **</b>		
	(a)	Subsidiaries	-
	(b)	Companies in the same group	-
	(c)	Other related parties	-
<b>2</b>	<b>Other than related parties</b>		<b>34,095.06</b>
			<b>34,095.06</b>

**(8) Other information**

(Rs. in Lakhs)

Particulars	Amount
(i) Gross non-performing assets	
(a) Related parties	-
(b) Other than related parties	75,306.73
(ii) Net non-performing assets	
(a) Related parties	-
(b) Other than related parties	54,522.08
(iii) Assets acquired in satisfaction of debt	-

\* As defined in Paragraph 4.1.30 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

\*\* All notified Accounting Standards are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

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

**XV Principal Business Criteria for HFCs**

Housing finance Company" shall mean a Company incorporated under the Companies Act, 2013 that fulfils the following conditions:

- a) It is an NBFC whose financial assets, in the business of providing finance for housing, constitute at least 60% of its total assets (netted off by intangible assets).
- b) Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing financing for individuals. RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22,2020 defined the principal business criteria for HFCs. The Company meets the aforesaid principal business criteria for HFCs.

Particulars	31 March 2023	31 March 2022
Total Assets	8,71,776.51	8,51,359.95
Less: Intangible assets	(11,052.37)	(11,823.46)
Net total Assets	8,60,724.14	8,39,536.49
Housing Finance	6,40,538.80	6,72,431.97
Individual Housing Finance	6,40,538.80	6,72,431.97

Particulars	31 March 2023	31 March 2022
Percentage of housing finance to total assets (netted off intangible assets)	74.42%	80.10%
Percentage of individual housing finance to total assets (netted off intangible assets)	74.42%	80.10%

**XVI As per the disclosure prescribed under RBI Notification RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 - Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions 2021 dated 24 September 2021, details of loans acquired through assignment, in respect of loans not in default for the year ended 31 March 2023:**

**Particulars**

Count of loan accounts acquired	700.00
Amount of loan accounts acquired (Rs. in lakhs)	6,253.05
Retention of beneficial economic interest (MRR) (Rs. in lakhs)	694.78
Weighted average maturity (Residual Maturity) (Months)	233.97
Weighted average holding period (Months)	14.44
Coverage tangible security coverage (LTV)	51%
Rating-wise distribution of rated loans	Unrated

**XVII Disclosure on loans and advances, etc., if any, taken by the Directors and SMPs from the Company under scale-based Regulations issued by the Reserve Bank of India**

Pursuant to the circular no. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated 22 October 2021 on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued by the Reserve Bank of India (the RBI) read with Circular no. RBI/2022-23/29 DOR.CRE.REC.No.25/03.10.001/2022-23 dated 19 April 2022 on 'Loans and Advances – Regulatory Restrictions – NBFCs' issued by the RBI, the details of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding are as under:

Accordingly, refer below details for loans and advances granted to Directors and Senior Officers, their relatives -

Particulars	31 March 2023		31 March 2022	
	Transaction during the year	Outstanding balance at year end	Transaction during the year	Outstanding balance at year end
Directors and their relatives	-	-	-	-
Entities associated with directors and their relatives	-	-	-	-
Senior Officers and their relatives*	0.70	-	7.26	4.75

\* The transactions undertaken were prior to the 1 October 2022, i.e. applicability of the said regulations.

**51 Balance Sheet disclosures as required under scale based regulations**

**A Exposure**

**1) Exposure to real estate sector**

Category		(Rs. In Lakhs)	
		31 March 2023	31 March 2022
i)	Direct exposure		
a)	Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	7,19,685.32	7,60,212.46

Notes to the Financial Statements for the year ended 31 March 2023

		(Rs. In Lakhs)	
Category		31 March 2023	31 March 2022
	b) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily 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.	208.64	Nil
	c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a) Residential	Nil	Nil
	b) Commercial Real Estate	Nil	Nil
	ii) Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil
<b>Total Exposure to Real Estate Sector</b>		<b>7,19,893.96</b>	7,60,212.46

2) Exposure to capital market

Particulars	31 March 2022	31 March 2021
(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	Not Applicable	Not Applicable
(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	Not Applicable	Not Applicable

3) Sectoral exposure

Sectors	31 March 2023			31 March 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector*	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector*
1. Agriculture and Allied Activities	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
2. Industry						
3. Services						
4. Personal Loans						
i. Housing Loans	7,19,555.22	72,581.30	10.09%	7,70,365.63	82,722.59	10.74%
ii. Non Housing Loan	48,152.56	2,725.43	5.66%	33,279.07	3,380.15	10.16%
<b>Total of Personal Loans</b>	<b>7,67,707.78</b>	<b>75,306.73</b>	<b>9.81%</b>	<b>8,03,644.70</b>	<b>86,102.74</b>	<b>10.71%</b>

\* Percentage of Gross NPAs to total exposure is arrived after considering on-balance sheet and off-balance sheet exposures in total exposure.

Particulars	31 March 2022	31 March 2021
(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	Not Applicable	Not Applicable
(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	Not Applicable	Not Applicable
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	Not Applicable	Not Applicable
(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	Not Applicable	Not Applicable
(vii) Bridge loans to companies against expected equity flows/issues	Not Applicable	Not Applicable
viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Not Applicable	Not Applicable
ix) Financing to stockbrokers for margin trading	Not Applicable	Not Applicable
x) All exposures to Alternative Investment Funds:	Not Applicable	Not Applicable
(i) Category I	Not Applicable	Not Applicable
(ii) Category II	Not Applicable	Not Applicable
(iii) Category III	Not Applicable	Not Applicable
<b>Total exposure to capital market</b>	<b>Not Applicable</b>	<b>Not Applicable</b>

**Notes to the Financial Statements for the year ended 31 March 2023**

**4) Intra-group exposures**

There is no Intra-group exposure for the current year along with comparatives for the previous year

**5) Unhedged foreign currency exposure**

There is no unhedged foreign currency exposure during the current year.

**B Related Party Disclosure**

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Fellow Subsidiaries		Total	
	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
Borrowings	-	-	-	-	4,700.00	4,700.00	-	-	-	-	-	-	31,175.00	34,700.00	35,875.00	39,400.00
Maximum outstanding of Borrowings during the year	-	5,000.00	-	-	4,700.00	5,700.00	-	-	-	-	-	-	34,700.00	58,540.00	39,400.00	69,240.00
Interest accrued but not due on ICD / Debentures	-	-	-	-	156.15	156.88	-	-	-	-	-	-	1,015.34	1,294.65	1,171.49	1,451.53
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	377.25	142.34	-	-	-	-	-	-	-	-	-	-	14.28	4.46	391.53	146.80
Sale of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	130.99	-	-	409.80	783.31	-	-	-	-	-	-	2,178.38	3,724.14	2,588.18	4,638.44
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others :																
- ESOP Expenses	21.92	25.33	-	-	-	-	-	-	-	-	-	-	-	-	21.92	25.33
- Remuneration\ Sitting fees \ Commission	-	-	-	-	-	-	470.40	449.25	-	-	-	-	-	-	470.40	449.25
- Other Expenses	621.37	573.02	-	-	2.41	-	-	-	-	-	113.87	-	1,158.05	1,002.35	1,895.70	1,575.37
- Capital Advance	9.58	42.85	-	-	-	-	-	-	-	-	-	-	-	-	9.58	42.85
- Inter corporate deposits taken	-	-	-	-	-	-	-	-	-	-	-	-	13,050.00	12,225.00	13,050.00	12,225.00
- Inter corporate deposits repaid / matured	-	5,000.00	-	-	-	1,000.00	-	-	-	-	-	-	6,575.00	35,265.00	16,575.00	41,265.00
- Subordinate debt repaid	-	-	-	-	-	15,000.00	-	-	-	-	-	-	-	-	-	15,000.00
- Payables	17.00	168.20	-	-	-	-	22.28	22.28	-	-	-	-	67.37	93.98	106.65	284.46

**C Disclosure of complaints**

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

SN	Particulars	31 March 2023	31 March 2022
	<b>Complaints received by the NBFC from its customers</b>		
1	Number of complaints pending at beginning of the year	53	71
2	Number of complaints received during the year	2,478	3,354
3	Number of complaints disposed during the year	2,444	3,372
3.1	Of which, number of complaints rejected by the NBFC	2	-
4	Number of complaints pending at the end of the year	87	53
	<b>Maintainable complaints received by the NBFC from Office of Ombudsman</b>		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	NA	NA
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	NA	NA
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	NA	NA
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	NA	NA
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	NA	NA

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

## Notes to the Financial Statements for the year ended 31 March 2023

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

31 March 2023

SN	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year ending 31 March 2023	% increase/ decrease in the number of complaints received over the previous year ended 31 March 2022	Number of complaints pending at the end of the year	Of 5, the number of complaints pending beyond 30 days
1	NOC Not Received	13	820	(16%)	27	–
2	Mortgage Release Documents Not Received	12	507	123%	25	–
3	CIBIL Related	14	234	(16%)	13	–
4	Insurance Refund Not Received	0	154	130%	7	–
5	Original Documents Not Received	0	121	81%	4	–
6	Others	14	642	(63%)	11	–
	<b>Total</b>	<b>53</b>	<b>2478</b>	<b>(26%)</b>	<b>87</b>	<b>–</b>

31 March 2022

SN	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year ending 31 March 2022	% increase/ decrease in the number of complaints received over the previous year ended 31 March 2021	Number of complaints pending at the end of the year	Of 5, the number of complaints pending beyond 30 days
1	NOC Not Received	18	982	31%	13	–
2	PMAY Subsidy Related	6	425	383%	0	–
3	Second Cheque Not Received	7	308	(43%)	2	–
4	CIBIL Related	2	279	350%	14	–
5	Mortgage Release Documents Not Received	14	227	97%	12	–
6	Others	24	1133	(36%)	12	–
	<b>Total</b>	<b>71</b>	<b>3354</b>	<b>1%</b>	<b>53</b>	<b>–</b>

#### Section II

##### A Breach of covenant

During the current year, there is no instance of breach of covenant of loan availed or debt securities issued.

##### B Divergence in Asset Classification and Provisioning

No divergence in asset classification and provisioning was assessed by the RBI/NHB.

##### 52 Events after reporting date

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

##### 53 Previous year figures have been regrouped/ reclassified wherever necessary, to conform to current year classification.

#### Signatures to Notes 1 to 53

As per our report of even date attached.

For **Gokhale & Sathe**

Chartered Accountants  
Firm's Registration No: 103264W

**Rahul Joglekar**  
Partner  
Membership No: 129389

Mumbai  
19 April 2023

**Ramesh Iyer**  
Director  
[DIN: 00220759]

**Dharmesh Vakharia**  
Chief Financial Officer

Mumbai  
19 April 2023

**Jyotin Mehta**  
Director  
[DIN: 00033518]

**Navin Joshi**  
Company Secretary  
[ACS 9049]

For and on behalf of the Board of Directors  
**Mahindra Rural Housing Finance Limited**  
CIN: U65922MH2007PLC169791

**Shantanu Rege**  
Managing Director  
[DIN: 06661312]