

MAHINDRA RURAL HOUSING
FINANCE LIMITED

ANNUAL REPORT

2023-24

Corporate Information

Directors

Mr. Ramesh Iyer – Chairman*
Mr. Jyotin Mehta
Dr. Narendra Mairpady
Ms. Smita Mankad
Mr. Vivek Karve
Mr. Shantanu Rege – Managing Director & CEO
(*ceased to the Director w.e.f. the close of business hours on 29th April 2024)

Chief Financial Officer

Mr. Dinesh Prajapati

Company Secretary

Mr. Navin Joshi

Registered Office

Mahindra Towers,
P. K. Kurne Chowk,
Worli, Mumbai – 400 018.
Tel.: +91 22 6652 3500
E-mail: investorhelpline.mrhfl@mahindra.com

Website: www.mahindrahomedefinance.com

CIN: U65922MH2007PLC169791

Committees of the Board

1. Audit Committee

Mr. Jyotin Mehta (Chairman)
Dr. Narendra Mairpady
Ms. Smita Mankad
Mr. Vivek Karve

2. Stakeholders Relationship Committee

Dr. Narendra Mairpady
Mr. Vivek Karve
Mr. Shantanu Rege

3. Nomination and Remuneration Committee

Mr. Jyotin Mehta
Ms. Smita Mankad
Mr. Vivek Karve

4. Asset Liability Committee

Mr. Shantanu Rege (Chairman)
Mr. Vivek Karve
Mr. Dinesh Prajapati
Mr. Pankaj Verma
Mr. Prashant Gadkari

5. Corporate Social Responsibility Committee

Ms. Smita Mankad
Mr. Vivek Karve
Mr. Shantanu Rege

6. Risk Management Committee

Mr. Jyotin Mehta (Chairman)
Dr. Narendra Mairpady
Ms. Smita Mankad
Mr. Vivek Karve
Mr. Shantanu Rege

7. IT Strategy Committee

Mr. Jyotin Mehta (Chairman)
Mr. Vivek Karve
Mr. Shantanu Rege
Mr. Dinesh Prajapati (Chief Financial Officer)
Mr. Sourabha Kolhapure (Chief Technology Officer)

Auditors

Gokhale & Sathe, Chartered Accountants
[ICAI Firm Registration Number: 10326W]
304/308/309, Udyog Mandir No. 1, 7-c, Bhagoji Keer Marg, Mahim, Mumbai – 400 016.

Debenture Trustee

Axis Trustee Services Limited
The Ruby, 2nd 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

Registrar and 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
Website : www.kfintech.com
Tel. No.: +91 040 6716 2222
Toll Free No.: 1800-345-4001
Fax No. : +91 040 2300 1153

Bankers

Axis Bank Ltd.
Bank of Baroda
Canara Bank
Deutsche Bank AG
HDFC Bank Ltd.
ICICI Bank Ltd.
Indian Bank
Mizuho Bank Limited
State Bank of India
The Hongkong and Shanghai Banking Corporation Limited

NOTICE

The **SEVENTEENTH ANNUAL GENERAL MEETING OF MAHINDRA RURAL HOUSING FINANCE LIMITED** will be held at **4.30 p.m. on Wednesday, the 17th day of July 2024** at the 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 31st March 2024, including the audited Balance Sheet as at 31st March 2024, 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 31st March 2024 including the audited Balance Sheet as at 31st March 2024, 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 and are hereby considered and adopted.”

- 2) **Re-appointment of Mr. Vivek Karve (DIN: 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 (DIN: 06840707), who retires by rotation, and being eligible offers himself for re-appointment, be re-appointed as a Director of the Company.”

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

“RESOLVED THAT pursuant to the provisions of sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with applicable rules made thereunder and in accordance with circular no. RBI/2021-22/25 - Ref.No.DoS.CO.ARG/ SEC.01/0891.001/2021-22 dated April, 27, 2021 issued by the Reserve Bank of India (“RBI Guidelines”), including any statutory amendment(s), modification(s) thereto or re-enactment(s) thereof, for the time being in force and Company’s Policy on Appointment of Statutory Auditors, and pursuant to the recommendation of the Audit Committee and the Board of Directors of the Company, M/s. G. M. Kapadia & Co., Chartered Accountants (ICAI Firm Registration No. 104767W) who have confirmed their eligibility for the appointment as Statutory Auditors in terms of Section 141 of the Act and other applicable rules and the RBI Guidelines, be and are hereby appointed as the Statutory Auditors of the Company, in place of M/s. Gokhale & Sathe, Chartered Accountants (ICAI Firm Registration No. 103264W) whose tenure as the Statutory Auditors of the Company ends at this Annual General Meeting, to hold office for a period of 3 (three) consecutive years from the conclusion of this (i.e. 17th) Annual General Meeting till the conclusion of the 20th Annual General Meeting to be held in year 2027, on such remuneration, including out-of-pocket expenses, as may be decided by the Board of Directors of the Company with the said incoming Statutory Auditors.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise with regard to implementation of the aforesaid resolution but not limited to negotiating, finalizing, amending, signing (including digitally signing), delivering, executing, the terms of appointment including any contracts or documents in this regard, without being required to seek any further consent or approval of the Members of the Company.”

SPECIAL BUSINESS:

4) Appointment of Mr. Amarjyoti Barua (DIN: 09202472) as a Non-Executive, Non-Independent Director of the Company.

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

“RESOLVED THAT pursuant to the provisions of section 152, 161 and all other applicable provisions of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 and such other laws as may be applicable, (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and pursuant to the Articles of Association of the Company, and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. Amarjyoti Barua (DIN: 09202472), who was appointed by the Board of Directors as an additional director of the Company with effect from 1st June 2024 and in respect of whom the Company has received a Notice in writing from a Member under section 160 of the Act proposing his candidature for the office of Director of the Company, is hereby appointed as a Non-Executive, Non-Independent Director of the Company, with effect from 17th July 2024, and he shall be liable to retire by rotation;

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do and execute all acts, deeds, matters, documents and things and take all such steps as it may deem necessary, expedient or proper, to give effect to this resolution.”

5) Approval for Related Party Transactions with Mahindra & Mahindra Limited.

To consider and, if thought fit, to pass, with or without modification(s), following Resolution 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 Companies Act, 2013 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. 60,735.00 Lakhs for a period commencing from the date of this approval till the 18th Annual General Meeting of the Company to

be held in the year 2025, 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."

6) Approval for Related Party Transactions with Mahindra & Mahindra Financial Services Limited.

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 Companies Act, 2013 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. 99,480.00 Lakhs for a period commencing from the date of this approval till the 18th Annual General Meeting of the Company to be held in the year 2025, 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.

RESOLVED FURTHER 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."

7) Approval for Related Party Transactions with Tech Mahindra Limited.

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 Companies Act, 2013 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 18th Annual General Meeting of the Company to be held in the year 2025, 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.

RESOLVED FURTHER 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 with Mahindra Holiday & Resorts (I) Limited.

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 Companies Act, 2013 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 18th Annual General Meeting of the Company to be held in the year 2025, 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.

RESOLVED FURTHER 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."

9) Approval for Related Party Transactions with Mahindra Insurance Brokers Limited.

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 Companies Act, 2013 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. 45,100.00 Lakhs for a period commencing from the date of this approval till the 18th Annual General Meeting of the Company to be held in the year 2025, 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.

RESOLVED FURTHER 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."

10) Approval for Related Party Transactions with Mahindra Electric Automobile Limited.

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 Electric Automobile Limited**, a related party within the meaning of Section 2(76) of the Companies Act, 2013 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. 20,000.00 Lakhs for a period commencing from the date of this approval till the 18th Annual General Meeting of the Company to be held in the year 2025, 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.

RESOLVED FURTHER 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.”

11) Approval for Related Party Transactions with Mahindra Last Mile Mobility Limited.

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 Last Mile Mobility Limited**, a related party within the meaning of Section 2(76) of the Companies Act, 2013 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. 20,000.00 Lakhs for a period commencing

from the date of this approval till the 18th Annual General Meeting of the Company to be held in the year 2025, 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.

RESOLVED FURTHER 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 ("the Act"), setting out the material facts relating to the business stated under Item Nos. 3 to 11 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 16th 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)'.

(6) Transfer to Investor Education and Protection Fund:

Pursuant to sections 124 and 125 of the Act, 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 7th 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.

There are no dividends / shares and other unclaimed / unpaid monies to be transferred to IEPF.

- (7) 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.
- (8) 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.
- (9) Members may also note that the Notice of the 17th Annual General Meeting and the Annual Report for the Financial Year 2023-24 will also be available on the Company’s website: www.mahindrahomedefinance.com.
- (10) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or arrangements in which Directors are interested maintained under Section 189 of the Act and the relevant documents referred to in this AGM notice, explanatory statement and additional information, will be available for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e., Wednesday, 17th July 2024, at the Corporate Office of the Company i.e. at Unit

no. 203, Amity Building, Piramal Agastya Corporate Park, Opp. Fire Brigade Station, Kamani Junction, LBS Main Road, Kurla (West), Mumbai - 400 070, on all days except Saturdays, Sundays and public holidays.

- (11) Members seeking to inspect such documents can send an E-mail to Company's investor E-mail ID: investorhelpline_
- (12) **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
- (13) 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
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
Website: www.mahindrahomefinance.com

Place: Mumbai

Date: 24th June 2024

Details of Directors seeking appointment / re-appointment

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

Name of the Director	Mr. Vivek Karve	Mr. Amarjyoti Barua
Category	Non-Executive Non- Independent	Non-Executive Non- Independent
Director Identification No.	06840707	09202472
Age	53 years	46 years
Qualifications	Chartered Accountants, Grad CWA.	MBA, Faculty of Management Studies, India BA Economics (Honors), Hindu College, Delhi University, India
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 with corporates like P&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 successfully led various functions like Business Finance & Commercial, Treasury and Insurance, Investor Relations, Internal Audit and Governance, Risk & Compliance (GRC), Accounting & Payroll, Taxation and M&A.</p> <p>Mr. Vivek Karve has served as a member of FICCI's Corporate Finance Committee.</p> <p>He is currently Chief Financial Officer of Mahindra & Mahindra Financial Services Limited, holding company.</p>	<p>Prior to joining Mahindra & Mahindra Limited, Mr. Amarjyoti Barua was the Finance Leader for Oilfield Services & Equipment (OFSE) segment of Baker Hughes. He has been with Mahindra & Mahindra Limited since 2017 and is currently the Group CFO at Mahindras.</p> <p>As the finance leader for OFSE, Mr. Amar was responsible for partnering with operations to deliver growth & profitability at the \$14B, 35000+ employee segment of Baker Hughes.</p> <p>Prior to Baker Hughes, Mr. Amarjyoti Barua held multiple roles at General Electric Co. (GE) over the course of 18 years. Mr. Amarjyoti Barua was the Chief Financial Officer (CFO) for GE's Power Conversion business. He was also the CFO for GE Mining, Financial Planning & Analysis Leader for GE in India and Executive Audit Manager at GE's Corporate Audit Staff.</p>

Name of the Director	Mr. Vivek Karve	Mr. Amarjyoti Barua
	<p>Recognition or awards:</p> <p>Best CFO award announced by Financial Express in 2018 in Large Enterprises category.</p> <p>2nd Best CFO Award announced by Institutional Investor Magazine in 2017.</p>	<p>In his early years with GE, Mr. Amarjyoti Barua completed the Financial Management Program and served as the finance manager for GE Aircraft Engines in India, before joining the Corporate Audit Staff.</p> <p>Recognition or awards:</p> <ul style="list-style-type: none"> • GE Board Simplification Award 2016 • Exceptional Performance Awards for 2017, 2015, 2014, 2013 and 2010 • GE India Presidents Award 2011 • GE Chairman’s Award 2006 • GE Aviation CIO Award 2003
Terms and conditions of appointment or re-appointment	Non-Executive Non-Independent Director liable to retire by rotation.	Non-Executive Non-Independent Director liable to retire by rotation.
Details of remuneration sought to be paid and remuneration last drawn	N.A.	N.A.
Details of remuneration last drawn	N.A.	N.A.
Date of first appointment on the Board	17 th July 2021	1 st June 2024 (as an Additional Director)
Shareholding in the Company	Nil	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.	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.

Name of the Director	Mr. Vivek Karve				Mr. Amarjyoti Barua			
Number of meetings of the Board attended during the Financial Year 2023-24	6 (Out of 6 Board meetings held)				NA			
Other Directorships (Excluding Mahindra Rural Housing Finance Limited)	Sr. No.	Company	Directorship		Sr. No.	Company	Directorship	
	1.	Mahindra Insurance Brokers Limited	Director		1.	Mahindra and Mahindra Financial Services Limited	Director	
	2.	Mahindra Finance CSR Foundation	Director		2.	Mahindra Holdings Limited	Director	
	3.	Mahindra Ideal Finance Limited (Sri Lanka)	Director		3.	Mahindra Susten Private Limited	Director	
	4.	Process Intelligence and Dynamics Private Limited	Director		4.	Mahindra & Mahindra Limited	Chief Financial Officer	
				5.	Tech Mahindra Limited	Director		
				6.	New Democratic Electoral Trust	Director		
				7.	Classic Legends Private Limited	Director		
				8.	US-India Partnership Strategic Forum (USISPF)	Director		
Membership / Chairmanship of Committees of other Boards (Excluding Mahindra Rural Housing Finance Limited)	Sr. No.	Name of the Company	Name of the Committee	Position held (Chairman/Member)	Sr. No.	Company	Committee	Position held
	1.	Mahindra Rural Housing Finance Limited	Audit Committee	Member	1.	Mahindra and Mahindra Financial Services Limited	Audit Committee	Member
			Stakeholders' Relationship Committee	Member			IT Strategy Committee	Member
			Risk Management Committee	Member			Digital & AI Committee	Member
			Corporate Social Responsibility Committee	Member	2.	Tech Mahindra Limited	Audit Committee	Member
			IT Strategy Committee	Member			Stakeholders' Relationship Committee	Member
			Asset Liability Committee (ALCO)	Member			Risk Management Committee	Member
			Loans & Investment Committee	Member			Corporate Social Responsibility Committee	Member
	2.	Mahindra Insurance Brokers Limited	Audit Committee	Member	Investment Committee	Member		
			Nomination and Remuneration Committee	Member	Group Governance Council	Member		

Name of the Director	Mr. Vivek Karve	Mr. Amarjyoti Barua								
	<table border="1"> <tr> <td></td> <td></td> <td>Corporate Social Responsibility Committee</td> <td>Member</td> </tr> </table>			Corporate Social Responsibility Committee	Member	<table border="1"> <tr> <td>3.</td> <td>Classic Legends Private Limited</td> <td>Audit Committee</td> <td>Chairman and Member</td> </tr> </table>	3.	Classic Legends Private Limited	Audit Committee	Chairman and Member
		Corporate Social Responsibility Committee	Member							
3.	Classic Legends Private Limited	Audit Committee	Chairman and Member							
Justification for choosing the appointee as Independent Director	N.A.	N.A.								
Listed entities from which resigned in past three years	None	None								

Statement pursuant to Section 102(1) of the Act.

ITEM NO. 3

Approval for change in the Statutory Auditors.

The Reserve Bank of India (the RBI) vide its Circular no. RBI/2021-22/25 - Ref.No.DoS.CO.ARG/ SEC.01/0891.001/2021-22 dated April, 27, 2021 ("RBI Guidelines") issued guidelines for appointment of statutory auditors for certain categories of Commercial Banks, Primary (Urban) Co-operative Banks, Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs). The Circular stipulates various requirements relating to appointment/re-appointment of auditors, including in respect of tenure of auditors, mandatory rotation and cool off periods etc.

In compliance of the said RBI Guidelines, the tenure of the current Statutory Auditors Gokhale & Sathe, Chartered Accountants (ICAI Firm Registration No. 103264W) ends at the conclusion of this (i.e. 17th Annual General Meeting). Considering this it is necessary to appoint new Statutory Auditors in place of the current Statutory Auditors.

The Audit Committee at its Meeting held on 19th April 2024 and, upon the recommendation of the Audit Committee, the Board of Directors at its Meeting held on that day have approved and recommended for the approval of shareholders appointment of M/s. G. M. Kapadia & Co., Chartered Accountants (ICAI Firm Registration No. 104767W) , hereinafter referred to as "incoming Statutory Auditors", as Statutory Auditors of the Company for a period commencing from the conclusion of this (i.e. 17th) Annual General Meeting till the conclusion of the 20th Annual General Meeting (i.e. the AGM for the year 2027), *inter-alia* for the audit of the books of accounts of the Company for the financial years ended 31st March 2025, 31st March 2026 and 31st March 2027 and also limited review of accounts for the quarter ended 30th June 2027.

As mentioned hereinbefore the Audit Committee and the Board of Directors have recommended to the shareholders the appointment of the incoming Statutory Auditors, as proposed.

The profile of the incoming Statutory Auditors, the proposed scope and terms & conditions of their appointment and, declarations and confirmations received from them will be available for inspection of the Members of the Company in the manner and during the period as elaborated at note no. 10 of notes to this Notice.

None of the Directors, Key Managerial Personnel or their respective relatives are, in any way, financially or otherwise, concerned or interested in passing the Resolution at item no. 3 of this notice.

ITEM NO. 4

Appointment of Mr. Amarjyoti Barua (DIN: 09202472) as a Non-Executive, Non-Independent Director of the Company.

Based on the recommendation of the Nomination and Remuneration Committee (“NRC”), the Board of Directors, at its meeting held on 19th January 2024, granted in-principle approval for appointment of Mr. Amarjyoti Barua (DIN: 09202472) as a Non-Executive Non-Independent Director of the Company noting that final approval shall be granted upon the receipt of approval / permission by the Reserve Bank of India (the RBI) in this regard.

Thereupon, in terms of Para 45(3) of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated 17th February 2021, an application was made to the RBI for approval in this regard.

The RBI, vide its letter no. OR.HGG.No.S.1097/18-02-047/2024-2025 dated 17th May 2024, granted approval for appointment of Mr. Barua as Director of the Company.

In view of the above, the Board of Directors vide its circular resolution dated 31st May 2024 approved the appointment Mr. Amarjyoti Barua as an Additional Director (Non-Executive Non-Independent, liable to retire by rotation) of the Company, with effect from 1st June 2024, to hold office till the forthcoming Annual General Meeting of the Company (i.e., the 17th Annual General Meeting).

In terms of regulation 17(1C) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the approval of shareholders for appointment of a person on the Board of Directors is to be obtained at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

Accordingly, pursuant to the provisions of section 152, 161 and other applicable provisions of the Act and Rules made thereunder and, Regulation 17 of the SEBI Listing Regulations, it is proposed to appoint Mr. Amarjyoti Barua as a Non-Executive Non-Independent Director of the Company.

The Company has received a notice in writing from a Member under section 160 of the Act proposing the candidature of Mr. Amrjyoti Barua for the office of Director of the Company.

The composition of the Board of the Company post appointment of Mr. Amarjyoti Barua, if approved by the Members, will continue to be in compliance with the requirements of Regulation 17 of the SEBI Listing Regulations and the Act.

The proposed appointment of Mr. Amarjyoti Barua as Director of the Company is in accordance with the Policy on Appointment of Directors and Senior Management and Succession Planning for Orderly Succession to the Board and the Senior Management and Policy on remuneration of Directors of the Company.

Mr. Amarjyoti Barua has confirmed that he is not disqualified from being appointed as a Director under section 164(1) and 164(2) of the Act and that he satisfies the criteria of 'fit and proper' and other criteria as prescribed by the Reserve Bank of India vide its notification no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17th February 2021 on Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 read with Notification No. RBI/DoR/2023-24/105 DoR.FIN.REC.No.45/03.10.119/2023-24 dated 19th October 2023 on Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023. Mr. Amarjyoti Barua is not debarred from holding the office of Director by virtue of SEBI order or order of any such authority as envisaged under BSE Circular No. LIST/ COMP/14/2018-19 and the National Stock Exchange of India Limited Circular No. NSE/ CML/2018/24, both dated 20th June 2018 ("Stock Exchange Circulars") pertaining to Enforcement of SEBI Orders regarding appointment of Directors by the listed companies, and has given his consent in writing to act as a Director of the Company.

Mr. Amarjyoti Barua's Directorship / Committee memberships are within the limits prescribed under law. A brief profile of Mr. Amarjyoti Barua, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships / chairmanships of Board Committees, etc. are part of this notice. Mr. Barua possesses the requisite skill set as i.e., competencies and exposure in areas including business, finance, risk oversight and governance. The Board is of the view that Mr. Amarjyoti Barua's knowledge and experience will benefit and add value to the Company and accordingly recommends his appointment as Director of the Company.

As on the date of this Notice, Mr. Amarjyoti Barua does not hold, by himself or for any other person on a beneficial basis, any equity shares in the Company.

Save and except Mr. Amarjyoti Barua and his relatives to the extent of their shareholding interest, if any, in the Company, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 4 of this Notice.

The Board recommends passing of the ordinary resolution as set out at Item No. 4 of the accompanying Notice for approval by the Members of the Company.

ITEM NOS. 5 to 10

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 7th 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 31st 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. 5 to 11 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)	Mahindra Electric Automobile Limited (MEAL)	Mahindra Last Mile Mobility Limited (MLMML)

Sr. No.	Heads of information	Particulars						
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) Mr. Vivek Karve	None	None
3	Relationship with the listed entity	Holding Company	Holding Company	Fellow Subsidiary Company	Fellow Subsidiary Company	Fellow Subsidiary Company	Fellow Subsidiary Company	Fellow Subsidiary Company
4	Nature of Concern	Financial	Financial	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. 60,735.00 Lakhs	for borrowings through eligible instruments, share capital infusion, fixed assets purchase, fixed assets sale and other income or expenses items for Rs. 99,480.00 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. 45,100.00 Lakhs	For borrowings through eligible instruments and other income or expenses items for Rs. 20,000.00 Lakhs	For borrowings through eligible instruments and other income or expenses items for Rs. 20,000.00 Lakhs

Sr. No.	Heads of information	Particulars						
		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	For borrowings - Up to 5 years For others transaction - Annual	For borrowings - Up to 5 years For others transaction - Annual
6	Tenure of Annual Limits							
7	Percentage of Annual Turnover of preceding financial year	45.39%	74.34%	44.84%	18.76%	33.70%	14.95%	14.95%
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	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 22nd 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. 5 to 11.

The Board of Directors recommends passing of the resolutions as set out at item nos. 5 to 11 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
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

Website: www.mahindrahomefinance.com

Place: Mumbai

Date: 24th June 2024

- ROUTE MAP -

17th 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 4.30 p.m., on Wednesday, 17th day of July 2024.

Prominent Landmark : Near Worli T.V. Tower (Door darshan Kendra).



MAHINDRA RURAL HOUSING FINANCE LIMITED

Registered Office: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.

Corporate Office: Unit no. 203, Amiti Building, Piramal Agastya Corporate Park, Opp. Fire Brigade Station, Kamani Junction, LBS Main Road, Kurla (West), Mumbai – 400 070.

Corporate Identity Number : U65922MH2007PLC169791 | **Tel:** +91 22 6292 9800

Website: www.mahindrahomefinance.com; | **E-mail:** 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 **17th Annual General Meeting** of **Mahindra Rural Housing Finance Limited** to be held at 4.30 p.m., on Wednesday, 17th July 2024, at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018, and at any adjournment(s) thereof in respect of resolutions mentioned below:

Resolution No.	Description
Ordinary Businesses	
1.	Consideration and Adoption of the Audited Financial Statements of the Company for the financial year ended 31st March 2024, including the audited Balance Sheet as at 31st March 2024, 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 (DIN: 06840707), as a Director liable to retire by rotation.
3.	Approval for change in the Statutory Auditors.
4.	Appointment of Mr. Amarjyoti Barua (DIN: 09202472) as a Non-Executive, Non-Independent Director of the Company.
Special Businesses	
5.	Approval for Related Party Transactions with Mahindra & Mahindra Limited.
6.	Approval for Related Party Transactions with Mahindra & Mahindra Financial Services Limited.
7.	Approval for Related Party Transactions with Tech Mahindra Limited.
8.	Approval for Related Party Transactions with Mahindra Holiday & Resorts (I) Limited.
9.	Approval for Related Party Transactions with Mahindra Insurance Brokers Limited.
10.	Approval for Related Party Transactions with Mahindra Electric Automobile Limited.
11.	Approval for Related Party Transactions with Mahindra Last Mile Mobility Limited.

Signed this _____ day of _____ 2024.

Signature of Shareholder

Affix Revenue Stamp Re. 1/-

Signature of Proxy Holder(s)

NOTES :

- (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: Unit no. 203, Amity Building, Piramal Agastya Corporate Park, Opp. Fire Brigade Station, Kamani Junction, LBS Main Road, Kurla (West), Mumbai - 400 070.

Corporate Identity Number : U65922MH2007PLC169791 | **Tel:** +91 22 6292 9800

Website: www.mahindrahomefinance.com; | **E-mail:** 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 17th Annual General Meeting of Mahindra Rural Housing Finance Limited being held at 4.30 p.m. on Wednesday, 17th July 2024, 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 - 2023-24

To,
The Members of
Mahindra Rural Housing Finance Limited

Your Directors are pleased to present their seventeenth Report together with audited financial statements of your Company for the Financial Year ended 31st March 2024.

FINANCIAL RESULTS

(Amount in Rs. Lakhs)

Particulars	For the year ended 31 st March 2024	For the year ended 31 st March 2023
Total Income	1,29,443.59	1,34,980.03
Less : Expenses		
Employee Benefits Expenses	41,924.75	40,442.66
Finance Costs	53,625.65	52,512.77
Depreciation and Amortization	3,287.87	2,625.74
Other Expenses	30,121.15	36,769.91
Total Expenses	1,28,959.42	1,32,351.08
Profit Before Tax	484.17	2,628.95
Less : Tax Expenses		
(1) Current Tax	-	-
(2) Deferred Tax	123.68	835.08
(3) (Excess) / Short Provision for Income Tax - earlier years	-	(380.91)
Profit After Tax	360.49	2,174.78
Profit brought forward from previous years	59,028.06	57,515.47
Amount available for Appropriation	59,388.55	59,690.25
Add: Other Comprehensive Income/(Loss)#	14.97	(187.19)
Less: Appropriations		
Special Reserve	75.00	450.00
Additional Special Reserve (u/s 29C of NHB Act, 1987)	5.00	25.00
Dividend on Equity Shares	-	-
Income-tax on dividend	-	-
Balance as at the end of the year	59,323.52	59,028.06

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 2023-24 and the date of this Report.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

OPERATIONS

Your Company has ingrained the 'Rise' philosophy at the heart of its operations by striving to achieve the mission of 'Transforming Lives' to bring in positive change in the lives of those it serves. Your Company has demonstrated commitment towards creating value by embracing future ready technology, revitalizing and re-inventing strategies of tomorrow, and leading with customer centricity in order to become a 'valued financier for emerging India'.

Your Company continued to engage in the business of providing loans to individuals in the rural and semi-urban areas of the country for purchase, renovation, and construction of houses . The Company registered a total income of ₹ 1,29,443.59 Lakhs as compared to ₹ 1,34,980.03 Lakhs for the previous year, a decline of 4.1% over the previous financial year. Profit Before Tax was 81.58% lower at ₹ 484.17 Lakhs as compared to ₹ 2,628.95 lakhs for the previous year. Profit After Tax was 83.42% lower at ₹ 360.49 Lakhs as compared to ₹ 2,174.78 lakhs in the previous year.

You Company focused on building a strong customer base in semi-urban and rural areas with increased focus on affordable home loans in order to build a quality portfolio. During the year under consideration, your Company disbursed home loans to more than 29,043 households in semi-urban and rural areas. Your Company continues to focus on growing the book size through affordable housing loans in its chosen geographies.

Operational review:

Key operational highlights are as follows.

- Total income was ₹ 1,29,443.59 Lakhs in FY2024 compared to ₹ 1,34,980.03 Lakhs in FY2023, decrease of 4.1%.
- Disbursements for FY2024 was at ₹ 2,07,126.91 Lakhs, a growth of 5.2% over the previous year.
- Loan assets stood at Rs. 7,20,812.87 Lakhs, an increase of 0.13 percent as compared to the previous financial year. Loan assets in respect of rural housing decreased by 19.12 percent while affordable home loans grew by 32.89 % and stood at Rs. 3,66,752.29 Lakhs and Rs. 3,54,060.58 lakhs respectively, as of 31st March 2024.
- Capital Adequacy at 40.35%
- The customer base crossed 1.24 million customers.
- On roll Employee base stood at 8,435 as on 31st March 2024.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

Disbursements:

Loan disbursements during the financial year 2023-24 were Rs. 2,07,126.91 Lakhs. The Company continued to focus mainly on the retail segment and disbursed Rs. 80,104.13 Lakhs towards 20,898 loans in the Rural segment and Rs. 1,27,022.78 Lakhs towards 8,145 loans under Affordable segment

Loan Assets

As of 31st March 2024, the loan assets stood at Rs. 7,20,812.87 Lakhs, an increase of 0.13 percent as compared to the previous financial year. Loan assets in respect of rural housing decreased by 19.12 % while affordable home loans grew by 32.89 % and stood at Rs. 3,66,752.29 Lakhs and Rs. 3,54,060.58 Lakhs respectively, as of 31st March 2024.

Financial Performance

- Total Income: Rs. 1,29,443.59 Lakhs; decrease of 4.1 % over previous year.
- Profit Before Tax: Rs. 484.17 Lakhs; decrease of 81.58 % over previous year.
- Profit After Tax: Rs. 360.49 Lakhs; decrease of 83.42 % over previous year.
- Loan Assets: Rs. 7,20,812.87 Lakhs; an increase of 0.13 % over previous year.
- Capital Adequacy Ratio: 40.35%.

MANAGEMENT DISCUSSION AND ANALYSIS

Mahindra Rural Housing Finance - An Overview

Mahindra Rural Housing Finance Limited (MRHFL, Company) is a subsidiary of Mahindra & Mahindra Financial Services Limited (Mahindra Finance / MMFSL) and is a part of the Mahindra Group (market capitalisation: ₹ 3.01 trillion as of April 2024), one of India's leading business conglomerates. MRHFL is a housing finance company (HFC) that provides a range of housing finance products and serves rural and semi-urban customers in India. Company's primary focus is on financing the purchase of new homes, renovation, and construction of houses. The vision of MRHFL is to be a 'valued financier for Emerging India.' Company's business includes retail and mortgage lending with strategic emphasis on the rural and semi-urban markets. The Company has served over 1.2 million customers since inception, relying on its extensive network spread across 700+ offices covering 18 states in India.

Economic review

Indian economy has demonstrated resilience and maintained healthy macro-economic fundamentals, despite global economic challenges. The International Monetary Fund (IMF), in its World Economic Outlook (WEO) October 2023, has revised its growth projection for India for FY 2023-24 upwards to 6.3 % from 6.1 % projected in July 2023. This reflects increasing global confidence in India's economic prowess at a time when global growth projection for FY 2023-24 remains unchanged at 3 %.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

As per the IMF, India is likely to become the third-largest economy in 2027 (in USD at market exchange rate) and it also estimated that India's contribution to global growth will rise by 200 basis points in 5 years. Moreover, various international agencies such as the World Bank, the IMF, OECD and ADB have projected that India will grow by 6.4 %, 6.3 %, 6.1 % and 6.7 %, respectively, in FY 2024-25.

Indian Economy

In FY 2024, Indian economy registered a commendable growth rate, with GDP expanding by approximately 7.6 %*. This growth was supported by robust private expenditure and credit expansion, indicating increased consumer confidence and business investment. Private expenditure surged as consumers regained optimism, bolstered by rising incomes and improving job prospects. Moreover, credit growth played a pivotal role in stimulating economic activity, fueling investments in various sectors, and fostering entrepreneurship.

Annual GDP growth rate (%)

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
7.1	6.7	6.1	4.2	-6.6	8.9	7.0	7.6

*Source: National Statistical Office (NSO)

With the economy rebounding from the COVID pandemic-induced slowdown, both businesses and consumers sought credit for expansion, investment, and consumption. The Reserve Bank of India's (the RBI) efforts to maintain ample liquidity in the financial system and lower interest rates incentivized borrowing and encouraged banks to extend credit to both corporate and retail borrowers.

The Indian economy experienced robust growth driven by several key factors. Government's continued focus on structural reforms and investment in infrastructure played a pivotal role in stimulating economic activity across various sectors. The agricultural sector witnessed significant modernization and technological adoption, leading to increased productivity and rural income.

India's proactive measures to improve 'ease of doing business' and enhance trade relations globally fostered a conducive environment for businesses to flourish. In order to accommodate growing workforce, the RBI implemented various measures to promote inclusive growth, including targeted credit schemes to support Small and Medium-sized Enterprises (SMEs) along with skill development and employment opportunities across various sectors and adoption of accommodative monetary policies to stimulate demand and sustainable economic growth.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

The country's demographic dividend remained a driving force behind its economic expansion, with a youthful population driving innovation, entrepreneurship, and consumption. Overall, the growth trajectory of the Indian economy in FY 2024 showcased resilience and potential, positioning the nation as a key player in the global economic landscape.

Outlook

India's economic trajectory remains upward, with growth prospects, technological advancements, and strategic re-invention driving its long-term viability. Despite global challenges, as per IMF projections, India will continue to see a robust Gross Domestic Product (GDP) growth. India's GDP is projected to remain strong at 6.5 % in both 2024 and 2025, reflecting resilience in domestic demand. As per CRISIL report, India is expected to cross the \$5 trillion mark and inch closer to \$7 trillion by 2025. A projected average expansion of 6.7 % during this period will make India the third-largest economy in the world.

Dominating the Lending Market by Value - Housing Finance.

Overview

The housing finance sector emerged as a vital contributor to India's GDP growth, accounting for approximately 8 % of the country's GDP during the FY 2024. Investments in the housing sector not only stimulated economic activity but also generated employment opportunities, with the creation of over 5 million jobs in industries such as construction, real estate, and housing finance.

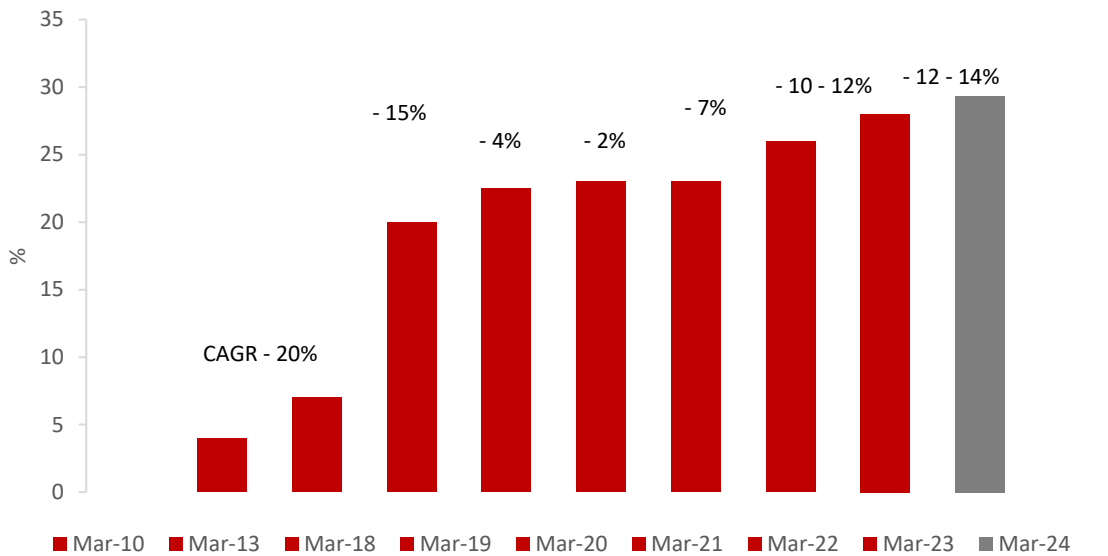
According to industry reports, the housing finance and mortgage market in India is expected to showcase a robust CAGR of approximately 12 % on the AUM base of Rs. 30 lakh crore. Government initiatives such as PMAY-Urban and PMAY-Gramin further gave impetus to the housing finance sector by sanctioning over 10 million homes under these schemes.

The revival of economic activity, coupled with accommodative monetary policies by the RBI contributed to increase in credit demand. Consumer demand for credit surged as individuals sought financing for purchases ranging from automobiles and consumer durables to housing and personal loans.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

AUM Growth Of NBFCs (Including HFCs)



Source: Crisil Ratings, Care Edge 2023

Growth Drivers

- India's demographic profile is expected to favour the housing industry, leading to growth in the housing finance market. CRISI and MI&A forecast that housing loan credit will continue to grow at a CAGR of approximately 13-15 % from Fiscal Year 2023 to Fiscal Year 2026.
- The growth of Housing Finance Companies (HFCs) in India is attributed to several factors including rising incomes, enhanced affordability, increasing urbanization and nuclearization of families. Strong emergence of Tier-II and Tier- III cities with easier access to financing, tax incentives, and the expanded reach of financial institutions has increased consumer appetite for retail loans.
- Concentrated shortage of housing in Low-Income Group (LIG) and Economically Weaker Section (EWS) compared to Middle-Income Group (MIG) gives impetus to HFCs and Non- Banking Finance Companies (NBFCs) to address the credit crunch in semi-urban and rural areas with annual income of INR 8 lacs and below, which continue to remain underserved by the formal banking system.
- The benefits of the new RERA Act have become an empowering tool for buyers that helps in decision-making and ensures that everyone gets a fair deal on every property purchase, thereby giving impetus to builder segment for new housing projects beyond Tier 1 cities. Government initiatives such as PMAY-U, PMAY-G, special financing window, relaxation of external commercial borrowing ("ECB") guidelines, and tax incentives further help bridge the demand supply gap for housing.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

- A prolonged period of low interest rates facilitated increased affordability and spurred borrowing for home purchases, particularly in urban centers, characterized by demographic shifts and rapid urbanization.
- HFCs also capitalized on digital transformation endeavors, enhancing operational efficiency and enriching customer experiences. Innovative mortgage products tailored to diverse customer segments further extended market reach and penetration.

The strategic expansion into rural and semi-urban markets augmented growth prospects, while stringent adherence to regulatory framework and diligent asset quality management underpinned the sector's sustained momentum throughout the period.

Key Regulatory Developments

Regulatory reforms aimed at enhancing transparency and strengthening risk management practices contributed to the resilience of the housing finance sector. The implementation of guidelines such as the Liquidity Coverage Ratio (LCR) and asset quality norms ensured the stability and soundness of NBFCs and HFCs, fostering investor confidence and facilitating access to funding sources. Overall, the collaborative efforts between the government, regulators, and financial institutions played a pivotal role in driving the growth of the housing finance market, laying a foundation for sustainable and inclusive development in the housing sector in India.

Interim Budget FY 2024 highlights

Keeping up with the mantra of collective development of the people through trust building and concerted efforts, the interim budget for 2024 demonstrated significant strides made in housing and economic welfare of the rural and semi-urban geographies. Government aims to achieve the target of three crore houses under PM Awas Yojana (Grameen). 20 million more houses are to be taken up in the next five years to meet the requirement arising from increase in the number of families. Out of the homes allocated, over 70 % houses under PMAY were given to women from rural areas thereby driving financial inclusion.

Increase in capital expenditure outlay for Infrastructure development and employment generation by 11.1 % with work around mega-projects such as highways, new airports and metros, the industry is seeing a stimulation in the quantitative and qualitative growth of real estate and housing finance.

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Outlook

The housing demand in India is projected to reach 93 million houses by 2036 as per report released by CREDAI in collaboration with Liases Foras. This is largely due to increase in demand in housing, basis growth in key parameters including population in both urban and rural areas, healthy macro-economic indicators, and favorable demographics, with several tier-II -III cities projected to spearhead both demand and supply. With Government led initiatives and schemes to support residential and housing projects (both urban and rural segments), HFCs will be able to create a niche and swiftly expand as a sector within the broader housing finance market.

Industry Review

The growth trajectory of the HFCs in India has been influenced by a combination of government policies, demographic trends, and performance of NBFCs in the sector. Government's continued emphasis on affordable housing through initiatives like PMAY (Pradhan Mantri Awas Yojana) bolstered the demand for housing finance, particularly among the economically weaker sections and middle-income groups. As a result, HFCs witnessed robust loan book growth, with a CAGR of approximately 15-20 %.

Demographic shifts, including urbanization and the rise of the middle-class population, played a significant role in driving housing demand and consequently, the growth of HFCs. The increasing urban population and changing lifestyle preferences fueled the need for housing solutions, further supported by favorable demographics such as a young and aspirational workforce. Affordable Housing Finance Companies (AHFCs), in particular, played a complementary role in expanding the reach of housing finance to underserved segments of the population, leveraging innovative products and digital platforms to cater to diverse customer needs.

The sector's capital structure is anticipated to remain robust, supported by healthy internal accruals, with a gearing ratio of approximately 2.9 x expected as of March 31, 2024, with Banks likely to continue being a primary funding source for AHFCs, as per Economic Times research.

Performance in FY 2024

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. 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 offer a long growth runway and an exciting opportunity to capitalize, for winners.

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The proportion of priority sector lending-compliant home loans within the overall banking sector portfolio has been declining over the past two years, creating opportunities for AHFCs to expand their portfolios through co-lending or direct assignment transactions.

AHFCs predominantly serve self-employed customers who may be more susceptible to income volatility due to economic downturns, thereby posing a higher credit risk. Your Company is taking consistent 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 grow at 18 % 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 is poised for accelerated growth.

Your Company's credit appraisal capability, assessment of cases of poor documentation, focused 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 help augment the Company's presence in its chosen market.

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

AHFC is a niche yet quickly expanding sector within the broader housing finance market, accounting for approximately 6 per cent of the total market share, as per industry reports. Despite encountering funding challenges in the past, AHFCs have consistently emerged as a rapidly growing segment in the housing finance domain.

With this in mind, your Company focused its efforts on following three objectives.

- a) Correcting delinquencies in the pre - FY 2021 rural housing book.
- b) Re-imaging rural housing through better credit underwriting and higher ticket size.
- c) Scaling the affordable housing book.

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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.

SCOT Analysis

Strengths

- Vast distribution network, especially in rural areas and small towns.
- Pertinent knowledge of needs of the customer segment with undoubted capability and experience of underwriting small ticket home loans.
- Niche presence in under-penetrated regions, reaching the underserved customers and having presence across length and breadth of the Country.
- Robust collection system with capability to physically reach out to customers who are not digitally savvy.
- Catering specifically to affordable housing needs, addressing a critical gap in the rural and semi-urban markets.

Challenges

- Rising competition from Banks, micro-finance companies and other HFCs
- Increasing cost of funding.
- Increasing risk in funding rural segment.
- Retention of talent.
- Dependence on agricultural cycle and favorable monsoon, for rural segments.

Opportunities

- Your Company is positioned to ride the growth wave as the next Affordable Housing Finance Company. Sustained demand in the affordable housing finance space forms the fulcrum of credit recovery for HFCs, as most are focused on addressing the credit crunch in Low-Income Group (LIG) and Economic Weaker Section (EWS) group.
- The recent trend of demand for spacious homes and better livability has given boost to housing market in Tier 2 and Tier 3 cities.
- Largely untapped and fragmented markets spread across rural and urban geographies giving rise to possible shift of urban population to smaller centers.
- Rural market housing shortage and the opportunity to capitalize on the increasing ticket size and demand from rural areas.
- Government's enhanced focus on 'housing for all' and policy changes supporting it.
- Improving rural infrastructure and budgetary support, ensuring prosperity in the rural economy.

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- Government's focus on digitalization with the launch of multiple initiatives to enhance digital presence of rural economy.

Threats

- Volatile political environment.
- Impact of sustained inflation on demand.
- Impact on agricultural/weather cycle due to climate changes and El Nino effect leading to volatility.

Business Outlook

Favorable demographics, low mortgage penetration, rising per capita income and government push to affordable housing are expected to sustain the demand for housing loans for many years to come.

With access to banking credit remaining low for rural areas, which contribute to over 40 % of our GDP, there is a substantial market potential for financial institutions to extend lending in these regions. HFCs, like your Company, which are majorly present in underpenetrated geographies / emerging geographies like Tier -II and Tier III cities in segments with relatively lower financial penetration, are well poised to capture the market and address the credit deficit.

Achievements

Your Company was recognised as India's Best Workplaces in BFSI 2023 - Top 25 and Top 50 Large Best Workplaces in Building a Culture of Innovation by All. This is the second time that your Company has been recognised as Top 25 best workplaces in BFSI by the Great Place to Work® Institute. Previously, the Company was also bestowed with the recognition of Best Workplaces in Asia 2022 by Great Place to Work Institute India. Your Company was also awarded with the 'Most Innovative Use of Process Automation' by IBS Intelligence with Nucleus Software for your successful implementation of FinnOne Neo™ that has been a catalyst in enabling an end-to-end digital lending journey for your customers.

Internal control systems and their adequacy

In addition to an adequate internal control system safeguarding all assets and ensuring operational excellence, your 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.

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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 the Human Resource / Industrial Relations front during the year under consideration. The Company had 8,435 permanent employees as of 31st March 2024.

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

Particulars	FY 24	FY 23	Change
Operating Profit Margin (%)	10.69%	14.71%	27.32%
Net Profit Margin (%)	0.28%	1.61%	82.61%

Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.

Particulars	FY 24	FY 23	Change
Details of any change in return on Net Worth	0.26%	1.48%	82.43%

During the year under consideration Operating Profit Margin, Net Profit Margin and Return on Net Worth reduced mainly on account of increased focus on affordable housing which has a relatively lower yield, increase in incremental borrowing cost by 50bps, and increased amortisation charges to upgrade lending platform to Finnone Neo.

Adequacy of Internal Financial Controls with Reference to the Financial Statements

Your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

Your Company uses various industry standard systems to enable, empower and engender business and also to maintain books of accounts. The transactional controls built into these systems ensure appropriate segregation of duties, the appropriate level of approval mechanisms and maintenance of supporting records. The systems, Standard Operating Procedures and controls are reviewed by the Management.

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Your Company's Internal Financial Controls are deployed through Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"), that addresses material risks in your Company's operations and financial reporting objectives. Such controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("ICFR") issued by The Institute of Chartered Accountants of India. The risk control matrices are reviewed on a quarterly basis and control measures are tested and documented on a quarterly basis. The Company has IT systems in place making the ICFR process completely digital and strengthening the review and monitoring mechanism. Based on the assessments carried out by the Management during the year, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

Your Company recognises that Internal Financial Controls cannot provide absolute assurance of achieving financial, operational and compliance reporting objectives because of its inherent limitations. Also, projections of any evaluation of the Internal Financial Controls to future periods are subject to the risk that the Internal Financial Control may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

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 17th 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/Internal-Guidelines-on-Corporate-Governance.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 the Directors.

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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 Listing Regulations), a Report on Corporate Governance along with a Certificate from 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 Listing Regulations forms part of the Annual Report.

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 80.00 Lakhs to the Statutory Reserves. No amount is proposed to be transferred to the General Reserve.

DIVIDEND

Para 18A of Chapter VI on Regulatory Restriction and Limits of the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 issued by the Reserve Bank of India on 17th February 2021 and further updated on 21st March 2024, *inter-alia*, prescribed the conditions to be 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 31st March 2024 (previous year: NIL). No unpaid Dividend is due for transfer to Investor Education and Protection Fund (IEPF) in respect of the last seven years and no amount was required to be transferred on this account to IEPF during the year consideration.

FINANCE

During the year under consideration, your Company was sanctioned Term Loans amounting to Rs. 45,000 Lakhs for a tenure of 5 years from Banks.

As on 31st March 2024, outstanding borrowings from Banks stood at Rs. 2,25,996.99 Lakhs (of Long-Term Loans).

During the year under consideration, your Company raised Rs. 67,500.00 Lakhs through issue of 67,500 Secured Redeemable Listed Rated Non-Convertible Debentures (NCDs) of face value of Rs. 1,00,000 each, Rs. 67,500.00 Lakhs through issue of 67,500 Unsecured Redeemable Listed Rated Non-Convertible Debentures (NCDs) of face value of Rs. 1,00,000 each on a private placement basis and Rs. 37.50 Lakhs through issue of 37,500 Unsecured Redeemable Listed Rated Non-Convertible Debentures (NCDs) of face value of Rs. 1,00,000 each (Paid up value Rs. 100 each) on a private placement basis.

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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 31st March 2024, your Company had an available investment of Rs. 94,477.08 Lakhs in the form of Fixed Deposits, Units of Mutual Funds and Government securities.

LISTING

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

CREDIT RATING

During the year under consideration:

- a) CRISIL Ratings Limited (CRISIL) has re-affirmed ratings for Company's bank facilities, Non-Convertible Debentures and Subordinated Debt to 'CRISIL AAA/Stable' outlook and re-affirmed 'CRISIL A1+' rating to the Company's Commercial Paper. CRISIL has also re-affirmed 'CRISIL PPMLD AAA/Stable' outlook to Company's Long-Term Principal Protected Market Linked Debentures (MLDs).
- b) India Ratings & Research Private Limited (India Ratings) has re-affirmed 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. India Ratings has also re-affirmed 'IND PPMLD AA+/Stable' outlook to the Company's Principal Protected Market Linked Debentures (MLDs).
- c) CARE Ratings Limited (Formerly known as 'Credit Analysis & Research Limited') has upgraded the rating of the Company's Non-Convertible Debentures and Subordinated Debt from 'CARE AA+/stable' outlook to 'CARE AAA/stable'.

ACHIEVEMENTS

Your Company has featured in Top 25 Best Places to Work in BFSI in India for 2023 by the Great Place to Work® Institute, India. This is the fourth time your Company has been bestowed with this certification in a row. Also, the Company ranked among India's Top 50 workplaces, by Great Place to Work® Institute, India, for successfully instilling a culture of Innovation.

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Your Company achieved its highest ever score in MCARES survey conducted by the Mahindra Group to gauge employee pulse on an annual basis. This score is a reflection of the organization's commitments towards its workforce by proving a culture of transparency, growth, learning while rewarding and recognising high performing individuals. The employees believe in the vision set by the leaders and align with the larger purpose of the organization.

Your Company's commitment to serve the community as a whole is equally reflected in the commitment of its workforce for the social cause. It is noteworthy that the organization on the whole clocked 1,00,000+ volunteering hours in FY24.

SHARE CAPITAL

The issued, subscribed and paid-up equity share capital of the Company as at 31st March 2024 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. 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. Your Company has issued stock options under Employee Stock Option Scheme referred to in this Report.

As on 31st March 2024, none of the Directors of the Company hold instruments convertible into equity shares of the Company, except the stock options.

STOCK OPTIONS

Details of the Stock Option Scheme of the Company for FY2023-24, as are required to be disclosed under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, are given below.

(a)	Options granted	Nil
(b)	Options vested	5,99,659
(c)	Options exercised	1,93,263
(d)	The total number of shares arising as a result of exercise of option	1,93,263
(e)	Options forfeited /lapsed	4,12,757
(f)	The exercise price	Rs. 67 & Rs. 10
(g)	Variations of terms of options	None
(h)	Money realized by exercise of options	43,91,325
(i)	Total number of options in force as on 31 st March 2024	10,51,108
(j)	Employee wise details of options granted to:	

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(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.	None
(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

DEPOSITORY SYSTEM

As of 31st March 2024, all the equity shares of your Company were held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of your Company was 40.35 % as on 31st March 2024, which is well above the 15 % CRAR prescribed by the Reserve Bank of India.

IMPAIRMENT OF FINANCIAL INSTRUMENTS UNDER IND-AS

During the year under consideration, your 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, the Accounting Standard on Financial Instruments, your Company is required to carry total provisions of Rs. 27,578.38 Lakhs towards expected future credit losses which is 3.83 % on Loan Assets of Rs. 7,20,812.87 Lakhs. Of this, provision of Rs. 21,060.94 Lakhs is created towards Stage 3 loans of Rs. 65,091.29 Lakhs. Provisions amounting to Rs. 6,517.44 Lakhs is created on Stage 1 and Stage 2 loan assets of Rs. 6,55,721.58 Lakhs.

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INSPECTION BY NATIONAL HOUSING BANK (NHB)

During the year under consideration, NHB carried out inspection of your Company for its financial position as on 31st March 2023. The report received from NHB was reviewed by the Audit Committee and the Board of Directors and the Management's response on actions taken is being submitted to NHB.

Also, Inspection report for your Company's financial position as on 31st March 2022, carried out by NHB earlier, was received during the year under consideration. 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.

INSURANCE PROTECTION TO BORROWERS

Your Company has tied up with HDFC Standard Life Insurance Company Limited, Cholamandalam MS General Insurance Company Limited and Max Life Insurance Company Limited for insurance of its housing loan products, along with life insurance called 'Sampoorna Suraksha Plan' which covers the borrowers of the Company.

DIGITALISATION INITIATIVE

Embracing digitalization is imperative as it offers a myriad of benefits across various facets. During the year under consideration, your Company has achieved number of milestones contributing to the success of the organization.

The company has implemented an upgraded version of Core loan management system FinnOne NEO of which main features are given below.

- Fully automated workflow for granting of loans from Lead generation to disbursement.
- All documents, deviations, approvals are captured in the system.
- Integration with multiple systems for PAN / Aadhar Validation, document OCR, India Stack APIs, etc.
- Better Scalability and agility to launch new products / schemes.
- Capability to integrate with peripheral systems with large pack of APIs.
- Customer communication through the lifecycle of loan.

Customer experience is further bolstered with tools like WhatsApp Chatbot and Customer ePortal for self-servicing and accessing account details anytime-anywhere. Furthermore, the company has introduced integration of ENACH registration with Aadhar e-sign (OTP based), Customer Aadhar Number Vaulting, technical valuation (Real Appraiser Application) with core system, cheque printing module, IHM (Initial Handling Money)/PF via UPI, automated NOC to customer via SMS on loan closure along with various dashboards for transparent business reporting.

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For employees, the company launched the incentive management application, Compass AI, which has been integrated within all core systems. This has helped improve employee productivity through automation and ensure transparency around incentives within business teams.

We have also been actively pursuing cloud initiatives for reliability and scalability of infrastructure. In the coming years, the company plans to continue its focus on cloud computing with introduction of new initiatives.

The company remains committed to delivering high-quality IT services to both employees and customers. Embracing digitalization will help the company stay competitive in a rapidly evolving market and help meet the evolving needs and expectations of stakeholders.

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 the RBI/NHB, as are applicable.

The Reserve Bank of India has notified Scale Based Regulations on 22nd October 2021. Your Company has been categorised as an NBFC-Middle Layer vide press release dated 30th September 2022, issued by the RBI. Your Company has always endeavoured to maintain the highest standards of compliance and shall continue to do so going ahead. The Company continues to comply with all the applicable laws, regulations, guidelines etc. prescribed by the RBI, from time to time. Your Company's asset liability management is reviewed on a quarterly basis by a focused Board level committee viz. Asset Liability Committee. Your Company's Liquidity Coverage Ratio ("LCR") was 90% as on 31st March 2024 against the mandatory requirement of 60%.

Compliance Risk Assessment Framework and Compliance Testing program ("CRAFT")

Your Company has also put in place Compliance Risk Assessment Framework and Compliance Testing program in compliance with the RBI circular dated 11th April 2022.

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Business Continuity Policy

In order to have robust framework and process for business continuity, your Company has implemented Business Continuity Policy (BCP) which *inter-alia* includes identification, monitoring, reporting, responding and managing the risks including mitigation risks of a significant / prolonged business disruption in order to protect the interest of the Company's customers, employee and other stakeholders.

DIRECTORS

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

The Board of Directors your Company comprised of six Directors as on 31st March 2024 and as on the date of this Report. As on 31st March 2024, 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 SEBI Listing Regulations.

Mrs. Anjali Raina (DIN: 02327927) ceased to be an Independent Director of the Company with effect from the close of business hours on 22nd December 2023 upon resignation due to personal reasons. The Board of Directors places on record its sincere appreciation for valuable contribution of Mrs. Anjali Raina during her tenure as an Independent Director of the Company.

At its meeting held on 28th November 2023, the Nomination and Remuneration Committee (NRC) recommended to the Board, appointment of Ms. Smita Mankad (DIN: 02009838) as an Independent Director your Company. Based on the recommendation of the NRC, the Board of Directors, vide circular resolution dated 29th November 2023, recommended the appointment to the Shareholders of the Company. The Shareholders, at their Extraordinary General Meeting held on 22nd December 2023, appointed Ms. Smita Mankad (DIN: 02009838) as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from i.e. 22nd December 2023 to 21st December 2028 (both days inclusive), not liable to retire by rotation.

Based on the recommendation of the NRC, the Board of Directors at its meeting held on 19th January 2024 granted in-principle approval for the appointment of Mr. Amarjyoti Barua (DIN: 0920247) as a Non-Independent Non-Executive Director your Company. As at the date of this report we are in process of seeking approval from the Reserve Bank of India for appointment of Mr. Amarjyoti Barua as a Non-Executive Non-Independent Director. Post the approval of the Reserve Bank of India, final approval of the Board of Directors and shareholders of the Company will be sought for appointment of Mr. Amarjyoti Barua as the Director of the Company.

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Mr. Ramesh Iyer (DIN: 00220759), the Chairman of the Board, ceases to be the Director and, consequently, the Chairman of the Board of Directors of the Company with effect from close of the business hours on 29th April 2024, due to his superannuation with Mahindra & Mahindra Financial Services Limited, the holding company. As a measure of good order and in the interest of compliance, Mr. Ramesh Iyer has submitted resignation from the Board of Directors of the Company which will be effective from the close of business hours on 29th April 2024.

The Board of Directors places on record their sincere gratitude and high appreciation for the exemplary leadership qualities and commitment displayed by Mr. Ramesh Iyer during his tenure as the Director of the Company and the Chairman of the Board.

RETIREMENT BY ROTATION

In compliance of relevant provisions of the Act, Mr. Ramesh Iyer would have retired by rotation at the forthcoming Annual General Meeting. However, as mentioned hereinbefore, Mr. Ramesh Iyer ceases to be the Director of the Company at the close of business hours on 29th April 2024. Considering this, Mr. Vivek Karve, the only other director liable to retire by rotation, retires by rotation at the ensuing (17th) Annual General Meeting and, being eligible, offers himself for re-appointment.

KEY MANAGERIAL PERSONNEL

During the year under consideration, Mr. Dharmesh Vakharia ceased to be the Chief Financial Officer of the Company with effect from the close of business hours on 29th February 2024 upon him being offered another role in Financial Services Sector within the Mahindra group as a part of Mahindra group's good people practices of talent movement within the group. The Board places on record its sincere appreciation towards exemplary services rendered by Mr. Dharmesh Vakharia during his tenure as the Chief Financial Officer of your Company.

Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 12th February 2024, approved the appointment of Mr. Dinesh Prajapati as the Chief Financial Officer and Key Managerial Person (KMP u/s 203 of the Act) of your Company with effect from 1st March 2024.

As at the date of this report, Mr. Shantanu Rege, Managing Director & Chief Executive Officer; Mr. Dinesh Prajapati, 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 Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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COMPOSITION OF THE BOARD

As on 31st March 2024, the composition of the Board of Directors of your Company was in conformity with the provisions of the Companies Act, 2013, and SEBI Listing Regulations.

As on 31st March 2024, 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. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned in section 149(6) of the Act.

Mrs. Anjali Raina, Independent Director of the Company resigned during the Financial Year 2023-24, before expiry of her tenure, effective from the end of business hours on 22nd December 2023, due to personal reasons and there were no other material reasons other than the reason provided.

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 FY 2023-24, The Board of Directors met six times, i.e. on 19th April 2023; 19th July 2023; 19th October 2023; 19th January 2024; 12th February 2024 and 8th March 2024.

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 16th Annual General Meeting ('AGM') of the Company was held on 19th July 2023.

During the year under consideration, an Extra-ordinary General Meeting ('EGM') of the members was held on 22nd December 2023.

Detailed information on the meetings of the Board, its Committees, EGM and the AGM is included in the Report on Corporate Governance, which is annexed to this report.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the year under consideration, on 8th March 2024. This Meeting was conducted in an informal manner to enable the Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of the Managing Director, Chief Financial Officer, other Non-Independent Directors and members of the Management.

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. This Meeting was well attended by the Independent Directors.

RE-APPOINTMENT OF INDEPENDENT DIRECTOR

No Independent Director of the Company was due for re-appointment in FY 2023-24.

Mr. Jyotin Mehta is due for re-appointment as an Independent Director of the Company during the financial year 2024-25.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details of programme 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 2023-24, in terms of the requirements of SEBI Listing Regulations are available on the website of the Company and can be accessed at the web-link: <https://www.mahindrahomefinance.com/investors/>

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 reference for Committees are taken by the Board of Directors.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

(a) AUDIT COMMITTEE

Your Company has an adequately qualified and experienced Audit Committee. During the year under consideration, the Audit Committee was re-constituted by inducting Ms. Smita Mankad as Member upon Mrs. Anjali Raina ceasing to be an Independent Director of the Company, and consequently as Member of the Audit Committee with effect from close of business hours on 22nd December 2023. As on 31st March 2024, the Audit Committee comprises of four Non-Executive Directors of which three are Independent Directors. The Audit Committee comprises of Mr. Jyotin Mehta (Chairman), Dr. Narendra Mairpady and Ms. Smita Mankad, Independent Directors, and Mr. Vivek Karve, Non-Executive Non-Independent Director, as members.

The Audit Committee met six times during the year under consideration, i.e. on 19th April 2023; 19th July 2023; 19th October 2023; 22nd December 2023; 19th January 2024 and 8th March 2024. Details of attendance of these meetings are provided in the Corporate Governance Report annexed to this 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 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.

During the year under consideration, the CSR Committee was re-constituted by inducting Ms. Smita Mankad as a Member upon Mrs. Anjali Raina ceasing to be an Independent Director of the Company, and consequently as Member of the CSR Committee with effect from close of business hours on 22nd December 2023. The CSR Committee, as on 31st March 2024, comprised of Mr. Ramesh Iyer, Chairman of the Board and Non-Executive Non-Independent Director, who is also the Chairman of the CSR Committee; Mr. Vivek Karve, Non-Executive Non-Independent Director; Ms. Smita Mankad, Independent Director and, Mr. Shantanu Rege, Managing Director & Chief Executive Officer.

During the year under consideration, the CSR Committee met twice, i.e. on 18th April 2023 and 19th October 2023, details of the attendance at which are provided in the Corporate Governance Report annexed to this report.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

The CSR Policy of the Company is displayed on the website of the Company at the web-link: <https://www.mahindrachomefinance.com/src/assets/downloads/CSR---Policy.pdf>

The Board of Directors at its meeting held on 19th April 2024 reviewed the CSR activities undertaken by the Company during the Financial Year 2023-24. The Annual Report on the CSR activities undertaken by the Company in the Financial Year 2023-24 is appended as **Annexure I** to this 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 19th April 2024.

The Company is advised that it is not required / eligible for CSR spend for the financial year 2024-25, as brought out by computation of the amount under section 135 of the Act read with section 198 and CSR Rules. Accordingly, no CSR plan has been formulated / approved by the Board for the financial year 2024-25.

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 is annexed to this Board Report.

Besides the aforesaid Statutory Committees, the Board of Directors also has a voluntary Committee of Directors for allotment of Non-Convertible Debentures and Subordinated Debt.

PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 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. The board evaluation was done digitally.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

Well-defined and structured questionnaires, aligned with group methodology and philosophy, 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 etc. Evaluation was carried out based on feedback received from Directors.

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 the Chairman was carried out by the Independent Directors. Directors have expressed satisfaction with the evaluation process.

All the Directors of the Company as on 31st March 2024 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 2023-24 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 2023-24.

DECLARATIONS BY INDEPENDENT DIRECTORS

All the Independent Directors of the Company have submitted declarations and confirmations that they fulfil the criteria of Independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and have also 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 judgment and without any external influence.

Further, the Board, after taking these declarations / disclosures on record, and acknowledging the veracity of the same, concluded that the Independent Directors hold highest standards of integrity and possess the relevant proficiency, expertise and experience to qualify and continue as Independent Directors of the Company and are Independent of the Management of the Company.

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by The Indian Institute of Corporate Affairs, Manesar ('IICA') and the said registration is renewed and active.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

The Board is of the opinion that Mr. Jyotin Mehta, Ms. Smita Mankad 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.

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. Mrs. Anjali Raina and Ms. Smita Mankad have passed the online proficiency self-assessment test.

COMPANY'S POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION

In accordance with the provisions of Section 134(3)(e) of the Companies Act, 2013 read with Section 178 of the Act and Regulation 17 of the SEBI Listing Regulations, your Company has adopted a Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management, which, *inter-alia*, includes the criteria for determining qualifications, positive attributes and independence of Directors, identification of persons who are qualified to become Directors and who may be appointed in the Senior Management team, succession planning for Directors and Senior Management, and the Talent Management framework of the Company. Basis the recommendation of the Nomination and Remuneration Committee, the Board of Directors had approved the revised policy at its meeting held on 14th March 2023, for incorporating statutory amendments.

Your Company has also adopted the Policy on Remuneration of Directors and the Policy on Remuneration of Key Managerial Personnel, Senior Management and other Employees of the Company in accordance with the provisions of Sub-section (4) of Section 178 of the Act and SEBI Listing Regulations read with Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued by the Reserve Bank of India and Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs.

Basis the recommendation of the Nomination and Remuneration Committee, the Board of Directors approved the revised Policy on Remuneration of Directors, at its meeting held on 19th April 2023, for incorporating the provision pertaining to the remuneration payable in absence of profit. The Board of Directors also approved the revised Policy on Remuneration of Key Managerial Personnel, Senior Management and other Employees of the Company at its meeting held on 14th March 2023 to align the same with RBI Guidelines dated 29th April 2022, including introducing claw-back / malus clause in the Policy.

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BOARD'S REPORT - 2023-24

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 Act.

The afore stated Policies are 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> ; <https://www.mahindrahomefinance.com/wp-content/uploads/2019/Remuneration-Policy-for-KMP-Senior-Management-&-Other-Employees.pdf> ;

https://www.mahindrahomefinance.com/src/assets/downloads/Appointment-Removal-of-Directors-&-SMP-and-Succession-Planning_Final.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 Act.

PARTICULARS OF REMUNERATION

Disclosures pursuant to section 197(12) of the Act, and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, on remuneration paid to directors are given below.

1 The ratio of the remuneration of each Director to the median remuneration of employees of the Company for the Financial Year 2023-24:

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	⁽¹⁾ NIL
Mr. Jyotin Mehta	Independent Director	5.29X
Dr. Narendra Mairpady	Independent Director	4.93X
Mrs. Anjali Raina ⁽²⁾	Independent Director	3.63X
Ms. Smita Mankad ⁽³⁾	Independent Director	1.68X

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

Name of the Director	Category	Ratio of the remuneration of each Director to median remuneration of employees
Mr. Vivek Karve	Non-Executive Non-Independent Director	⁽¹⁾ NIL
Mr. Shantanu Rege	Managing Director & Chief Executive Officer	71.30X

2 The percentage increase in remuneration of each Director, Chief Financial Officer, and Company Secretary during the Financial Year 2023-24:

Name of the Director / KMP	Category	Percentage increase in Remuneration
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	⁽¹⁾ NIL
Mr. Jyotin Mehta	Independent Director	0.00%
Dr. Narendra Mairpady	Independent Director	3.07%
Mrs. Anjali Raina ⁽²⁾	Independent Director	-29.54%
Ms. Smita Mankad ⁽³⁾	Independent Director	NIL
Mr. Vivek Karve	Non-Executive Non-Independent Director	⁽¹⁾ NIL
Mr. Shantanu Rege	Managing Director & Chief Executive Officer	⁽⁶⁾ 154.10%
Mr. Dharmesh Vakharia ⁽⁴⁾	Chief Financial Officer	-1.19%
Mr. Dinesh Prajapati ⁽⁵⁾	Chief Financial Officer	NIL
Mr. Navin Joshi	Company Secretary	13.65%

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BOARD'S REPORT - 2023-24

- (1) Mr. Ramesh Iyer and Mr. Vivek Karve did not receive any remuneration from the Company during the year under consideration.
- (2) Mrs. Anjali Raina ceased to be an Independent Director of the Company with effect from the close of business hours on 22nd December 2023.
- (3) Ms. Smita Mankad has been appointed as an Independent Director with effect from the close of business hours on 22nd December 2023.
- (4) Mr. Dharmesh Vakharia ceased to be the Chief Financial Officer of the Company from the close of business hours on 29th February 2024.
- (5) Mr. Dinesh Prajapati has been appointed as the Chief Financial Officer of the Company with effect from 1st March 2024.
- (6) Mr. Shantanu Rege was appointed as MD & CEO during FY 2022-23. The percentage increase in his remuneration is arrived at after comparing the remuneration received by him for FY 2022-23, which was for part of the year with the remuneration received by him for FY 2023-24, which was for full year.
- (7) Ratio of the remuneration of each Director to median remuneration of employees is given till date of cessation, wherever applicable.
- (8) Ratio of the remuneration of each Director to median remuneration of employees is given from the respective date of appointment of such director.

3 The percentage increase in the median remuneration of employees in the Financial Year 2023-24.

13.58%, considering employees who were in employment for the whole of the FY 2022-23 and FY 2023-24 .

4 The number of permanent employees on the rolls of Company as on 31st March 2024:

As on 31st March 2024, there were 8,435 permanent employees on the rolls of the Company.

5 Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2022-23 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 2022-23 and 2023-24, the average increase is 12.43 %. The managerial remuneration has increased by 15.82 %. 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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

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. Shantanu Rege, the Managing Director & CEO of the Company did not receive any remuneration or commission from the Holding Company.

Details of employee remuneration as required under provisions of section 197(12) of the Act, 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.mahindrahomefinance.com/investors/>

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

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

In FY 2023-24, Human Resources (HR) at your Company embarked on a journey marked by notable advancements and strategic initiatives aimed at enhancing organizational effectiveness and employee experience. The pivotal role played by the vertical in driving the Company's mission of promoting shareholder value and community well-being remained at the forefront of our endeavors.

To empower employees and ensure their readiness for the evolving business landscape, significant efforts were made to enhance digital capabilities and foster a culture of innovation. This was done by leveraging on Human Resources.

Initiatives such as 'Quality Control Circle' and 'Circles of Excellence' continued to facilitate cross-functional collaboration and ideation, contributing to enhanced business agility and problem-solving capabilities.

This year we had the second edition of '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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

Furthermore, in accordance with our commitment to driving positive change, the Mahindra leadership competencies of Collaborate, Agile, and Bold (CAB) were effectively communicated and integrated into various HR processes, including talent acquisition, training, and rewards and recognition.

The implementation of structured On-the-Job (OTJ) training programs and capability-building initiatives for first time Managers underscored our commitment to continuous learning and development. Additionally, the introduction of mobile-based learning management systems (LMS) facilitated anytime, anywhere learning opportunities for employees, further enhancing their skill sets and knowledge base.

Efforts to optimize talent management practices, standardize goals, and leverage digital applications to streamline people processes underscored our commitment to enhancing employee experience and organizational effectiveness. The introduction of AI-powered HR chatbots and technology-based solutions like Compass AI exemplified our focus on leveraging digital tools to drive operational efficiency and employee engagement.

Moreover, our dedication to diversity, equity, and inclusion was re-affirmed through the implementation of various policies and initiatives aimed at supporting women employees, fostering a diverse workforce, and promoting an inclusive organizational culture. This was validated by percentage increase in women representation in the workforce.

Looking forward, Your Company remains committed to strengthening its HR capabilities to meet the challenges of a dynamic business environment. Initiatives such as development of critical talent pool, re-skilling and upskilling of the workforce to support changing business requirements, strengthening organizational effectiveness and continued work on enhancing employee experience will continue to remain at the forefront.

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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

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 2024. The CSR projects undertaken in FY24 are aligned to 3 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 FY 2023-24, your Company worked actively in the spaces of 'Rural Development' and 'Education of Girl Children.' Your Company undertook 2 signature projects on 'Rural Development' and 'Education of Girl Children' in partnership with other NGOs:

1. Veterinary Camp Project



The erstwhile award-winning project, Veterinary Camps is conducted to enrich the livelihoods of beneficiaries by supporting them with effective livestock rearing. The project was conceived to help enhance one of their major sources of income - livestock - so that their prospects of livelihood could be improved.

During the year under consideration, the Company conducted 7 veterinary camps across India to benefit livestock and dependent families.

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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

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 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 the said Section 135.

Your Company strives 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 usage of its funds to create true 'Corporate Social Value'.

The 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>

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.

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

AUDITORS

STATUTORY AUDITORS

In pursuance of the guidelines of the Reserve Bank of India on the appointment and rotation of the Statutory Auditors, the tenure of the Statutory Auditors viz. M/s. Gokhale & Sathe, would come to end at the 17th Annual General Meeting to be held in July 2024, post completion of the Limited Review for the quarter ending 30th June 2024. The Board places on record its sincere appreciation for the services rendered and guidance provided by M/s. Gokhale & Sathe during their tenure as the Statutory Auditors.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

The Report given by the Statutory Auditors on the Financial Statements of the Company for the Financial Year 2023-24 is a part of the Annual Report. The Report of the Auditors is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

Based on the recommendation of the Audit Committee, the Board of Directors has shortlisted and approved, at its meeting held on 19th April 2024, the appointment of M/s. G. M. Kapadia & Co., Chartered Accountants (ICAI Firm Registration No. 104767W) as the Statutory Auditors of the Company and recommended the same for the approval of shareholders. The term of appointment of the incoming statutory auditors will be from the conclusion of the 17th Annual General Meeting (AGM) of the Company till the conclusion of the 20th AGM of the Company i.e., the AGM to be held in the year 2027. They will be handling, *inter-alia*, the statutory audit of three consecutive financial years ending 31st March 2025, 31st March 2026 and 31st March 2027 and the limited review of financial statements for the first quarter of FY 2027-28.

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 Act, 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 2023-24 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 Auditors 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 Act, 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) Rules, 2015, as amended and notified under section 133 of the Act, ("the Act") and other relevant provisions of the Act.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

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/>.

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 make protected disclosures of any 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, through the following reporting channels:

- Any senior leader of the Company
- Third Party Ethics Helpline Service Portal: <https://ethics.mahindra.com>
- Toll free No.: 000 800 100 4175
- Chairperson of the Audit Committee

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.

During the year under consideration, three whistle blower complaints were received and dealt with as per the provisions of the policy in this regard.

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 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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

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.

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BOARD'S REPORT - 2023-24

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.

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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

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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.

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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.

Your Company has a comprehensive Risk Management Policy in place which, *inter-alia*, includes identification, assessment, measurement, mitigation, monitoring and reporting of all risks associated with the activities conducted by the Company.

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 1st 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 1st 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 17th February 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 16th February 2022. Chief Risk Officer ensures the implementation of the Risk Management Policy and Framework including systematic identification and mitigation of various risks faced by the Company.

Chief Compliance Officer

In compliance of the Reserve Bank of India circular no. RBI/2022-23/24 Ref.No.DoS.CO.PPG./SEC.01/11.01.005/2022-23 dated 11th April 2022 which issued a framework on Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs for NBFCs in Upper Layer and Middle Layer, and based on the recommendation of the Nomination and Remuneration Committee and Audit Committee, the Board of Directors appointed Ms. Bharti Jain as the Chief Compliance

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Officer of the Company for a period of 5 years from 29th September 2023, to oversee and monitor compliances as applicable to the Company and adoption of Board approved Compliance Policy.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 134(5) of the Act, 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 31st March 2024, 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 31st March 2024, and of the profit of the Company for the year ended on that date.
- 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 31st March 2024, 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 mandatory Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, as amended, have been duly complied with by your Company.

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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 Companies Act, 2013 the Company has not made any loans, given any guarantees or provided any securities, during the current year. The Company's Investments, as envisaged under Section 186 of the Act, are within the limits mentioned in the said section, and are included in the Financial Statements, forming part of the Annual Report.

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

The particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under section 134(3)(m) of the Act, 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 2023-24 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 Act. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company. Prior/omnibus approval is obtained for Related Party Transactions which are of repetitive nature and/or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions and subsequent material modifications are placed before the Audit Committee for review and approval.

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Disclosure as required in Form AOC-2

There were no contracts or arrangements or transactions entered into during the year ended 31st March 2024 which were not at arm's length basis. Further, there were no material contracts or arrangements or transactions for the year ended 31st March 2024, as envisaged under the relevant provisions of the Companies Act, 2013. Thus, the disclosure as required under Section 134(3)(h) of the Act, in form AOC-2 is not applicable to the Company and hence, the prescribed Form AOC-2 does not form a part of this report.

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.mahindrahomefinance.com/src/assets/downloads/Related-Party-Transactions-Policy.pdf>

SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

The Company did not have any Subsidiary / Associate / Joint Venture as on 31st March 2024, 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 SEBI Listing Regulations.

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 31st March 2024. Refer note number 49 to Financial Statements in the Annual Report for the detailed disclosure of transactions with MMFSL.

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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/src/assets/downloads/MRHFL_POSH-Policy.pdf

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.

No complaints of sexual harassment were received during the Financial Year 2023-24.

CONFIRMATIONS

During the year under consideration, 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, 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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

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GENERAL INFORMATION

Quarterly Financial Results of the Company are furnished to BSE Limited. They are also 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 SEBI Listing Regulations, the details of the Debenture Trustees are given below:

Axis Trustee Services Limited

Corporate Office

The Ruby, 2nd 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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Ramesh Iyer

Chairman

(DIN - 00220759)

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

Website: www.mahindrahomefinance.com

Place: Mumbai

Date: 19th April 2024

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

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 Act.
- 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.

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- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR.
- Activities carried out for fulfillment of any other statutory obligations under any law in force in India will not qualify towards CSR requirements.

2. Composition of the CSR Committee.

The Company has duly constituted a CSR Committee in accordance with section 135 of the Act, 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)	Non-Executive Non-Independent Director	2	1
2.	Mr. Vivek Karve	Non-Executive Non-Independent Director	2	2
3.	Mr. Shantanu Rege	Managing Director & Chief Executive Officer	2	2
4.	Mrs. Anjali Raina ¹	Independent Director	2	2
5.	Ms. Smita Mankad ²	Independent Director	NA	NA

1. Mrs. Anjali Raina ceased to be the Independent Director and consequently a member of the CSR Committee with effect from the close of business hours on 22nd December 2023.
2. Ms. Smita Mankad was inducted as a Member of CSR Committee w.e.f. 22nd December 2023.

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-23-24.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. 1,985.83 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. 39.72 Lakhs

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

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. 39.72 Lakhs

6.

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

Rs. 39.67 Lakhs

(b) Amount spent in Administrative Overheads.

Rs. 0.05 Lakhs

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

Not Applicable

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

Rs. 39.72 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. 39.72 Lakhs	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)]	-

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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 bespent in succeeding Financial Years(in Rs)	Deficiency, ifany
					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]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner			
					CSR Registration Number, if applicable	Name	Registered address	
(1)	(2)	(3)	(4)	(5)	(6)			

(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): **Not Applicable**

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

For Mahindra Rural Housing Finance Limited

For and on behalf of the Corporate Social Responsibility Committee

Shantanu Rege
Managing Director & CEO
(DIN - 06661312)

Ramesh Iyer
Chairman, Corporate Social Responsibility
Committee
(DIN - 00220759)

MAHINDRA RURAL HOUSING FINANCE LIMITED

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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 long-term 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.

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BOARD'S REPORT - 2023-24

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.

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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.

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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 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

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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;

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(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

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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 provisions.

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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.
- **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.

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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.
 - **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.

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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 Claw-back

- Malus & Claw-back 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 & Claw-back 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.

7.2 Claw-back: Previously paid or already vested LTIP, PP, Deferred Cash, Retention Bonus can also be recovered under this clause. It may be applicable for up to 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. Claw-back will be applicable to

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employees even after their separation from the Company.

7.3 Malus and Claw-back 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 claw-back provisions;
- The MD & CEO would propose the cases to the NRC, where malus/ claw-back clause needs to be initiated. In deciding the application of malus / claw-back 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 *inter alia*, internal factors such as role and responsibilities of 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/ claw-back, as recommended by the NRC and approved by the Board.

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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.

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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.
- **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.

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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.

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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 31st March 2024

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 31st March 2024 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 31st March, 2024 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 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.

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- (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 (Regulations 17 to 27 on comply or explain basis).
- (vii) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- (viii) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (limited to obligations of the company)
- (ix) As regards the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the Company being only debt listed and having issued ESOP in terms of Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of (Share Capital and Debenture) Rules, 2024, and hence the said Regulations shall not be applicable.
- (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) 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:

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

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Investment and External Commercial Borrowings.

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 and consent was received from all directors in case the Board Meetings were called at shorter notice. There exists a system for seeking and obtaining further information and clarifications on the agenda items before the Board Meeting and for meaningful participation at the Board 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:

- (i) The Company has raised an amount of Rs.300 Crores (30,000 Unsecured Listed Rated Redeemable Non-Convertible Debenture of (Face value of Rs.1,00,000 per debenture) on a private placement basis.
- (ii) The Company has raised an amount of Rs.375 Crores (37,500 Unsecured Listed Rated Redeemable Non-Convertible Debenture of (Face value of Rs.100,000 per debenture) on a private placement basis.
- (iii) The Company has raised an amount of Rs.0.375 Crores (37,500 Unsecured Listed Rated Redeemable Non-Convertible Debenture of (Face value of Rs.1,00,000 per debenture, Paid up value Rs.100 Per debenture (partly Paid up) on a private placement basis.
- (iv) The Company has raised an amount of Rs.200 Crores (20,000 Secured Listed Rated Redeemable Non-Convertible Debenture of (Face value of Rs.1,00,000 per debenture) on a private placement basis.

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- (v) The Company has raised an amount of Rs.250 Crores (25,000 Secured Listed Rated Redeemable Non-Convertible Debenture of (Face value of Rs.1,00,000 per debenture) on a private placement basis.
- (vi) The Company has raised an amount of Rs.225 Crores (22,500 Secured Listed Rated Redeemable Non-Convertible Debenture of (Face value of Rs.1,00,000 per debenture) on a private placement basis.

Date: 19th April 2024

For KSR & Co Company Secretaries LLP

Place: Coimbatore

Dr. C. V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)
UDIN: F005367F000193357
Peer Review No.2635/2022

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KSR/CBE/M179/046/2024-25

April 19, 2024

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 **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 31st March, 2024.
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

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BOARD'S REPORT - 2023-24

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: 19th April, 2024

For KSR & Co Company Secretaries LLP

Place: Coimbatore

**Dr.C.V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)
UDIN: F005367F000193357
Peer Review No.2635/2022**

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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:

- Training Expense Rs. NIL Lakhs (previous year NIL Lakhs).
- Travelling & Other Expense Rs. 1.80 Lakhs (previous year Rs. 7.63 Lakhs).

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

For and on behalf of the Board

Ramesh Iyer
Chairman
(DIN - 00220759)

Place: Mumbai

Date: 19th April 2024

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BOARD'S REPORT - 2023-24

ANNEXURE V TO THE BOARD'S REPORT

Policy on Related Party Transactions

1. Prelude

Mahindra Rural Housing Finance Limited (MRHFLL / 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'].

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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 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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

- (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 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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

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.

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 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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

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.
- 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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

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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.

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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

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 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.mahindrashomefinance.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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT - 2023-24

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 - 2023-24

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. Company's 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 our firm conviction 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 SEBI Listing Regulations'). A Report on compliance with the Code of Corporate Governance as stipulated in the SEBI 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 SEBI Listing Regulations, as amended from time to time.

The Board of Directors of the Company comprised of six Directors as on 31st March 2024, and as on the date of this Report. As on 31st March 2024, 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 SEBI Listing Regulations.

Mrs. Anjali Raina (DIN: 02327927) ceased to be an Independent Director of the Company with effect from the close of business hours on 22nd December 2023, upon resignation due to personal reasons.

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

The Board of Directors places on record its sincere appreciation for valuable contribution of Mrs. Anjali Raina during her tenure as an Independent Director of the Company.

The Nomination and Remuneration Committee (NRC) at its meeting held on 28th November 2023, recommended to the Board, appointment of Ms. Smita Mankad (DIN: 02009838) as an Independent Director of the Company for a term of 5 (five) consecutive years commencing from the date of approval by the Shareholders. Based on the recommendation of the NRC, the Board of Directors, vide circular resolution dated 29th November 2023, recommended the appointment to the Shareholders of the Company.

The Shareholders, at their Extraordinary General Meeting held on 22nd December 2023, appointed Ms. Smita Mankad (DIN: 02009838) as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 22nd December 2023 and ending on 21st December 2028 (both days inclusive), not liable to retire by rotation.

Mr. Vivek Karve (DIN: 06840707) retires by rotation and being eligible, offers himself for re-appointment at the 17th Annual General Meeting of the Company.

Based on the recommendation of the NRC, the Board of Directors at its meeting held on 19th January 2024 granted in-principal approval for the appointment of Mr. Amarjyoti Barua (DIN: 0920247) as a Non-Independent Non-Executive Director of the Company. At the date of this report, the Company is in process of seeking approval from the Reserve Bank of India for the appointment of Mr. Amarjyoti Barua as a Non-Executive Non-Independent Director of the Company, post which final approval of the Board of Directors and shareholders of the Company will be sought.

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

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/>

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REPORT ON CORPORATE GOVERNANCE - 2023-24

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 SEBI 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 SEBI Listing Regulations. Further, in the opinion of the Board, the Independent Directors fulfil the conditions specified in the SEBI 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 (MMFSL), holding company, and draw remuneration from MMFSL. Mr. Ramesh Iyer and Mr. Vivek Karve do not receive any sitting fees or remuneration from the Company.

Apart from reimbursement of expenses incurred in discharge of their duties and the remuneration that 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.

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, during the year under consideration, there were 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 Director(s) 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.	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&G.

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

Particulars	Mr. Vivek Karve, Non-Executive and Non-Independent Director																																						
	<p>His role as Group CFO of Marico covered Corporate Finance, Secretarial, Internal Audit, Investor Relations, Business Finance and Commercial for Marico Group. He also led Marico's M&A initiatives. Mr. Vivek Karve joined Marico in 2000, as a Manager in Corporate Finance. He took over the charge as CFO of Marico Limited effective 1st April 2014. He made significant contributions in the areas of performance management, investors relations, risk management, governance and controls. He also played an active role in Marico's Merger and Acquisition efforts through due diligence, deal structuring, funding etc.</p> <p>Currently, he is the Chief Financial Officer of Mahindra & Mahindra Financial Services Limited, the Holding Company. 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 person has resigned in the past three years.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sr. No.</th> <th style="text-align: center;">Company</th> <th style="text-align: center;">Directorship</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Mahindra Rural Housing Finance Limited</td> <td>Non- Executive Non-Independent Director</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Mahindra Insurance Brokers Limited</td> <td>Non- Executive Non-Independent Director</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Process Intelligence and Dynamics Private Limited</td> <td>Non- Executive Non-Independent Director</td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Mahindra Ideal Finance Limited (Sri Lanka)</td> <td>Non- Executive Non-Independent Director</td> </tr> <tr> <td style="text-align: center;">5.</td> <td>Mahindra Finance CSR Foundation</td> <td>Non- Executive Non-Independent Director</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sr. No.</th> <th style="text-align: center;">Name of the Company</th> <th style="text-align: center;">Name of the Committee</th> <th style="text-align: center;">Position held (Chairman/Member)</th> </tr> </thead> <tbody> <tr> <td rowspan="7" style="text-align: center;">1.</td> <td rowspan="7">Mahindra Rural Housing Finance Limited</td> <td>Audit Committee</td> <td>Member</td> </tr> <tr> <td>Stakeholders' Relationship Committee</td> <td>Member</td> </tr> <tr> <td>Risk Management</td> <td>Member</td> </tr> <tr> <td>Corporate Social Responsibility Committee</td> <td>Member</td> </tr> <tr> <td>IT Strategy Committee</td> <td>Member</td> </tr> <tr> <td>Asset Liability Committee</td> <td>Member</td> </tr> <tr> <td>Loans & Investment Committee</td> <td>Member</td> </tr> </tbody> </table>	Sr. No.	Company	Directorship	1.	Mahindra Rural Housing Finance Limited	Non- Executive Non-Independent Director	2.	Mahindra Insurance Brokers Limited	Non- Executive Non-Independent Director	3.	Process Intelligence and Dynamics Private Limited	Non- Executive Non-Independent Director	4.	Mahindra Ideal Finance Limited (Sri Lanka)	Non- Executive Non-Independent Director	5.	Mahindra Finance CSR Foundation	Non- Executive Non-Independent Director	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	Member	Corporate Social Responsibility Committee	Member	IT Strategy Committee	Member	Asset Liability Committee	Member	Loans & Investment Committee	Member
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MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

Particulars	Mr. Vivek Karve, Non-Executive and Non-Independent Director
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 17th Annual General Meeting to be held on 17th July 2024.

NUMBER OF BOARD MEETINGS

During the Financial Year 2023-24, the Board of Directors met six times i.e., on 19th April 2023; 19th July 2023; 19th October 2023; 19th January 2024; 12th February 2024 and 8th March 2024. Requisite quorum was present at all these meetings. The meetings of the Board and its Committee were held in person as well as through Video Conferencing. 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.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD

Pursuant to provisions of Section 165 of the Act, no Director of the Company is a Director in more than 10 public limited companies (including any alternate directorships) as on the date of this report. Further, as mandated by Regulation 17A of the SEBI Listing Regulations, no Director 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 SEBI Listing Regulations, no director is a member of more than 10 board level Committees and or is a chairman / chairperson of more than 5 committees (committees here mean only Audit Committee and Stakeholders Relationship Committee), 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 SEBI 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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

COMPOSITION OF THE BOARD

The composition of the Board of Directors of your Company is in conformity with the provisions of the Act, as amended from-time-to-time.

As on 31st March 2024, 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 SEBI 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 19th July 2023, 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.

Composition of the Board of Directors as on 31st March 2024

Sr. No.	Names of Directors	Attendance at the Board Meetings held during F.Y. 2023-24		Attendance at the last AGM held on 19 th July 2023	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
Independent Directors									
1.	Mr. Jyotin Mehta DIN - 00033518 Director since: 30-03-2020	6	6	Yes	8	9	4	Linde India Limited Suryoday Small Finance Bank Limited Amla Limited Westlife Foodworld Limited	Independent Director Independent Director Independent Director Independent Director

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

Sr. No.	Names of Directors	Attendance at the Board Meetings held during F.Y. 2023-24		Attendance at the last AGM held on 19 th July 2023	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
2.	Dr. Narendra Mairpady DIN - 00536905 Director since: 13-08-2015	6	6	Yes	9	9	5	Kesar Enterprises Limited Man Industries (India) Limited Equipp Social Impact Technologies Limited IPCA Laboratories Limited	Independent Director Independent Director Independent Director Independent Director
3.	Ms. Smita Mankad ¹ DIN - 02009838 Director since: 22-12-2023	3	3	NA	9	8	1	Swaraj Engines Limited Bajaj Holdings & Investment Ltd.	Independent Director Independent Director
4.	Mrs. Anjali Raina ² DIN - 02327927 Director since: 30-03-2015	3	3	Yes	0	0	0	-	-
Non-Executive Non-Independent Directors									
5.	Mr. Ramesh Iyer (Chairman) DIN - 00220759 Director since: 09-04-2007	6	6	Yes	9	5	1	Mahindra & Mahindra Financial Services Limited NOCIL Limited	Vice Chairman & Managing Director Independent Director
6.	Mr. Vivek Karve DIN - 06840707 Director since: 17-07-2021	6	6	Yes	2	2	0	-	-
Executive Director(s)									
7.	Mr. Shantanu Rege (Managing Director & CEO) DIN - 06661312 Director since: 01-10-2022	6	6	Yes	1	1	0	-	-

- Ms. Smita Mankad is appointed as an Independent Director of the Company w.e.f. 22nd December 2023.
- Mrs. Anjali Raina ceased to be the Independent Director of the Company with effect from the close of business hours on 22nd December 2023.

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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) include Chairmanship(s).

Details of change in composition of the Board during the financial year ended 31st March 2024 and previous financial year ended 31st March 2023.

Sr. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman / Promoter nominee / Independent)	Nature of change (resignation, appointment)	Effective date
FY 2023-24				
1.	Mrs. Anjali Raina	Independent Director	Resignation	With effect from the close of business hours on 22 nd December 2023
2.	Ms. Smita Mankad	Independent Director	Appointment	22 nd December 2023
FY 2022-23				
1.	Mr. Amit Kumar Sinha	Non-Executive Non-Independent Director	Appointment	23 rd April 2022
			Cessation	19 th March 2023
2.	Mr. Rajnish Agarwal	Managing Director & CEO	Cessation	With effect from the close of business hours on 30 th September 2022
3.	Mr. Shantanu Rege	Managing Director & CEO	Appointment	1 st October 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.

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Sr. No.	Skills	Particulars	Mr. Ramesh Iyer	Mr. Jyotin Mehta	Dr. M. Narendra	Mrs. Anjali Raina*	Ms. Smita Mankad**	Mr. Vivek Karve	Mr. Shantanu Rege
1.	Business Experience	<ul style="list-style-type: none"> • Established leadership skills in strategic planning, succession planning, driving change and long-term growth and guiding the Company towards its vision, mission and values. • Critically analysing complex and detailed information and developing innovative solutions and striking a balance between agility and consistency. • Expertise in the field of Banking and Financial Services. 	✓	✓	✓	✓	✓	✓	✓
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"> • To have an understanding of Finance and Financial Reporting Processes; • To Understand and Oversee various risks facing the Company and ensure that appropriate policies and procedures are in place to effectively manage risk. 	✓	✓	✓	✓	✓	✓	✓
3.	Technology and Innovation	<ul style="list-style-type: none"> • An appreciation of emerging trends in Banking and Financial services across the globe. • Expertise in digital and robotic innovation in the field of Finance and Investments. • Ability to visualise future trends and devise strategies for adoption. 	✓	✓	✓	✓	✓	✓	✓

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Sr. No.	Skills	Particulars	Mr. Ramesh Iyer	Mr. Jyotin Mehta	Dr. M. Narendra	Mrs. Anjali Raina*	Ms. Smita Mankad**	Mr. Vivek Karve	Mr. Shantanu Rege
4.	Governance and Regulatory Oversight	<ul style="list-style-type: none"> Devise systems for compliance with a variety of regulatory requirements. Reviewing compliance and governance practices for a long-term sustainable growth of the Company and protecting stakeholders' interest. 	✓	✓	✓	✓	✓	✓	✓
5.	Consumer Insights and Marketing Exposure (mainly rural and semiurban markets)	<ul style="list-style-type: none"> Ability in developing strategies to increase market share through innovation, build better brand experience for customers, improve prospective customer engagement levels and help establish active customers become loyal brand followers. 	✓	✓	✓	✓	✓	✓	✓

* Mrs. Anjali Raina (DIN: 02327927) ceased to be an Independent Director of the Company with effect from the close of business hours on 22nd December 2023.

** Ms. Smita Mankad has been appointed as an Independent Director of the Company with effect from the 22nd December 2023.

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

A certificate issued by KSR & Co., Company Secretaries LLP, Secretarial Auditor pursuant to Clause 10 (i) of Paragraph C of Schedule V of the SEBI Listing Regulations, certifying that, as on 31st March 2024, none of the Directors 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, the Reserve Bank of India, or any such Statutory Authority is attached at the end of this 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 Act, read with Rules framed thereunder, and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of the SEBI 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

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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)

Mrs. Anjali Raina, Independent Director of the Company resigned during the Financial Year 2023-24, before expiry of her tenure, effective from the end of business hours on 22nd December 2023, due to personal reasons and there were no material reasons other than as provided above.

MEETINGS OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Act and the SEBI Listing Regulations, a meeting of Independent Directors was held during the year under consideration, on 8th March 2024. 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 other 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 attended by all 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 operates and the regulatory environment applicable to it.

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The Company updates the Board Members on a continuing basis on any significant changes in the above and provides them an insight into their expected roles and responsibilities so as to enable them 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 SEBI 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 for the Company.
- Industry outlook at the Board Meetings.
- Information Technology Framework.
- Regulatory updates at the meetings of the Board, and its Committees.
- Circulating disclosures made to the Stock Exchange.
- Updating on compliance with Prevention of Insider Trading Regulations and other relevant 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/investors/>

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, wherever necessary, to enable the Board / Committees 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.

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To enable the Board to discharge its responsibilities effectively and take informed decisions, the Managing Director apprises the Board in every quarterly 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 presentation 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, review quarterly report on frauds submitted to the Reserve Bank of India / National Housing Bank and corrective actions taken, compliance with Fair Practices Code, functioning of customer grievance redressal mechanism, review transactions that involve substantial payment towards goodwill, brand equity or 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 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.

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The questionnaires for performance evaluation are comprehensive and are aligned with the guidance note on Board evaluation issued by SEBI, vide its circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th 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 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 Financial Year 2023-2024 concluded that the Board functions in a cohesive and professional manner enabling frank discussion and resolves issues constructively. Directors concluded that the Board effectively reviews all important areas including Strategic Direction, Risk Assessment and Compliance.

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 2024.

REMUNERATION

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

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 expertise as Executive and Non-Executive Directors.

The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of a person as a Director, the NRC takes in to account the following criteria regarding qualifications, positive attributes and also independence of Directors.

1. For the Board as a whole to be effective, all Board appointments are based on merit, in the context of skills, experience, diversity, and knowledge.
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.

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Your Company has a well-defined Remuneration Policy for its Directors. The Policy is guided by a reward framework and set of objective principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc. as envisaged under the regulatory framework. While determining the remuneration of the Directors the NRC ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate so as 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.

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 KMPs, Senior Management Personnel and, Other Employees

The Board and the NRC considers the current trends pertaining to compensation levels and practices within the industry. This information is used to review the Company's remuneration policies from-time-to-time. The broad structure of compensation payable to employees include 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 the targets in the lower grades, retiral 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 increments are given to eligible employees based on their position, performance and market dynamics.

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>

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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 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.

Section 149 (9) of the Act was amended with effect from 18th 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 19th 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 same. The Shareholders at their 16th Annual General Meeting held 19th July 2023 approved the said proposal.

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/- (full amount or on pro-rata basis, as the case may be) will be provided as payable to each of the Independent Directors for the year ended 31st March 2024, as per the shareholders' approval.

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REPORT ON CORPORATE GOVERNANCE - 2023-24

Name of the Directors	Remuneration for the year ended 31 st March 2024 provided as payable in the accounts of the Company for the year under review (Rs. in Lakhs)
Mr. Jyotin Mehta	8.25
Dr. Narendra Mairpady	8.25
Mrs. Anjali Raina*	6.00
Ms. Smita Mankad*	2.28

* Remuneration will be paid on pro-rata basis.

In addition, the Independent Directors are paid a sitting fee for attending each meeting of the Board and committees thereof, wherever they are members. A sitting fee of Rs. 50,000 is paid to each director for attending a board meeting and Rs. 20,000 is paid to each director for attending a meeting of a Committee of the Board of which he is a member. 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 or more of the total remuneration paid to the eligible Non-Executive Directors during the year ended 31st March 2024.

Remuneration of Executive Director (Managing Director) includes salary, perquisites, allowances, benefits, amenities, retiral, viz. superannuation including gratuity and provident fund (fixed component) and performance pay and stock options (variable component). Remuneration of the Managing Director is recommended by the NRC and 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 2023-24

(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 st March, 2024 paid during the year under review	Total	Total Stock Options Granted till FY 2023-24
Whole-time Directors							
Mr. Shantanu Rege	-	174.65	0.40			175.05	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 st March, 2024 paid during the year under review	Total	Total Stock Options Granted till FY 2023-24
Non-Executive Directors							
Mr. Ramesh Iyer	-	-	-	-	-	-	1,14,273 (Note 3)
Mr. Jyotin Mehta	6.20	-	-	-	8.25	14.45	-
Dr. Narendra Mairpady	5.20	-	-	-	8.25	13.45	-
Mrs. Anjali Raina*	3.90	-	-	-	6.00#	9.90	-
Ms. Smita Mankad**	2.30	-	-	-	2.28#	4.58	-
Mr. Vivek Karve	-	-	-	-	-	-	-

* Ceased to be the Independent Director with effect from the close of business hours on 22nd December 2023.

** Ms. Smita Mankad has been appointed as an Independent Director with effect from 22nd December 2023.

Note: Details of stock options (ESOPs) granted to the Executive / Non-Executive Non-Independent Directors (existing and past) of the Company till the Financial Year 2023-24 are given below.

1. 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). No Stock Options were exercised by him during FY 2023-24.
2. Mr. Ramesh Iyer was granted total 1,14,273 ESOPs in Grant 2 in December 2017. No Stock Options were exercised by him during FY 2023-24.

Details of total grants of ESOPs till the FY 2023-24 are given below.

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

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

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

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Grant 4 - The Stock Options were granted on 16th October 2019. Of these, all four tranches of 25 percent each totalling to 100 percent of the total options have vested on 16th October 2020, 16th October 2021, 16th October 2022 and 16th October 2023, respectively.

Grant 5 - The Stock Options were granted on 18th January 2021. Of these, three tranches of 25 percent each totalling to 75 percent of the total options have vested on 18th January 2022, 18th January 2023 and 18th January 2024, respectively, and the fourth one comprising of the rest of 25% will vest on 18th January 2025.

Grant 6 - The Stock Options were granted on 21st October 2021. Of these, three tranches of 25 percent each totalling to 75 percent of the total options have vested on 21st October 2022, 21st October 2023 and 21st October 2024, respectively, and the fourth one comprising of the rest of 25% will vest on 21st October 2025.

Grant 7 - The Stock Options were granted on 19th October 2022. Of these, two tranches of 25 percent each totalling to 50 percent of the total options have vested on 19th October 2023 and 19th October 2024 and two tranches of 25% each will vest on 19th October 2025 and 19th October 2026, respectively.

@ This includes perquisite value of ESOPs of the Company exercised during the year.
\$ ESOS 2017.

The remuneration payable on pro-rata basis for the tenure served.

During FY 2023-24, the Company did not advance any loan to any of its Directors for buying ESOP shares.

SHARES HELD BY THE DIRECTORS AS ON 31st MARCH 2024

Following table gives details of shares held by the Directors as on 31st March 2024.

Name of the Directors	Category	Number of Shares held
Mr. Jyotin Mehta	Independent Director	Nil
Dr. Narendra Mairpady	Independent Director	Nil
Ms. Smita Mankad	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

As on 31st March 2024, none of the Directors of the Company hold instruments convertible into equity shares of the Company except Employee Stock Options vested and to be exercised as per pre-determined schedule.

MAHINDRA RURAL HOUSING FINANCE LIMITED**REPORT ON CORPORATE GOVERNANCE - 2023-24****PARTICULARS OF SENIOR MANAGEMENT INCLUDING THE CHANGES THEREIN SINCE THE CLOSE OF THE PREVIOUS FINANCIAL YEAR.**

Sr. No.	Name of Senior Management Personnel	Designation	Change and Date
1.	Mr. Shantanu Rege	Managing Director & Chief Executive Officer	No Change
2.	Mr. Dinesh Prajapati	Chief Financial Officer	Appointment (w.e.f. 1 st March 2024)
3.	Mr. Dharmesh Vakharia	Chief Financial Officer	Cessation (upto 29 th February 2024)
4.	Mr. Pankaj Verma	Head - Credit	No change
5.	Mr. Aniruddha Shende	Business Head - Affordable Housing	No change
6.	Mr. Navin Joshi	Company Secretary & Compliance Officer	No change
7.	Mr. Hitesh Agarwal	Chief Risk Officer	No Change
8.	Mr. Jinesh Jain	Chief Strategy Officer	Appointment (w.e.f. 1 st August 2023)
9.	Mr. Sourabha Kolhapure	Chief Technology Officer	No change
10.	Mr. Chetan Bhave	Head - Legal	Appointment (w.e.f. 26 th May 2023)
11.	Mr. Manas Gautam	Head - Legal	Cessation (upto 31 st May 2023)
12.	Ms. Bharti Jain	Chief Compliance Officer	Appointment (w.e.f. 29 th September 2023)
13.	Mr. Mohit Shharma	Head - Collection	Cessation (upto 4 th July 2023)
14.	Ms. Moonmoon Roy	Head - Human Resources	Cessation (upto 21 st December 2023)

Note : Mr. Abhimanyu Sen was appointed as Head - Human Resources with effect from 1st April 2024.

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REPORT ON CORPORATE GOVERNANCE - 2023-24

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.

CEO / CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of the SEBI 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 31st March 2024. 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.

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REPORT ON CORPORATE GOVERNANCE - 2023-24

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 16th February, 2022.

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 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 Act and SEBI 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.

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(a) Audit Committee

Your Company has an adequately qualified and experienced Audit Committee. The Audit Committee was re-constituted during the year under consideration by inducting Ms. Smita Mankad as a Member upon Mrs. Anjali Raina ceasing to be an Independent Director of the Company, and consequently as Member of the Audit Committee. As on 31st March 2024, the Audit Committee comprises of four Non-Executive Directors of which three are Independent Directors. The Audit Committee comprises of Mr. Jyotin Mehta (Chairman), Dr. Narendra Mairpady and Ms. Smita Mankad, 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 SEBI Listing Regulations.

In consequence of Regulation 18 of SEBI Listing Regulations read with Part C of Schedule II of the SEBI Listing Regulations becoming applicable to the Company with effect from 7th September 2021, the Company being 'high value debt listed company', the terms of reference of the Audit Committee had been revised to bring them in line with the aforesaid regulatory provisions.

The 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.

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- 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.
- 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:

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- 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 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

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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 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

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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.

(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;

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- 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.
- 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.

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(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 4th November 2019, the Members of the Audit Committee also interact with the Credit Rating Agencies 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 of the Audit Committee made 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 16th Annual General Meeting of the Company held on 19th July 2023.

The Audit Committee met six times during the year under consideration, i.e. on 19th April 2023; 19th July 2023; 19th October 2023; 22nd December 2023; 19th January 2024 and 8th March 2024.

The gap between two Audit Committee 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 2023-24, is given below.

Names of Members	Category	Member since	Audit Committee meetings	
			Held	Attended
Mr. Jyotin Mehta (Chairman)	Independent Director	1 st April 2020	6	6
Dr. Narendra Mairpady	Independent Director	14 th October 2015	6	6
Mrs. Anjali Raina ¹	Independent Director	30 th March 2015	4	4
Ms. Smita Mankad ²	Independent Director	22 nd December 2023	2	2
Mr. Vivek Karve	Non-Executive Non-Independent Director	17 th July 2021	6	6

1. Mrs. Anjali Raina ceased to be the Independent Director and consequently a member of the Audit Committee with effect from the close of business hours on 22nd December 2023.

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2. Ms. Smita Mankad was inducted as a Member of Audit Committee w.e.f. 22nd December 2023.

(b) Nomination and Remuneration Committee (NRC)

The NRC was re-constituted by inducting Ms. Smita Mankad as Member upon Mrs. Anjali Raina ceasing to be an Independent Director of the Company, and consequently as Member of the NRC. The NRC, as on 31st March 2024, comprised of three members viz. Mr. Ramesh Iyer, Non-Executive Non-Independent Director; Mr. Jyotin Mehta and Ms. Smita Mankad 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 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 16th Annual General Meeting of the Company held on 19th July 2023.

In view of the applicability of Regulation 19 read with Part D of Schedule II of SEBI 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 SEBI 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.
- 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.

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- 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.
 - 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.

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- 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 19th April 2023; 19th July 2023; 28th November 2023 and 19th January 2024.

The attendance of the Members of the NRC at its Meetings held during the Financial Year 2023-24 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 th April 2008	4	4
Mr. Jyotin Mehta	Independent Director	1 st April 2020	4	4
Mrs. Anjali Raina ¹	Independent Director	30 th March 2015	3	3
Ms. Smita Mankad ²	Independent Director	22 nd December 2023	1	1

NRC does not have a regular chairperson and Chairperson of each meeting is elected at such meeting.

1. Mrs. Anjali Raina ceased to be the Independent Director and consequently a member of the NRC with effect from the close of business hours on 22nd December 2023.
2. Ms. Smita Mankad was inducted as a Member of NRC w.e.f. 22nd December 2023.

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

In compliance of provisions of Regulation 20 read with Part D of Schedule II of the SEBI Listing Regulations, the Board of Directors formed a Stakeholders Relationship Committee (SRC).

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The SRC was re-constituted during the year by inducting Dr. Narendra Mairpady as Member upon Mr. Jyotin Mehta expressing his desire to step down as the Chairman and Member of the SRC. The SRC comprises of an Executive Director, one Non-Executive Non-Independent Director and one Independent Director. Dr. Narendra Mairpady; Mr. Vivek Karve; and Mr. Shantanu Rege are the Members of the Committee. SRC does not have a regular chairperson and an Independent Director is elected as a Chairperson at each meeting of SRC. Mr. Navin Joshi, Company Secretary is the Compliance Officer of the Company as required under the SEBI Listing Regulations.

The 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, SEBI 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.
- 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.

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- 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 SEBI Listing Regulations.

The SRC met once during the year under consideration, i.e. on 8th March 2024.

The attendance of the Members of the SRC at its meeting held during the Financial Year 2023-24 is given below.

Names of Members	Category	Member since	SRC meeting	
			Held	Attended
Dr. Narendra Mairpady	Independent Director	19 th July 2023	1	1
Mr. Vivek Karve	Non-Executive Non-Independent Director	22 nd October 2021	1	1
Mr. Shantanu Rege	Managing Director & Chief Executive Officer	1 st October 2022	1	1

Details of complaints/grievances received from Investors and attended to by the Company during the year 2023-24 are given below.

Sr. No.	Nature of Security	Number of complaints at the beginning of the year	No. of complaints received during the year	Number of complaints not solved to the satisfaction of security holder	Number of complaints pending at the end of the year
1.	Equity Shares	0	0	0	0
2.	Private Placement of Secured Redeemable NCDs / Unsecured Subordinated Redeemable NCDs	0	0	0	0
Total		0	0	0	0

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(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 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 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 19th April 2024 reviewed the CSR activities undertaken by the Company during the Financial Year 2023-24. The Annual Report on CSR activities undertaken by the Company in the Financial Year 2023-24 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 19th April 2024.

The CSR Committee was re-constituted during the year under consideration by inducting Ms. Smita Mankad as a Member upon Mrs. Anjali Raina ceasing to be an Independent Director of the Company, and consequently a Member of the CSR Committee. The CSR Committee, as on 31st March 2024, comprised of Mr. Ramesh Iyer, Chairman of the Board and Non-Executive Non-Independent Director, who is also the Chairman of the CSR Committee; Mr. Vivek Karve, Non-Executive Non-Independent Director; Ms. Smita Mankad, Independent Director and Mr. Shantanu Rege, Managing Director & Chief Executive Officer. During the year under consideration, the CSR Committee met twice, i.e. on 18th April 2023 and 19th October 2023.

The terms of reference of the CSR Committee are as under.

1. Formulate and recommend to the Board, a CSR policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
2. Recommend the amount to be spent on these activities;

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3. Institute a transparent monitoring mechanism for implementation of CSR projects and monitor the Company's CSR policy periodically and monitor the Company's CSR policy periodically.
4. To formulate and recommend to the Board, an Annual Action Plan in pursuance of its CSR policy, which shall include the following, namely:-
 - a) The list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - b) The manner of execution of such projects or programs as specified in sub-rule (1) of rule 4 inter alia including CSR activities to be undertaken by the Company by itself or through the following:
 - i) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
 - ii) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities;
 - c) The modalities of utilization of funds and implementation schedules for the projects or programs;
 - d) Monitoring and reporting mechanism for the projects or programs; and
 - e) Details of need and impact assessment, if any, for the projects undertaken by the Company.
 - f) Attend to such other matters and functions as may be prescribed from time to time.

The attendance of the Members of CSR Committee at its meetings held during the Financial Year 2023-24 is given below.

Names of Members	Category	Member since	CSR Committee Meetings	
			Held	Attended
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	5 th March 2014	2	1
Mr. Vivek Karve	Non-Executive Non-Independent Director	17 th July 2021	2	2

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Names of Members	Category	Member since	CSR Committee Meetings	
			Held	Attended
Mr. Shantanu Rege	Managing Director & Chief Executive Officer	1 st October 2022	2	2
Mrs. Anjali Raina ¹	Independent Director	30 th March 2015	2	2
Ms. Smita Mankad ²	Independent Director	22 nd December 2023	NA	NA

1. Mrs. Anjali Raina ceased to be the Independent Director and consequently a member of the CSR Committee with effect from the close of business hours on 22nd December 2023.
2. Ms. Smita Mankad was inducted as a Member of CSR Committee w.e.f. 22nd December 2023.

During the year under consideration, your Company spent Rs. 39.72 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.

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 during the year under consideration. The Board at its meeting held on 19th January 2024 re-constituted the ALCO by inducting Chief Financial Officer; Head - Credit and Head- Treasury as Members of the ALCO. The ALCO, as on 31st March 2024, comprised of Mr. Shantanu Rege, Managing Director & Chief Executive Officer as the Chairman and, Mr. Ramesh Iyer and Mr. Vivek Karve, Non-Executive Non-Independent Directors; Mr. Dinesh Prajapati, Chief Financial Officer; Mr. Pankaj Verma, Head - Credit, and Mr. Prashant Gadkari, Head - Treasury as the members.

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.

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- 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 four times, i.e. on 18th April 2023; 19th July 2023; 18th October 2023; and 19th January 2024. 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 2023-24 is given below.

Names of Members	Category	Member since	ALCO Meetings	
			Held	Attended
Mr. Shantanu Rege (Chairman)	Managing Director & Chief Executive Officer	1 st October 2022	4	4
Mr. Ramesh Iyer	Non-Executive Non-Independent Director	16 th January 2010	4	3
Mr. Vivek Karve	Non-Executive Non-Independent Director	17 th July 2021	4	4

Chief Financial Officer, Head - Credit and Head - Treasury are inducted as the members of the ALCO with effect from 19th January 2024. The meeting attendance details are not applicable for them and hence not provided.

(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 9th February 2017, vide which the National Housing Bank notified Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016.

The Risk Management Committee was re-constituted twice during the year. The Board, at its meeting held on 19th April 2023, re-constituted the Risk Management Committee by inducting Mr. Shantanu Rege as a member. Further, the Board, vide circular resolution dated 22nd December 2023, re-constituted the Risk Management Committee by inducting Ms. Smita Mankad as Member upon Mrs. Anjali Raina ceasing to be an Independent Director of the Company, and consequently as a Member of the Risk Management Committee. The Risk Management Committee, as on 31st March 2024, comprised of Mr. Jyotin Mehta (Chairman), Dr. Narendra Mairpady and Ms. Smita Mankad, Independent Directors, and Mr. Vivek Karve, Non-Executive Non-Independent Director, and Mr. Shantanu Rege, Managing Director & Chief Executive Officer of the Company.

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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 SEBI 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 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.
- 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.

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- 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.
- 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 four times during the year under consideration, i.e. on 20th June 2023; 21st September 2023; 22nd December 2023 and 20th March 2024.

The attendance of the Members of the Risk Management Committee at its meetings held during the Financial Year 2023-24 is given below.

Names of Members	Category	Member since	Risk Management Committee meetings	
			Held	Attended
Mr. Jyotin Mehta (Chairman)	Independent Director	23 rd June 2020	4	4
Dr. Narendra Mairpady	Independent Director	2 nd March 2017	4	4
Mr. Vivek Karve	Non-Executive Non-Independent Director	17 th July 2021	4	4
Mrs. Anjali Raina ¹	Independent Director	2 nd March 2017	3	3
Ms. Smita Mankad ²	Independent Director	22 nd December 2023	1	1

1. Mrs. Anjali Raina ceased to be the Independent Director and consequently a member of the Risk Management Committee with effect from the close of business hours on 22nd December 2023.
2. Ms. Smita Mankad was inducted as a Member of Risk Management Committee w.e.f. 22nd December 2023.

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REPORT ON CORPORATE GOVERNANCE - 2023-24

(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 15th June 2018, vide which the National Housing Bank specified the IT framework to be adopted by Housing Finance Companies.

The Reserve Bank of India (RBI), vide its notification dated 7th November 2023, issued Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices (hereinafter referred to as "Master Direction"). The Master Direction came into effect from 1st April 2024. The Master Direction has enlarged / re-worded / re-aligned the scope of IT Strategy Committee ("ITSC") to, *inter-alia*, include providing guidance in preparation of IT strategy, ensuring that IT strategy is aligned with overall strategy of the Company, ensuring accountability in IT and Information Security Governance, quarterly review of cyber security risks, quarterly review of activities of IT Steering Committee, etc.

In compliance of the aforementioned Master Direction, the Board has approved the constitution of the Operational Committees viz., IT Steering Committee and Information Security Committee. Also, the terms of reference of the IT Strategy Committee have been revised during the year.

The IT Strategy Committee was re-constituted during the year under consideration. The Committee, as on 31st March 2024, comprised of the Managing 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 & Chief Financial Officer; Mr. Dinesh Prajapati, Chief Financial Officer; and Mr. Sourabha Kolhapure, Chief Technology Officer. The Chief Information Security Officer ("CISO") shall be permanent invitee to the meetings of the Committee.

The Board has approved the revised terms of reference of the IT Strategy Committee which are as follows:

- i) Ensure that the Company has put in place an effective IT strategic planning process;
- ii) Provide guidance in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives;
- iii) Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organization;

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- iv) Ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks;
- v) Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and
- vi) Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company (The reference to Business Continuity/ Disaster Recovery Management is limited to operational resilience focusing on People, Processes and Systems associated with the IT, IS, information/ cyber security controls and operations).
- vii) 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 RBI and seeking proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis
- viii) To review cyber security risks/ arrangements/ preparedness of the Company on quarterly basis.
- ix) To obtain outside legal or other professional advice, if it considers necessary.
- x) To secure attendance of outsiders with relevant expertise, if it considers necessary.
- xi) Carrying out such other function as may be statutorily required and as may be delegated by the Board to the Committee from time to time.

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The IT Strategy Committee met twice during the year under consideration, i.e. on 20th June 2023; and 20th March 2024.

The attendance of the Members of the IT Strategy Committee at its meetings held during the Financial Year 2023-24 is given below.

Names of Members	Category	Member since	IT Strategy Committee meetings	
			Held	Attended
Mr. Jyotin Mehta (Chairman)	Independent Director	15 th July 2020	2	2
Mr. Vivek Karve	Non-Executive Non-Independent Director	17 th July 2021	2	2
Mr. Shantanu Rege	Managing Director & Chief Executive Officer	1 st October 2022	2	2
Mr. Dharmesh Vakharia ¹	Chief Financial Officer	18 th July 2018	1	1
Mr. Dinesh Prajapati ²	Chief Financial Officer	1 st March 2024	1	1
Mr. Sourabha Kolhapure	Chief Technical Officer	15 th July 2020	2	2

1. Mr. Dharmesh Vakharia ceased to be Chief Financial Officer of the Company and consequently ceased to be a member of the IT Strategy Committee with effect from the close of business hours on 29th February 2024.
2. Mr. Dinesh Prajapati has been appointed as the Chief Financial Officer of the Company and inducted as a member of the IT Strategy Committee with effect from 1st March 2024.

DISCLOSURES

Details of / Policy for determining Material Subsidiaries

The Company does not have any subsidiary company.

Disclosure of Transactions with Related Parties

During the year under consideration:

- a) all transactions entered into with Related Parties as defined under the Act and Regulation 23 of the SEBI Listing Regulations 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.
- b) there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or their Relatives or the Management, etc., that may have potential conflict with the interests of the Company at large.

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REPORT ON CORPORATE GOVERNANCE - 2023-24

- c) the shareholders at their Annual General Meeting held on 19th July 2023 approved the material related party transactions pursuant to Regulation 23(4) of the SEBI Listing Regulations.

Details of related party transactions are included in note 49 to Financial Statements in the Annual Report.

In compliance of the relevant SEBI Listing Regulations, your Company also discloses, along with its financial results for every half-year ended on 30th September and 31st March, 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 SEBI Listing Regulations

The Company has not made any loans and advances in the nature of loans to Firms/ Companies in which Directors are interested or to its associates. The Company has not availed any loans from Mahindra & Mahindra Financial Services Limited, its Holding Company and Promoter, during FY 2024.

Disclosure on transactions of the Company for the year ended 31st March 2024 with Mahindra & Mahindra Financial Services Limited, holding company, are given in note no. 49 of the Financial Statements of the Company

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 SEBI 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 SEBI 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.mahindrahomefinance.com/src/assets/downloads/Related-Party-Transactions-Policy.pdf>

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REPORT ON CORPORATE GOVERNANCE - 2023-24

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 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 pertaining 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 13th March, 2020. Any application guidance / clarifications / directions / expectations issued by NHB / the RBI or other regulators are implemented as and when they are issued / become applicable.

Statutory Compliance, Penalties and Strictures

Your Company has complied with all the requirements of regulatory authorities. During the year under consideration, 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 during the year.

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 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' is formulated 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 Code prohibits identified Designated Persons and Connected Persons from trading in the Company's listed 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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

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WHISTLE BLOWER POLICY

The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder and the SEBI Listing Regulations is implemented through the Whistle Blower Policy. This Policy provides for adequate safeguards against victimization of persons who use such mechanism to report irregularities, and makes provision for direct access to the Chairperson of the Audit Committee.

The Whistle Blower Policy provides for protected disclosures and protection to the Whistle Blower. Under the Vigil Mechanism all stakeholders can 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. All employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company can make Protected Disclosures through any one of the modes as prescribed under the Whistle Blower Policy.

As per the Whistle Blower Policy of the Company, Employees are free to make protected disclosure of any 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 following reporting channels:

- Any Senior Leader of the Company
- Third Party Ethics Helpline Service Portal: <https://ethics.mahindra.com>
- Toll free No.: 000 800 100 4175
- Letter addressed to the Chairperson of the Audit Committee, Mahindra Rural Housing Finance Ltd., Unit No. 203, Amiti Building, Piramal Agastya Corporate Park, Opposite, Fire Brigade Station, Kamani Junction, L.B.S. Main Road, Kurla (West), Mumbai - 400 070.

The Whistle Blower Policy also 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.mahindrachomefinance.com/src/assets/downloads/Whistle-Blower-Policy-MRHFL.pdf>

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REPORT ON CORPORATE GOVERNANCE - 2023-24

MEANS OF COMMUNICATION

The Company 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 sends communication to the Shareholders, Debentures Holders and other Investors in electronic mode as prescribed under the applicable provisions and publishes its quarterly, half-yearly and annual results in Business Standard (all India editions), which is a national daily.

The Annual Report, the quarterly, half-yearly and the annual financial results and official news releases of the Company are displayed on the Company's website at <https://www.mahindrahomefinance.com/> - Investor Zone.

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 SEBI 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 documents and information 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@mahindra.com as an e-mail ID and 022 - 6292 9800 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. MRHFL_COC@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

Information pertaining to last three Annual General Meetings and Special Resolutions passed thereat is given below.

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For the Financial Year	Date	Time	Special Resolutions passed	Venue
2020-2021	17 th July 2021	11.00 a.m.	Approval of overall borrowing limits under Section 180(1)(c) of the Act and creation of charge on the assets of the Company under Section 180(1)(a) of the Act.	Held through Video Conferencing/Other Audio-Visual Means. Deemed Venue for Meeting: Registered Office: Mahindra Towers, 4 th Floor, Worli, Mumbai - 400 018.
2021-2022	22 nd July 2022	5.00 p.m.	-	Registered Office: Mahindra Towers, 4 th Floor, Worli, Mumbai - 400 018.
2022-2023	19 th July 2023	5.00 p.m.	Approval for payment of remuneration to the Independent Directors.	Registered Office: Mahindra Towers, 4 th Floor, Worli, Mumbai - 400 018.

All the Resolutions moved at the last AGM were passed by the requisite majority of Members.

Details of Extraordinary General Meeting held during the year under consideration and Special Resolution passed thereat.

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2023-24	22 nd December 2023	3.00 p.m.	Appointment of Ms. Smita Mankad as an Independent Director of the Company for a term of 5 consecutive years commencing from 22 nd December 2023 to 21 st December 2028 (both days inclusive).	Registered Office: Mahindra Towers, 4 th Floor, Worli, Mumbai - 400 018.

Resolution moved at the EGM were passed by the requisite majority of Members.

POSTAL BALLOT

The Company has not passed any resolution through Postal Ballot, during the year under consideration.

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

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

COMPLIANCE

The Company has complied with the requirements of Corporate Governance as mentioned in the Paragraphs (2) to (10) of Part 'C' of Schedule V of the SEBI Listing Regulations and has disclosed necessary information as specified in Regulations 17 to 27 and Regulation 62(1) and (1A) of the SEBI Listing Regulations, 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 the Reserve Bank of India / National Housing Bank.

Your Company is in compliance with the requirements of the Act and the Rules made thereunder.

Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the SEBI 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.

a) Unmodified Audit Opinion

During the year under consideration, there is no audit qualification in the Audit Report on 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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

b) **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 & Chief Executive Officer as envisaged in the definition of the term "relative" under the Act.

c) **Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee of the Board of the Company.

DISCLOSURE OF CERTAIN TYPES OF AGREEMENTS BINDING LISTED ENTITIES

Clause 5A of paragraph A of Part A of Schedule III of the SEBI Listing Regulations is not applicable to the Company. However, during the year under consideration, the Company has not entered in to any agreements as envisaged under the said clause .

OTHER DISCLOSURES

Disclosure in relation to recommendation made by Committees of the Board

During the year under consideration, all the recommendations made by the Committees of the Board were accepted by the Board.

Details of utilisation of funds raised through Preferential Allotment or Qualified Institutions Placement

Regulation 32 (7A) of the SEBI Listing Regulations is not applicable to the Company as it is a high value debt listed entity. However, during the year under consideration, your Company has not raised funds through any Preferential Allotment or Qualified Institutions Placement.

Total fees paid to the Statutory Auditors and all entities in the network of firms / entities

The details of fees paid for all the services rendered to the Company by the Statutory Auditors i.e., M/s. Gokhale & Sathe, Chartered Accountants (ICAI Firm Registration No. 103264W) and all entities in the network of firms/network of entities of which the Statutory Auditors are a part, are given below.

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Auditor's fees and expenses	M/s. Gokhale & Sathe
Audit fees	25.12
Other services	11.30
Reimbursement of expenses	2.30
Total	38.72

Disclosure in relation to 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 available on the website of the Company and can be accessed at the web-link

https://www.mahindrahomedefinance.com/src/assets/downloads/MRHFL_POSH-Policy.pdf

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.

No complaints of sexual harassment were received during the Financial Year 2023-24.

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

17th ANNUAL GENERAL MEETING

Day and Date: Wednesday, 17th July 2024

Time: 4.30 p.m. IST

Venue of the Meeting: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.

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Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Financial Reporting for

- Quarter ending 30th June 2024 – By end of July 2024
- Half-year ending 30th September 2024 – By end of October 2024
- Quarter ending 31st December 2024 – By end of January 2025
- Year ending 31st March 2025 – By end of April 2025

Note: The above dates are indicative.

Date of Book Closure

The Board of Directors of the Company has not recommended any Dividend to the Shareholders for the FY 2023-24 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 2023-24.

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 Commercial Papers (CP) were also listed on BSE Limited.

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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 SEBI 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, 2nd 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.

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 31st March 2024 are as follows.

Shareholding pattern by size as on 31st March 2024

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
1 - 5,000	42	2,90,699	0.01
5,001 - 10,000	77	1,85,297	0.05
10,001 - 20,000	41	2,26,305	0.04
20,001 - 30,000	14	26,944	0.03
30,001 - 40,000	17	32,090	0.05
40,001 - 50,000	16	98,043	0.06
50,001 - 1,00,000	27	2,17,855	0.15
1,00,001 and above	27	12,18,10,637	99.61
Total	261	1,22,88,7870	100.00

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Shareholding pattern by ownership as on 31st March 2024

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)	5,57,145	0.45
Others (MRHFL Employees pursuant to the MRHFL ESOP Scheme)	13,78,047	1.12
Total	12,28,87,870	100.00

Dematerialisation of Shares and Liquidity

As on 31st March 2024, entire equity capital of the Company 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 31st March 2024, 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 15th 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 did not have any foreign currency exposure as on 31st March 2024.

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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

Credit Rating

During the year under consideration, CRISIL Ratings Limited has re-affirmed Company's rating 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 re-affirmed '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 re-affirmed '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 upgraded the rating of the Company's Non-Convertible Debentures and Subordinated Debt from 'CARE AA+/stable' outlook to 'CARE AAA/stable'.

Plant Locations / Offices

In view of the nature of business 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.mahindrachomefinance.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 SEBI 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.

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

The Stakeholders Relationship Committee is formed 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.

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 2023-24. 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 / Guidelines, Listing Agreement with the Stock Exchange, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report is annexed to the Board's Report.

Pursuant to Regulation 61(4) read with 40(9) of the SEBI 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 8th February, 2019, as amended, read with the Regulation 24A of SEBI 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 2023-24 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:

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

KFin Technologies 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.
Email: einward.ris@kfintech.com | Website: www.kfintech.com

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode.

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:

Unit No. 203, Amity Building,
Piramal Agastya Corporate Park,
Opposite, Fire Brigade Station,
Kamani Junction, L.B.S. Main Road,
Kurla (West), Mumbai - 400 070.
Tel.: +91 022-6292 9800
Email Id: investorhelpline.mrhfl@mahindra.com

Your Company can also be visited at its website: <https://www.mahindrafinance.com>

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

**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 31st March 2024.

For Mahindra Rural Housing Finance Limited

**Shantanu Rege
Managing Director & Chief Executive Officer
(DIN - 06661312)**

Place: Mumbai

Date: 19th April 2024

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

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,

Mahindra Rural Housing Finance Limited
(CIN U65922MH2007PLC169791)
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 (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) 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, 2024 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. Jyotin Kantilal Mehta	00033518	30/03/2020
3.	Dr. Narendra Mairpady	00536905	13/08/2015 Re-appointed on 13/08/2020
4.	Mr. Vivek Anant Karve	06840707	17/07/2021
5.	Mr. Shantanu Dilip Rege	06661312	01/10/2022 Re-appointed on 28/10/2022
6.	Ms. Smita Piyush Mankad	02009838	22/12/2023

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

Mrs. Anjali Raina stepped down from the office of Non-Executive - Independent Director on the Board of the Company with effect from closing business hours on 22nd December 2023. 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 this, 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: 19th April 2024

For KSR & Co Company Secretaries LLP

Place: Coimbatore

Dr. C. V. Madhusudhanan

Partner

FCS: 5367; CP:4408

UDIN: F005367F000193379

Peer Review No. 2635 / 2022

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

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 31st March 2024 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
(DIN - 06661312)

Dinesh Prajapati
Chief Financial Officer

Place: Mumbai
Date: 19th April 2024

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

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 31st March, 2024, 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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). 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 16 to 27 on a comply or explain basis, regulation 62(1A) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

MAHINDRA RURAL HOUSING FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE - 2023-24

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: 19th April 2024

For KSR & Co Company Secretaries LLP

Place: Coimbatore

Dr. C. V. Madhusudhanan

Partner

FCS: 5367; CP: 4408

UDIN: F005367F000193381

Peer Review 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, 2024 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 material accounting policy information 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, 2024 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
Impairment of loans and advances	
<i>Refer to the accounting policies in “Note 2.5 (ii) to the financial statements: Impairment of financial statements” “Note 4 to the financial statements: Loans” and “Note 44 (ii) to the financial statements: Credit Risk Management”</i>	
<p>The Company has recognized impairment loss allowance of Rs.13,360.89 lakhs in its Statement of Profit and Loss during the year 2023-2024. The Company has maintained impairment provisions amounting to Rs.27,682.83 lakhs as at March 31, 2024.</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"> • 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. • 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. 	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> • 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 including discussions with the external industry expert engaged by the Company for review and updation of the ECL model. • 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. • Testing management’s controls over authorization and calculation of post model adjustments and management overlays, if any. • Evaluated whether the methodology applied by the Company is in compliance of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, checking mathematical accuracy of the workings.

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances	
<ul style="list-style-type: none"> 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. During the year, the Company has engaged an industry expert to assist it in review and updation of the ECL model. <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"> 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. Testing the 'Governance Framework' over validation, implementation and model monitoring in line with the RBI guidance. 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. We have also obtained management representations wherever considered necessary.

IT Systems and Controls	
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. Additionally, during the year, there has been a migration to an advanced loan management system. 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"> Performed control testing on user access management, change management, segregation of duties, system and system application controls over key financial accounting and reporting systems. 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. 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. Tested and reviewed data consistency pre and post migration of the LMS and also reviewed the reports of external consultants hired for this purpose. 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.

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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, 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:
 - 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, based on our examination which included test checks, the company has used an accounting software for maintaining its books

of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

For **Gokhale & Sathe**
Chartered Accountants
Firm Regn. No.10326W

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.

Place: Mumbai
Date: April 19, 2024.

Rahul Joglekar
Partner
Membership No.:129389
UDIN: 24129389BKASOK7031

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, 2024 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.65,091.29 lakhs were categorised as credit impaired (“Stage 3”) and Rs. 59,835.58 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 44(ii)(k) to the financial statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating Rs.5,95,981.33 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. 2,001.50 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, 2024 is as per details below:

No. of cases	Principal amount overdue (Rs. Lakhs)	Interest overdue (Rs. Lakhs)	Total overdue (Rs. Lakhs)	Remarks (if any)
49,624	20,466.05	14,085.72	34,551.77	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, 2024 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	31.00	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2017-18	46.92	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2021-22	35.10	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	1.28
Cases of frauds by employees	44.68

- (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)(b) 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: April 19, 2024.

Membership No.:129389
UDIN: 24129389BKASOK7031

Annexure B to the Independent Auditors' report on the financial statements of Mahindra Rural Housing Finance Limited for the year ended March 31, 2024.

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, 2024 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, 2024, 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: April 19, 2024.

Membership No.:129389
UDIN: 24129389BKASOK7031

BALANCE SHEET AS AT 31 MARCH 2024

Particulars	Note	(Rs. in Lakhs)	(Rs. in Lakhs)
		As at 31 March 2024	As at 31 March 2023
ASSETS			
1) Financial Assets			
a) Cash and cash equivalents	3	57,673.26	31,631.99
b) Bank balance other than (a) above		16,372.47	88,702.87
c) Loans	4	693,329.82	684,524.55
d) Investments	5	23,851.32	34,095.06
e) Other financial assets	6	1,808.88	3,195.18
		<u>793,035.75</u>	<u>842,149.65</u>
2) Non-financial Assets			
a) Current tax assets (Net)		2,905.66	1,920.89
b) Deferred tax assets (Net)	7	10,900.05	11,028.76
c) Property, Plant and Equipments	8	12,165.95	12,527.61
d) Other intangible assets	9	583.23	23.61
e) Other non-financial assets	10	3,500.05	4,125.99
		<u>30,054.94</u>	<u>29,626.86</u>
Total Assets		<u>823,090.69</u>	<u>871,776.51</u>
LIABILITIES AND EQUITY			
LIABILITIES			
1) Financial Liabilities			
a) Payables	11		
I) Trade payables			
i) total outstanding dues of micro enterprises and small enterprises		21.51	1.32
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		4,185.39	4,366.40
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		22.30	22.28
b) Debt securities	12	316,247.21	316,771.91
c) Borrowings (Other than Debt Securities)	13	272,069.19	319,162.66
d) Subordinated liabilities	14	46,078.58	46,049.24
e) Other financial liabilities	15	33,704.51	35,107.89
		<u>672,328.69</u>	<u>721,481.70</u>
2) Non-Financial Liabilities			
a) Current tax liabilities (Net)		-	-
b) Provisions	16	1,372.09	1,480.32
c) Other non-financial liabilities	17	580.95	651.47
		<u>1,953.04</u>	<u>2,131.79</u>
3) EQUITY			
a) Equity share capital	18	12,233.07	12,213.75
b) Other equity	19	136,575.89	135,949.27
		<u>148,808.96</u>	<u>148,163.02</u>
Total Liabilities and Equity		<u>823,090.69</u>	<u>871,776.51</u>
Summary of material accounting policy information	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]

Jyotin Mehta
Director
[DIN: 00033518]

Shantanu Rege
Managing Director
[DIN: 06661312]

Dinesh Prajapati
Chief Financial Officer

Navin Joshi
Company Secretary
[ACS9049]

Mumbai
19 April 2024

Mumbai
19 April 2024

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2024

Particulars	Note	(Rs. in Lakhs)	(Rs. in Lakhs)
		Year ended 31 March 2024	Year ended 31 March 2023
REVENUE FROM OPERATIONS			
i) Interest income	20	124,425.67	130,371.65
ii) Fees and commission income.....	21	726.71	1,012.20
iii) Net gain / (loss) on fair value changes and derecognised financial instruments ...	22	2,049.86	1,982.60
I Total revenue from operations		127,202.24	133,366.45
II Other income.....	23	2,241.35	1,613.58
III Total Income (I+II).....		129,443.59	134,980.03
EXPENSES			
i) Finance costs	24	53,625.65	52,512.77
ii) Fees and commission expense.....	25	757.87	707.17
iii) Impairment on financial instruments	26	13,360.89	17,222.85
iv) Employee benefits expenses	27	41,924.75	40,442.66
v) Depreciation, amortisation and impairment	28	3,287.87	2,625.74
vi) Other expenses	29	16,002.39	18,839.89
IV Total Expenses (IV)		128,959.42	132,351.08
V Profit / (Loss) before tax (III - IV)		484.17	2,628.95
VI Tax expense:			
i) Current tax.....		-	-
ii) Deferred tax.....		123.68	835.08
iii) (Excess) / Short Provision for Income Tax - earlier years.....		-	(380.91)
		123.68	454.17
VII Profit / (Loss) for the year (V-VI)		360.49	2,174.78
VIII Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss			
– Remeasurement loss on defined benefit plans.....		(120.46)	(55.37)
(ii) Income tax impact thereon.....		30.32	13.93
Subtotal (A).....		(90.14)	(41.44)
(B) (i) Items that will be reclassified to profit or loss			
– Net gain / (loss) on debt instruments through OCI.....		140.46	(194.77)
(ii) Income tax impact thereon.....		(35.35)	49.02
Subtotal (B).....		105.11	(145.75)
Other Comprehensive Income / (Loss) (A+B)		14.97	(187.19)
IX Total Comprehensive Income / (Loss) for the year (VII+VIII) (Comprising Profit / (Loss) and other Comprehensive Income for the year)		375.46	1,987.59
X Earnings per equity share (for continuing operations)	30		
(Face value - Rs. 10/- per share)			
Basic (Rupees).....		0.29	1.78
Diluted (Rupees).....		0.29	1.78

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]

Dinesh Prajapati
Chief Financial Officer
Mumbai
19 April 2024

Navin Joshi
Company Secretary
[ACS9049]

Mumbai
19 April 2024

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	(Rs. in Lakhs)	(Rs. in Lakhs)
	31 March 2024	31 March 2023
A Equity Share Capital		
Balance at the beginning of the year	12,288.79	12,288.79
Changes in Equity share capital during the year		
Add: Fresh allotment of shares:		
– Issue of Shares	–	–
– Shares issued under Employees' Stock Option Scheme	–	–
	<u>12,288.79</u>	<u>12,288.79</u>
Less: Shares issued to ESOS Trust but not allotted to employees.....	55.72	75.04
Balance at the end of the year	<u><u>12,233.07</u></u>	<u><u>12,213.75</u></u>

B Other Equity

	Reserves and Surplus					Other Comprehensive Income	Total
	Statutory reserves	Securities premium	General reserves	Employee stock options outstanding	Retained earnings or Profit & loss account	Debt instruments through OCI	
Balance as at 01 April 2022	31,334.93	43,281.19	290.00	842.25	57,579.99	(64.52)	133,263.84
Profit for the year	–	–	–	–	2,174.78	–	2,174.78
Other Comprehensive Income	–	–	–	–	(41.44)	(145.75)	(187.19)
Total Comprehensive Income	–	–	–	–	2,133.34	(145.75)	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)	–	–
Balance as at 31 March 2023	<u>31,809.93</u>	<u>43,671.05</u>	<u>290.00</u>	<u>1,150.23</u>	<u>59,238.33</u>	<u>(210.27)</u>	<u>135,949.27</u>
Balance as at 01 April 2023	<u>31,809.93</u>	<u>43,671.05</u>	<u>290.00</u>	<u>1,150.23</u>	<u>59,238.33</u>	<u>(210.27)</u>	<u>135,949.27</u>
Profit for the year	–	–	–	–	360.49	–	360.49
Other Comprehensive Income	–	–	–	–	(90.14)	105.11	14.97
Total Comprehensive Income	–	–	–	–	270.35	105.11	375.46
Transfers to Securities premium on exercise of employee stock options	–	264.19	–	(264.19)	–	–	–
Allotment of equity shares by ESOP Trust to employees	–	110.16	–	–	–	–	110.16
ESOP outstanding reserve account.....	–	–	–	(48.49)	–	–	(48.49)
Share based payment expense	–	–	–	189.49	–	–	189.49
Transfers to Statutory reserves.....	80.00	–	–	–	(80.00)	–	–
Balance as at 31 March 2024	<u>31,889.93</u>	<u>44,045.40</u>	<u>290.00</u>	<u>1,027.04</u>	<u>59,428.68</u>	<u>(105.16)</u>	<u>136,575.89</u>

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]

Dinesh Prajapati
Chief Financial Officer

Navin Joshi
Company Secretary
[ACS9049]

Mumbai
19 April 2024

Mumbai
19 April 2024

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

Particulars	(Rs. in Lakhs) Year ended 31 March 2024	(Rs. in Lakhs) Year ended 31 March 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	484.17	2,628.95
Add/(Less):		
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	3,287.87	2,625.74
Impairment on financial instruments	19,991.35	23,339.44
Interest income	(124,425.68)	(130,371.65)
Interest expense	53,390.85	52,148.87
Loss/ (profit) on sale of Property, Plant and Equipment	(15.94)	(22.21)
Share based payments to employees	141.00	544.70
Profit on sale of investments in mutual funds	(2,208.25)	(2,792.09)
Net gain / (loss) on financial instruments at FVTPL	158.39	809.49
Operating profit before working capital changes	I	(51,088.76)
Working capital changes in		
Loans	(27,274.76)	3,418.22
Other financial assets	1,480.96	(1,911.14)
Other non-financial assets	(136.86)	(886.96)
Trade payable	(160.80)	(3,159.52)
Other liabilities	584.94	(1,740.80)
Provisions	(228.69)	(210.84)
	II	(4,491.04)
Cash used in operations	(I+II)	(55,579.80)
Interest received	122,903.82	121,973.79
Interest paid	(56,073.77)	(51,465.14)
Income tax paid (net of refunds)	(984.77)	(2,459.73)
NET CASH GENERATED FROM / USED IN OPERATING ACTIVITIES (A)	(9,086.17)	12,469.12
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment and Intangible assets	(1,880.47)	(4,160.44)
Proceeds from sale of Property, Plant and Equipment	147.28	111.43
Purchase of investments	(316,944.65)	(192,700.22)
Proceeds from sale of investments	329,284.05	222,263.77
Investments in term deposits with banks	(91,203.47)	(139,312.76)
Proceeds from term deposits with banks	163,533.87	73,754.94
NET CASH USED IN INVESTING ACTIVITIES (B)	82,936.61	(40,043.28)
CASH FLOW FROM FINANCING ACTIVITIES		
Debt securities issued	175,037.50	57,500.00
Debt securities repaid	(174,500.00)	(75,500.00)
Borrowings other than debt securities	82,700.00	168,400.00
Borrowings other than debt securities repaid	(129,796.06)	(132,720.04)
Payment for principal portion of lease liability	(1,250.61)	(842.86)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	(47,809.17)	16,837.10
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	26,041.27	(10,737.06)
Cash and Cash equivalents at the beginning of the year	31,631.99	42,369.05
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	57,673.26	31,631.99

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024 (CONTD...)

Particulars	(Rs. in Lakhs)	(Rs. in Lakhs)
	Year ended 31 March 2024	Year ended 31 March 2023
Cash and cash equivalents at the end of the year		
– Cash on hand	954.32	939.62
– Balances with banks in current accounts	2,080.58	2,604.84
– Term deposits with original maturity up to 3 months	54,638.36	28,087.53
Total	57,673.26	31,631.99

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. 39.72 Lakhs in cash (31 March 2023: Rs. 460.70 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
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Shantanu Rege
Managing Director
[DIN: 06661312]

Mumbai
19 April 2024

Dinesh Prajapati
Chief Financial Officer
Mumbai
19 April 2024

Navin Joshi
Company Secretary
[ACS9049]

Notes to the Financial Statements for the year ended 31 March 2024

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 MATERIAL ACCOUNTING POLICY INFORMATION

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 2024.

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.

(a) 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.

(b) 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)

(c) 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.

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

Notes to the Financial Statements for the year ended 31 March 2024

the circumstances.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision is made. The disclosure of contingent liability is made when there is a possible obligation or present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligation for which a reliable estimate cannot be made as a contingent liability.

(d) 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.

(e) 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.

(f) 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, debt instruments measured at FVOCI. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

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

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

Interest income

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

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

Notes to the Financial Statements for the year ended 31 March 2024

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)	Over the lease term of the respective agreements

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 Equipments 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;
- 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 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.

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.

Debt investment at FVOCI are subsequently measured at fair value. Interest income at effective interest rate and impairment provision, if any, are recognised in Statement of profit and loss. Net gains or losses on fair valuation are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to 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.

Notes to the Financial Statements for the year ended 31 March 2024

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 financial assets are estimated using a historical credit loss experience, adjusted for factors that are specific to the general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL

represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. It has been the Company's policy to regularly review its model in the context of actual loss experience and provide for additional impairment allowance due to management overlay when necessary (refer note 44)

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and loss allowances on other receivables are disclosed separately under provisions.

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.

Collateral repossessed:

In the normal course of business, the Company does not physically repossess assets/properties in its loan portfolio, but engages external agents to repossess and recover funds, generally by selling at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the assets/ properties under legal repossession processes are not separately recorded on the balance sheet.

Write offs:

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "bad debts/loss on termination" forming part of "impairment on financial instruments" in Statement of Profit and Loss.

2.11 Employee benefits:

a) Short-term employee benefits

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 ex-

Notes to the Financial Statements for the year ended 31 March 2024

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) Leave encashment / compensated absences / sick leave

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

e) 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 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.

Notes to the Financial Statements for the year ended 31 March 2024

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 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.

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.
- Lease 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.

2.17 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**)

2.18 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.

2.19 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 2024, there are no amendments to the Companies (Indian Accounting Standards) Amendment Rules, 2015.

Notes to the Financial Statements for the year ended 31 March 2024
3 Cash and cash equivalents

	31 March 2024	31 March 2023
Cash on hand	954.32	939.62
Balances with banks in current accounts	2,080.58	2,604.84
Term deposits with original maturity up to 3 months	54,638.36	28,087.53
Total	57,673.26	31,631.99

4 Loans

	31 March 2024	31 March 2023
A) Loans (at amortised cost):		
i) Loans against assets	720,812.87	719,893.96
ii) Other loans and advances	95.33	98.80
Total (A) - Gross	720,908.20	719,992.76
Less: Impairment loss allowance	(27,578.38)	(35,468.21)
Total (A) - Net	693,329.82	684,524.55
B) i) Secured by tangible assets (hypothecation on land and/or building)	719,523.36	718,848.68
ii) Unsecured	1,384.84	1,144.08
Total (B) - Gross	720,908.20	719,992.76
Less: Impairment loss allowance	(27,578.38)	(35,468.21)
Total (B) - Net	693,329.82	684,524.55
C) I) Loans in India		
i) Public Sector	-	-
ii) Others	720,908.20	719,992.76
Total (C) - Gross	720,908.20	719,992.76
Less: Impairment loss allowance	(27,578.38)	(35,468.21)
Total (C) (I) - Net	693,329.82	684,524.55
II) Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total (C) (II) - Net	-	-
Total C (I) and C (II)	693,329.82	684,524.55

5 Investments

	31 March 2024	31 March 2023
A) At Fair Value		
Through Profit or Loss		
Units of mutual funds	10,820.12	22,088.07
Total (Gross)	10,820.12	22,088.07
Less: Impairment loss allowance	-	-
Total (Net) - A	10,820.12	22,088.07

B) At Fair Value

	31 March 2024	31 March 2023
Through Other Comprehensive Income		
Government securities*	13,031.20	12,006.99
Total (Gross)	13,031.20	12,006.99
Less: Impairment loss allowance	-	-
Total (Net) - B	13,031.20	12,006.99
Investments in India	23,851.32	34,095.06
Investments outside India	-	-
Total (Net)	23,851.32	34,095.06

* 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 2024	31 March 2023
Security deposits for office premises / others	927.20	897.31
Insurance claims receivable	34.08	32.53
Interest accrued on Term Deposit	750.38	1,662.59
Other receivables	97.22	602.75
Total	1,808.88	3,195.18

7 Deferred tax assets

	31 March 2024	31 March 2023
Tax effect of items constituting deferred tax liabilities:		
FVTPL financials assets	17.06	55.86
FVTOCI financial assets (G-Sec)	(35.37)	(70.72)
Total (A)	(18.31)	(14.86)
Tax effect of items constituting deferred tax assets:		
Provision for employee benefits	393.88	376.94
Allowance for Expected Credit Loss (ECL)	2,811.12	4,675.99
Effective Interest Rate (EIR) - financial instruments	1,237.92	1,463.35
Depreciation on property, plant and equipment	502.68	351.48
Tax losses	5,431.95	3,757.23
Leases	295.02	230.41
Other provisions	209.17	158.50
Total (B)	10,881.74	11,013.90
Total deferred tax assets (B-A)	10,900.05	11,028.76

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024
8 Property, plant and equipments

Particulars	Buildings*	Computers	Furniture and fixtures	Vehicles	Office equipments	Right-of-use assets (Leasehold Premises)	Total
GROSS CARRYING AMOUNT							
Balance as at 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
Balance as at 31 March 2023	23.12	2,916.45	1,771.03	2,264.66	1,629.99	11,861.55	20,466.80
Balance as at 1 April 2023	23.12	2,916.45	1,771.03	2,264.66	1,629.99	11,861.55	20,466.80
Additions during the year	–	130.43	665.64	738.49	252.74	973.90	2,761.20
Disposals / deductions during the year	–	513.81	56.08	355.72	85.46	–	1,011.07
Balance as at 31 March 2024	23.12	2,533.07	2,380.59	2,647.43	1,797.27	12,835.45	22,216.93
ACCUMULATED DEPRECIATION							
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
Balance as at 31 March 2023	2.83	1,656.14	910.91	946.63	1,095.05	3,327.63	7,939.19
Balance as at 1 April 2023	2.83	1,656.14	910.91	946.63	1,095.05	3,327.63	7,939.19
Additions during the year	0.38	640.71	192.72	443.61	209.97	1,507.29	2,994.68
Disposals / deductions during the year	–	512.43	50.58	238.21	81.67	–	882.89
Balance as at 31 March 2024	3.21	1,784.42	1,053.05	1,152.03	1,223.35	4,834.92	10,050.98
NET CARRYING AMOUNT							
As at 31 March 2023	20.29	1,260.31	860.12	1,318.03	534.94	8,533.92	12,527.61
As at 31 March 2024	19.91	748.65	1,327.54	1,495.40	573.92	8,000.53	12,165.95

* Secured non convertible debentures (NCDs) have pari passu charges on buildings whose carrying amount is Rs. 19.91 Lakhs (31 March 2023 - Rs. 20.29 Lakhs)

9 Other intangible assets

Particulars	Computer software	Particulars	Computer software
GROSS CARRYING AMOUNT		Balance as at 1 April 2023	266.72
Balance as at 1 April 2022	265.48	Additions during the year	293.20
Additions during the year	24.85	Disposals / deductions during the year	3.16
Disposals / deductions during the year	–	Balance as at 31 March 2024	556.76
Balance as at 31 March 2023	290.33	NET CARRYING AMOUNT	
Balance as at 1 April 2023	290.33	As at 31 March 2023	23.61
Additions during the year	855.98	As at 31 March 2024	583.23
Disposals / deductions during the year	6.32		
Balance as at 31 March 2024	1,139.99	10 Other non-financial assets	
ACCUMULATED DEPRECIATION			
Balance as at 1 April 2022	242.91	Capital advances	51.69
Additions during the year	23.81	Prepaid expenses	1,857.74
Disposals / deductions during the year	–	Balances with Government Authorities	1,416.47
Balance as at 31 March 2023	266.72	Other Advance	174.15
		Total	3,500.05
			4,125.99

Notes to the Financial Statements for the year ended 31 March 2024

11 Payables

	31 March 2024	31 March 2023		31 March 2024	31 March 2023
I) Trade payables			a) Dues remaining unpaid to any supplier at the period end		
i) total outstanding dues of micro enterprises and small enterprises	21.51	1.32	– Principal	21.51	1.32
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4,185.39	4,366.40	– Interest on the above	–	–
II) Other payables			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	269.48	1,202.86
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	22.30	22.28	– Interest paid in terms of Section 16 of the MSMED Act	5.28	20.55
TOTAL	4,229.20	4,390.00	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 2024 is as follows:

Outstanding for following periods from due date of payment

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME *	21.51	–	–	–	21.51
(ii) Others	4183.17	0.16	2.06	–	4,185.39
(iii) Disputed dues – MSME	–	–	–	–	–
(iv) Disputed dues – Others	–	–	–	–	–

Ageing for trade payables outstanding as at 31 March 2023 is as follows:

Outstanding for following periods from due date of payment

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME *	1.32	–	–	–	1.32
(ii) Others	4354.59	3.85	7.96	–	4,366.40
(iii) Disputed dues – MSME	–	–	–	–	–
(iv) Disputed dues – Others	–	–	–	–	–

*As per MSMED Act, 2006.

Relationship with Struck off Companies as at 31 March 2024:

Name of struck off Company	Nature of transactions	Balance outstanding	Relationship
	NIL		

Relationship with Struck off Companies as at 31 March 2023:

Name of struck off Company	Nature of transactions	Balance outstanding	Relationship
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 2024
12 Debt Securities

	31 March 2024	31 March 2023
At Amortised cost		
i) Bonds / Debentures (Secured)		
– Non-convertible debentures	1,50,238.35	1,52,130.29
ii) Bonds / Debentures (Unsecured)		
– Non-convertible debentures	1,47,406.22	1,64,641.62
iii) Others (Unsecured)		
– Commercial Papers	18,602.64	–
Total	<u>3,16,247.21</u>	<u>3,16,771.91</u>
Debt securities in India	<u>3,16,247.21</u>	<u>3,16,771.91</u>
Debt securities outside India	–	–
Total	<u>3,16,247.21</u>	<u>3,16,771.91</u>

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

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

From the Balance Sheet date	As at 31 March 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	–	–	7.15%–9.25%	69,500.00
Maturing between 1 year to 3 years	7.75%-8.45%	1,01,000.00	7.75%-8.30%	57,500.00
Maturing between 3 years to 5 years	8.41%-9.18%	28,510.00	8.30%	1,000.00
Maturing beyond 5 years	7.9%-8.35%	21,000.00	7.90%-9.18%	24,510.00
Total at face value		<u>1,50,510.00</u>		<u>1,52,510.00</u>
Less: Unamortised finance cost		271.65		379.71
Total amortised cost		<u>1,50,238.35</u>		<u>1,52,130.29</u>

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 Redeemable Non Convertible Debenture/ 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) Redeemable- Non-convertible debentures :

From the Balance Sheet date	As at 31 March 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	6.70%-9.02%	80,000.00	7.55%-8.51%	85,000.00
Maturing between 1 year to 3 years	8.32%-8.55%	67,500.00	6.70%-8.14%	80,000.00
Maturing between 3 years to 5 years	8.32%	37.50	–	–
Total at face value		<u>1,47,537.50</u>		<u>1,65,000.00</u>
Less: Unamortised discounting charges		131.28		358.38
Total amortised cost		<u>1,47,406.22</u>		<u>1,64,641.62</u>

The rates mentioned above are the applicable rates as at the year end. These includes floating rate loans which are based on external benchmark plus spread.

The funds raised by the Company during the period by issue of Unsecured Redeemable Non Convertible Debenture/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 others debt securities (Unsecured) - Commercial Papers :

From the Balance Sheet date	As at 31 March 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	7.98%	20,000.00	–	–
Total at face value		<u>20,000.00</u>		<u>–</u>
Less: Unamortised discounting charges		1,397.36		–
Total amortised cost		<u>18,602.64</u>		<u>–</u>

Notes to the Financial Statements for the year ended 31 March 2024
13 Borrowings (Other than Debt Securities)

	31 March 2024	31 March 2023
At Amortised cost		
i) Term loans		
Secured -		
– from banks	2,31,994.53	2,76,862.47
– from other parties (National Housing Bank)	–	11,125.19
ii) Loans from related parties		
Unsecured -		
– Inter-corporate deposits (ICDs)	38,575.00	31,175.00
iii) Other loans and advances		
Unsecured -		
– Inter-corporate deposits (ICDs) other than related parties	1,499.66	–
Total	<u>2,72,069.19</u>	<u>3,19,162.66</u>
Borrowings in India	<u>2,72,069.19</u>	<u>3,19,162.66</u>
Borrowings outside India	–	–
Total	<u>2,72,069.19</u>	<u>3,19,162.66</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 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable on maturity:				
Maturing within 1 year	8.10%	6,000.00	8.22%-9.24%	31,350.00
Maturing between 3 years to 5 years	8.70%	10,000.00	8.77%-8.94%	15,000.00
Total		<u>16,000.00</u>		<u>46,350.00</u>
2) Repayable in installments:				
i) Quarterly -				
Maturing within 1 year	7.93%-9.01%	19,061.14	8.20%-9.94%	17,306.72
Maturing between 1 year to 3 years	7.93%-9.01%	31,043.28	8.20%-9.94%	23,951.68
Maturing between 3 years to 5 years	7.93%-9.01%	18,087.01	8.20%-9.94%	17,473.74
Maturing beyond 5 years		–	8.80%-9.94%	1,785.71
Sub total		<u>68,191.43</u>		<u>60,517.85</u>
ii) Half yearly -				
Maturing within 1 year	8.60%	5,777.78	8.10%-8.835%	3,444.44
Maturing between 1 year to 3 years	8.60%-8.71%	41,555.56	8.10%-8.835%	26,555.56
Maturing between 3 years to 5 years	8.60%	5,222.22	8.10%-8.835%	26,000.00
Sub total		<u>52,555.56</u>		<u>56,000.00</u>
iii) Yearly -				
Maturing within 1 year	8.55%-8.90%	32,125.00	7.35%-9.05%	36,250.00
Maturing between 1 year to 3 years	8.55%-8.90%	44,125.00	7.35%-9.05%	52,125.00
Maturing between 3 years to 5 years	8.65%-8.90%	19,000.00	7.35%-9.05%	25,625.00
Sub total		<u>95,250.00</u>		<u>1,14,000.00</u>
Total		<u>2,15,996.99</u>		<u>2,30,517.85</u>
Total (1+2) (As per contractual terms)		<u>2,31,996.99</u>		<u>2,76,867.85</u>
Less: Unamortized finance cost		2.46		5.38
Total amortized cost		<u>2,31,994.53</u>		<u>2,76,862.47</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 plus spreads.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024
Details of Secured term loans from other parties (National Housing Bank)
From the Balance Sheet date

	As at 31 March 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable in installments :				
Quarterly				
Maturing within 1 year	-	-	8.65%	4,800.00
Maturing between 1 year to 3 years	-	-	8.65%	6,325.19
Total		-		11,125.19
Less: Unamortized finance cost		-		-
Total amortized cost		-		11,125.19

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 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	6.70%-8.16%	29,725.00	6.50%-8.10%	9,100.00
Maturing between 1 year to 3 years	6.75%-7.75%	10,350.00	6.70%-7.75%	22,075.00
Total		40,075.00		31,175.00
Less: unamortized finance cost		0.34		-
Total amortized cost		40,074.66		31,175.00

The rates mentioned above are the applicable rates as at the year end.

14 Subordinated liabilities

	31 March 2024	31 March 2023
At Amortised cost		
Unsecured Subordinated redeemable non-convertible debentures	46,078.58	46,049.24
Total	46,078.58	46,049.24
Subordinated liabilities in India	46,078.58	46,049.24
Subordinated liabilities outside India	-	-
Total	46,078.58	46,049.24

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 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis				
Repayable on maturity:				
Maturing within 1 year	8.40%	1,000	-	-
Maturing between 1 year to 3 years	8.40%-9.50%	18,200	8.40%-9.50%	7,000.00
Maturing between 3 years to 5 years	8.50%-9.40%	12,000	8.40%-9.10%	20,700.00
Maturing beyond 5 years	7.90%-9.00%	15,000	7.90%-9.40%	18,500.00
Sub-total at face value		46,200.00		46,200.00
Less: Unamortised finance cost		121.42		150.76
Total amortised cost		46,078.58		46,049.24

The funds raised by the Company by issue of Unsecured Subordinated Redeemable 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 2024
15 Other financial liabilities

	31 March 2024	31 March 2023
Interest accrued but not due on borrowings	16,786.98	18,461.37
Credit balances in current accounts with banks as per books	2,119.24	579.99
Insurance premium payable (on behalf of borrowers)	1,385.18	1,260.59
Salary, bonus and performance pay payable	3,037.29	3,925.14
Provision for expenses	1,190.05	1,319.33
Lease liabilities	9,172.70	9,449.41
Other liabilities	13.07	112.06
Total	33,704.51	35,107.89

16 Provisions

	31 March 2024	31 March 2023
Provision for employee benefits		
– Gratuity	393.06	269.71
– Leave encashment	874.58	873.21
Provision for ECL on loan commitments & Other advances	104.45	337.40
Total	1,372.09	1,480.32

17 Other non-financial liabilities

	31 March 2024	31 March 2023
Statutory dues payable	580.95	651.47
Total	580.95	651.47

18 (i) Equity Share capital

	31 March 2024	31 March 2023
Authorised capital:		
150,000,000 (31 March 2023 : 150,000,000) Equity shares of Rs.10/- each	15,000.00	15,000.00
Issued capital:		
122,887,870 (31 March 2023 : 122,887,870) Equity shares of Rs.10/- each	12,288.79	12,288.79
Subscribed and paid-up capital:		
122,887,870 (31 March 2023: 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	55.72	75.04
Total	12,233.07	12,213.75

	31 March 2024		31 March 2023	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
a) Reconciliation of number of equity shares:				
Balance at the beginning of the year	12,28,87,870	12,288.79	12,28,87,870	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	(5,57,145)	(55.72)	(7,50,408)	(75.04)
Balance at the end of the year	12,23,30,725	12,233.07	12,21,37,462	12,213.75
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates:				
Holding Company: Mahindra & Mahindra Financial Services Limited (including 12 shares held jointly with nominees)	12,09,52,678	12,095.27	12,09,52,678	12,095.27
Percentage of holding (%)	98.43%	98.43%	98.43%	98.43%
c) Shareholders holding more than 5 percent shares:				
Mahindra & Mahindra Financial Services Limited	12,09,52,678	12,095.27	12,09,52,678	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 2024
18 (ii) Disclosure of shareholding of promoters

Disclosure of shareholding of promoters as at 31 March 2024 is as follows

Promoter name	Shares held by promoter				
	As at 31 March 2024		As at 31 March 2023		% 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)	12,09,52,678	98.43%	12,09,52,678	98.43%	–
Total	12,09,52,678	98.43%	12,09,52,678	98.43%	–

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 2024	31 March 2023
(A) On financial assets measured at amortised cost		
Interest on loans	1,18,296.54	1,25,229.79
Other interest income	0.87	1.81
(B) Interest income from investments		
Interest income from investments	841.72	532.01
(C) Interest on deposits with banks		
Interest on deposits with banks	5,286.54	4,608.04
Total (A+B+C)	1,24,425.67	1,30,371.65

21 Fees and commission income

	31 March 2024	31 March 2023
Service charges and other fees on loan transactions	726.71	1,012.20
Total	726.71	1,012.20

22 Net gain / (loss) on fair value changes and derecognised financial instruments

	31 March 2024	31 March 2023
Net gain / (loss) on financial instruments at FVTPL		
– Mutual fund units		
Fair value changes :		
– Realised	2,208.25	2,792.09
– Unrealised	(158.39)	(809.49)
Total	2,049.86	1,982.60

23 Other income

	31 March 2024	31 March 2023
Net gain on derecognition of property, plant and equipment	15.94	22.21
Income from branding and marketing activities	2,176.50	1,545.90
Others	48.91	45.47
Total	2,241.35	1,613.58

24 Finance costs

	31 March 2024	31 March 2023
On financial liabilities measured at amortised cost		
Interest on borrowings	23,901.88	22,517.47
Interest on debt securities	24,738.35	24,957.50
Interest on subordinated liabilities	4,115.66	4,102.04
Interest on lease liability	634.96	571.85
Other borrowing costs	234.80	363.91
Total	53,625.65	52,512.77

Notes to the Financial Statements for the year ended 31 March 2024

25 Fees and commission expense

	31 March 2024	31 March 2023
Fees, commission / brokerage	757.87	707.17
Total	757.87	707.17

26 Impairment on financial instruments

	31 March 2024	31 March 2023
On financial instruments measured at amortised cost		
Loans	(7,889.83)	(21,992.74)
Bad debts / Loss on termination	21,483.67	39,227.68
Loan commitment & other advances	(232.95)	(12.09)
Total	13,360.89	17,222.85

27 Employee benefits expenses

	31 March 2024	31 March 2023
Salaries and wages	37,814.85	35,721.28
Contribution to provident and other funds	3,156.00	3,248.19
Share based payments to employees	188.43	566.63
Staff welfare expenses	765.47	906.56
Total	41,924.75	40,442.66

28 Depreciation, amortization and impairment

	31 March 2024	31 March 2023
Depreciation on property, plant and equipment	1,487.39	1,306.49
Amortization of intangible assets	293.19	23.82
Amortization on right of use assets	1,507.29	1,295.43
Total	3,287.87	2,625.74

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 2024	31 March 2023
Rent	296.64	201.25
Rates and taxes, excluding taxes on income	132.05	134.93
Electricity charges	292.31	258.88
Repairs and maintenance	178.69	700.38
Communication costs	522.89	574.71
Printing and stationery	245.05	547.77
Travelling and conveyance expenses	4,548.40	5,462.89
Advertisement and publicity	114.12	200.62
Administration support charges	445.83	427.26
Directors' fees, allowances and expenses	46.19	45.29
Auditor's fees and expenses -		
- Audit fees	25.12	21.80
- Other services	11.30	16.02
- Reimbursement of expenses	2.30	2.18
Legal and professional charges	3,339.08	3,661.37
Insurance	1,844.13	1,539.42
Manpower outsourcing cost	2,148.10	3,138.36
Donations	-	1.11
Corporate Social Responsibility (CSR) expenditure	39.72	460.70
Other expenditure	1,770.47	1,444.95
Total	16,002.39	18,839.89

30 Earning Per Share

	31 March 2024	31 March 2023
Profit/(loss) for the year attributable to equity shareholders (Rupees in lakhs)	360.49	2,174.78
Weighted average number of equity shares used in computing basic EPS	12,22,04,643	12,19,66,325
Effect of potential dilutive equity shares	3,81,519	5,50,567
Weighted average number of equity shares used in computing diluted EPS	12,25,86,162	12,25,16,892
Basic earnings per share (Rs.) (Face value of Rs. 10/- per share)	0.29	1.78
Diluted earnings per share (Rs.)	0.29	1.78

Notes to the Financial Statements for the year ended 31 March 2024

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

Vesting Date	31 March 2024			31 March 2023		
	No of years vesting	Fair Value (Rs.) per share	Exercise Price (Rs.)	No of years vesting	Fair Value (Rs.) per share	Exercise Price (Rs.)
	NIL			-	-	-
Grant Dated 19 October 2022	-	-	-	4 Years	152.18	10.00

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

Variables#	31 March 2024	31 March 2023
1) Risk free interest rate	NIL	6.35%
2) Expected life	NIL	4 Years
3) Expected volatility	NIL	46.69%
4) Price of the underlying share at the time of option grant (Rs.)	NIL	160.00

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

Number and weighted average exercise price of options

Sr. No	Particulars	31 March 2024		31 March 2023	
		Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
1	Outstanding at the beginning of the year	16,57,128	31.33	19,85,807	34.28
2	Granted during the year	-	-	1,37,263	10.00
3	Forfeited / Lapsed during the year	4,12,757	48.82	1,97,275	33.16
4	Exercised during the year	1,93,263	22.72	2,68,667	40.88
5	Outstanding at the end of the year	10,51,108	26.05	16,57,128	31.33
6	Exercisable at the end of the year	5,99,659	38.14	8,24,662	52.87

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

Grant date	31 March 2024			31 March 2023		
	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	2,35,143	0.52	67.00	4,96,052	1.05	67.00
08-Dec-17	42,853	0.69	67.00	85,705	1.19	67.00
16-Jan-18	18,000	0.79	67.00	38,500	1.29	67.00
16-Oct-19	35,854	1.93	10.00	98,838	2.52	10.00
18-Jan-21	37,912	2.83	10.00	71,087	3.59	10.00
21-Oct-21	6,06,802	3.36	10.00	7,36,295	4.23	10.00
19-Oct-22	74,544	4.14	10.00	1,30,651	5.05	10.00

Notes to the Financial Statements for the year ended 31 March 2024
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:

	Funded Plan Gratuity	
	31 March 2024	31 March 2023
I Amount recognised in the Statement of Profit and Loss for the year ended:		
1 Current service cost	178.38	172.60
2 Interest cost on benefit obligation (Net)	20.43	12.79

Particulars	Funded Plan Gratuity	
	31 March 2024	31 March 2023
3 Past service cost	–	–
4 Adjustment due to opening balance	1.65	(13.84)
Total expenses included in employee benefits expense	200.46	171.55
II Amount recognised in Other Comprehensive income for the year		
1 Actuarial (gains)/losses arising from changes in demographic assumption	(4.57)	53.71
2 Actuarial (gains)/losses arising from changes in financial assumption	9.90	(6.80)
3 Actuarial (gains)/losses arising from changes in experience adjustment	115.13	8.46
4 Return on plan assets	–	–
Recognised in other comprehensive income	120.46	55.37
III Change in the present value of obligation during the year		
1 Present value of defined benefit obligation at the beginning of the year	1,191.58	1,018.88
2 Current service cost	178.38	172.60
3 Past service cost	–	–
4 Interest cost/income	89.72	74.58
5 Remeasurements (gains)/ losses		
(i) Actuarial (gains)/losses arising from changes in demographic assumption	(4.57)	53.71
(ii) Actuarial (gains)/losses arising from changes in financial assumption	9.90	(6.80)
(iii) Actuarial (gains)/losses arising from changes in experience adjustment	115.13	8.46
6 Benefits paid	(233.24)	(129.85)
Present value of defined benefit obligation at the end of the year	1,346.89	1,191.58
IV Change in fair value of plan assets during the year		
1 Fair value of plan assets at the beginning of the year	921.86	830.25
2 Interest income	–	–
3 Contributions by employer	197.58	145.83

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Particulars	Funded Plan Gratuity	
	31 March 2024	31 March 2023
4 Benefits paid	(233.24)	(129.85)
5 Return on plan assets excluding interest income	69.29	61.79
6 Adjustment to the change in opening balance of plan assets	(1.65)	13.84
Fair value of plan assets at the end of the year	953.83	921.86
V Net Asset/(Liability) recognised in the Balance Sheet as at year end		
1 Present value of defined benefit obligation	1,346.89	1,191.58
2 Fair value of plan assets	953.83	921.86
3 Surplus/(Deficit)	(393.06)	(269.72)
4 Current portion of the above	(393.06)	(269.72)
5 Non current portion of the above	-	-
VI Actuarial assumptions and Sensitivity		
1 Discount rate	7.25%	7.53%
2 Expected rate of return on plan assets	-	-
3 Salary growth rate	7.00%	7.00%
4 Attrition rate	71.00% for age upto 30, 55.00% for age 31-44, 26.00% for above 44	60.68% for age upto 30, 49.70% for age 31-44, 31.58% 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 2024	31 March 2023
One percentage point increase in discount rate	(29.24)	(25.77)
One percentage point decrease in discount rate	31.41	25.89
One percentage point increase in salary growth rate	31.18	25.78
One percentage point decrease in salary growth rate	(31.13)	(27.52)

Expected contribution for the next annual reporting year	31 March 2024	31 March 2023
Service Cost	212.91	211.80
Net Interest Cost	101.56	89.61
Expected Expense for the next annual reporting year	314.46	301.41

Maturity profile of defined benefit obligation

	31 March 2024	31 March 2023
Within 1 year	753.71	899.58
Between 1 and 5 years	834.44	1,189.47

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. 2,268.35 lakhs (31 March 2023 : Rs. 2,310.19 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 2024 or 31 March 2023

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 2024	31 March 2023
Less than 1 year	1,909.69	1,871.25
1-3 years	3,606.46	3,534.71
3-5 years	2,898.62	2,951.52
More than 5 years	3,246.63	3,833.12
Total undiscounted lease liabilities	11,661.40	12,190.60

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 2024	31 March 2023
i) Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 28 "Depreciation, amortization and impairment")	1,507.29	1,295.43

Notes to the Financial Statements for the year ended 31 March 2024

Particulars	31 March 2024	31 March 2023
ii) Interest expense on lease liabilities (presented under note - 24 "Finance costs")	634.96	571.85
iii) Expense relating to short-term leases	-	-
iv) Expense relating to leases of low-value assets	260.16	201.25
v) Payments for lease liability	1,885.57	1,414.71
vi) Additions to right-of-use assets during the year	973.90	6,656.84
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")	8,000.53	8,533.92
viii) Lease liabilities (presented under note - 15 "Other financial liabilities")	9,172.70	9,449.41

35 Frauds reported during the period

There were 144 cases (31 March 2023: 93 cases) of frauds amounting to Rs. 45.96 Lakhs (31 March 2023: Rs. 188.56 Lakhs) reported during the year. The Company has recovered amount of Rs. 72.81 Lakhs (31 March 2023: Rs. 345.41 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 2024	31 March 2023
i) Claims against the Company not acknowledged as debt		
Legal suits filed by customers	170.23	235.04
Income Tax	144.35	109.25

Detail of amount spent towards CSR activities :

- a) Gross amount required to be spent by the Company during the year is Rs. 39.72 lakhs (31 March 2023 : Rs. 460.70 lakhs).
- b) Amount spent by the Company during the year :

Particulars	For the year ended 31 March 2024			For the year ended 31 March 2023		
	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	39.72	-	39.72	460.70	-	460.70

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

Other commitments :

Amount on account of loan sanctioned but not disbursed

Total

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. 39.72 Lakhs (31 March 2023 : Rs. 460.70 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. 0.05 Lakhs (31 March 2023: Rs. 0.47 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.

Notes to the Financial Statements for the year ended 31 March 2024

Regulatory capital

	31 March 2024	31 March 2023
Tier 1 capital	1,37,158.97	1,36,831.34
Tier 2 capital	30,572.76	39,804.92
Total capital	1,67,731.73	1,76,636.26
Risk weighted assets	4,15,724.76	3,91,508.23
Tier 1 capital ratio	32.99%	34.95%
Tier 2 capital ratio	7.35%	10.17%
Total capital ratio	40.35%	45.12%

“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 2022	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2023	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2024
Tax effect of items constituting deferred tax liabilities :							
- FVTPL financials assets	257.55	(201.69)	-	55.86	(38.79)	-	17.06
- FVTOCI through Investment (G-Sec)	(21.70)	-	(49.02)	(70.72)	-	35.35	(35.37)
	235.85	(201.69)	(49.02)	(14.86)	(38.79)	35.35	(18.31)
Tax effect of items constituting deferred tax assets :							
- Provision for employee benefits & others	416.11	(53.10)	13.93	376.94	(13.38)	30.32	393.88
- Allowance for Expected Credit Loss (ECL)	9,004.79	(4,250.26)	-	4,754.53	(1,943.41)	-	2,811.12
- Effective Interest Rate (EIR) on financial instruments	2,056.92	(593.57)	-	1,463.35	(225.43)	-	1,237.92
- Depreciation on property, plant and equipment	354.73	(3.25)	-	351.48	151.21	-	502.68
- Tax losses	-	3,678.68	-	3,678.68	1,753.27	-	5,431.95
- Lease liabilities	116.51	113.91	-	230.42	64.60	-	295.02
- Other provisions	87.68	70.82	-	158.50	50.67	-	209.17
	12,036.74	(1,036.77)	13.93	11,013.90	(162.47)	30.32	10,881.74
Total deferred tax assets (net)	11,800.89	(835.08)	62.95	11,028.76	(123.68)	(5.03)	10,900.05

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.

During the year Company continued to focus on affordable home loans in order to build a quality portfolio and further enhanced collection efforts which resulted in improved asset quality. Gross stage 3 reduced to 9.03% for year ending 31 March 2024 compared to 10.46% for year ending 31 March 2023 similarly stage 1 and 2 asset under management percentage improved to 83% and 8% from 75% and 15% respectively compared to last financial year. During the year Company has recovered Rs. 6,630.46 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 2024	31 March 2023
Current tax:		
In respect of current year	-	-
In respect of prior years	-	(380.91)
	-	(380.91)
Deferred tax:		
In respect of current year origination and reversal of temporary differences	123.68	835.08
In respect of prior years	-	-
	123.68	835.08
Total income tax recognised in Statement of Profit and Loss	123.68	454.17

Notes to the Financial Statements for the year ended 31 March 2024

Income tax recognised in Other Comprehensive Income	31 March 2024	31 March 2023	Reconciliation of estimated income tax expense at tax rate to income tax expense reported in the statement of profit and loss:	31 March 2024	31 March 2023
Deferred tax related to items recognised in Other Comprehensive Income during the year :			Profit before tax	484.17	2,628.95
Remeasurement of defined employee benefits for current year	(30.32)	(13.93)	Applicable income tax rate	25.168%	25.168%
Remeasurement of Debt Instruments for current year	35.35	(49.02)	Expected income tax expense	121.86	661.65
Total income tax recognised in Other Comprehensive Income	5.03	(62.95)	Tax effect of adjustments to reconcile expected income tax expense at tax rate to reported income tax expense:		
			Effect of income exempt from tax	-	-
			Effect of expenses/provisions not deductible in determining taxable profit	1.82	173.42
			Tax of earlier years	-	(380.91)
			Income tax expense	123.68	454.17

41 Change in liabilities arising from financing activities

Particulars	31 March 2023	Cash flows	Amortisation of loan origination costs	New lease origination	31 March 2024
Debt securities	3,16,771.91	537.50	(1,062.20)	-	3,16,247.21
Borrowings other than debt securities	3,19,162.66	(47,096.06)	2.59	-	2,72,069.19
Subordinated liabilities	46,049.24	-	29.34	-	46,078.58
Lease liability	9,449.41	(1,250.61)	-	973.90	9,172.70
Total liabilities from financing activities	6,91,433.22	(47,809.17)	(1,030.27)	973.90	6,43,567.68

Particulars	31 March 2022	Cash flows	Amortisation of loan origination costs	New lease origination	31 March 2023
Debt securities	3,34,445.20	(18,000.00)	326.71	-	3,16,771.91
Borrowings other than debt securities	2,83,476.77	35,679.96	5.93	-	3,19,162.66
Subordinated liabilities	46,028.50	-	20.74	-	46,049.24
Lease liability	3,635.43	(842.86)	-	6,656.84	9,449.41
Total liabilities from financing activities	6,67,585.90	16,837.10	353.38	6,656.84	6,91,433.22

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 2024			31 March 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial Assets						
Cash and cash equivalents	57,673.26	-	57,673.26	31,631.99	-	31,631.99
Bank balance other than above	16,372.47	-	16,372.47	88,702.87	-	88,702.87
Loans	1,47,477.09	5,45,852.73	6,93,329.82	1,76,462.91	5,08,061.64	6,84,524.55
Investments	23,851.32	-	23,851.32	34,095.06	-	34,095.06
Other financial assets	1,023.77	785.11	1,808.88	2,518.95	813.76	3,332.71
Non-financial Assets						
Current tax assets (Net)	-	2,905.66	2,905.66	-	1,920.89	1,920.89
Deferred tax assets (Net)	-	10,900.05	10,900.05	-	11,028.76	11,028.76
Property, plant and equipment	-	12,165.95	12,165.95	-	12,527.61	12,527.61
Other intangible assets	-	583.23	583.23	-	23.61	23.61
Other non-financial assets	3,238.52	261.53	3,500.05	3,267.76	858.23	4,125.99
Total	2,49,636.43	5,73,454.26	8,23,090.69	3,36,679.54	5,35,234.50	8,71,914.04
Liabilities						
Financial Liabilities						
Payables						
i) Trade Payables						
i) total outstanding dues of micro enterprises and small enterprises	21.51	-	21.51	1.32	-	1.32

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

	31 March 2024			31 March 2023		
	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	4,185.39	–	4,185.39	4,366.40	–	4,366.40
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	22.30	–	22.30	22.28	–	22.28
Debt securities	98,405.85	2,17,841.36	3,16,247.21	1,54,066.90	1,62,705.01	3,16,771.91
Borrowings (other than debt securities)	92,687.09	1,79,382.10	2,72,069.19	1,02,248.25	2,16,914.42	3,19,162.66
Subordinated liabilities	970.11	45,108.47	46,078.58	–	46,049.24	46,049.24
Other financial liabilities	23,242.38	10,462.13	33,704.51	25,926.83	9,181.06	35,107.89
Non-Financial Liabilities						
Current tax liabilities (Net)	–	–	–	–	–	–
Provisions	949.81	422.28	1,372.09	1,033.06	447.26	1,480.32
Other non-financial liabilities	580.95	–	580.95	651.47	–	651.47
Total	2,21,065.39	4,53,216.35	6,74,281.73	2,88,316.50	4,35,296.98	7,23,613.49
Net	28,571.04	1,20,237.91	1,48,808.96	48,363.04	99,937.52	1,48,300.55

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 2024	Upto	Over	Over	Over	Over	Over	Over	Over	Over	Over	Total
	1 month	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	Over 10 years	
Financial Assets											
Cash and cash equivalents	26,999.54	20,861.23	9,812.49	–	–	–	–	–	–	–	57,673.26
Bank balance other than above	500.00	6,000.00	10.96	5,766.28	4,095.23	–	–	–	–	–	16,372.47
Financial investments	15,871.36	–	–	–	7,979.96	–	–	–	–	–	23,851.32
Loans	16,730.69	11,113.96	13,250.48	28,505.98	77,875.98	1,64,368.76	89,499.25	59,429.20	68,056.95	1,64,498.57	6,93,329.82
Other financial assets	219.98	272.90	42.41	407.05	81.43	152.61	154.76	83.82	393.92	–	1,808.88
Total Financial Assets	60,321.57	38,248.09	23,116.34	34,679.31	90,032.60	1,64,521.37	89,654.01	59,513.02	68,450.87	1,64,498.57	7,93,035.75
Financial Liabilities											
Debt securities	–	24,974.78	39,980.78	14,847.64	18,602.64	1,68,376.99	28,494.61	–	20,969.77	–	3,16,247.21
Borrowings (other than debt securities)	6,507.86	1,343.98	10,625.67	36,860.57	37,349.00	1,27,072.90	52,309.21	–	–	–	2,72,069.19
Subordinated liabilities	–	970.11	–	–	–	18,151.00	11,973.35	14,984.12	–	–	46,078.58
Other financial liabilities	7,920.88	3,045.86	3,678.12	4,937.69	3,659.82	5,044.43	2,373.94	2,411.53	609.53	22.71	33,704.51
Total Financial Liabilities	14,428.74	30,334.73	54,284.57	56,645.90	59,611.46	3,18,645.32	95,151.11	17,395.65	21,579.30	22.71	6,68,099.49
Total Financial Assets/ (Liabilities) - Net	45,892.83	7,913.36	(31,168.23)	(21,966.59)	30,421.14	(1,54,123.95)	(5,497.10)	42,117.37	46,871.57	1,64,475.86	1,24,936.25

Notes to the Financial Statements for the year ended 31 March 2024

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
31 March 2024			
Loan commitments	<u>45,917.88</u>	<u>10,992.63</u>	<u>56,910.52</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
31 March 2023											
Financial Assets											
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	1,98,953.27	99,955.88	40,554.68	48,262.39	1,20,335.42	6,84,524.55
Other financial assets	848.88	860.19	241.35	367.11	201.42	153.13	171.00	69.88	419.75	-	3,332.71
Total Financial Assets	<u>74,411.82</u>	<u>82,333.49</u>	<u>31,772.44</u>	<u>51,258.31</u>	<u>93,498.19</u>	<u>1,99,106.40</u>	<u>1,00,126.88</u>	<u>40,624.56</u>	<u>48,682.14</u>	<u>1,20,335.42</u>	<u>8,42,149.65</u>
Financial Liabilities											
Debt securities	-	44,862.89	15,981.40	79,768.87	13,453.74	1,37,266.99	985.86	3,490.54	20,961.62	-	3,16,771.91
Borrowings (other than debt securities)	8,775.00	2,873.55	11,355.75	23,755.26	55,488.69	1,31,029.89	84,098.81	1,785.71	-	-	3,19,162.66
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
Total Financial Liabilities	<u>12,375.74</u>	<u>54,802.33</u>	<u>31,951.06</u>	<u>1,12,237.63</u>	<u>70,875.21</u>	<u>2,77,889.09</u>	<u>1,08,748.24</u>	<u>20,811.65</u>	<u>27,378.03</u>	<u>22.72</u>	<u>7,17,091.70</u>
Total Financial Assets/ (Liabilities) - Net	<u>62,036.08</u>	<u>27,531.16</u>	<u>(178.62)</u>	<u>(60,979.32)</u>	<u>22,622.98</u>	<u>(78,782.69)</u>	<u>(8,621.36)</u>	<u>19,812.91</u>	<u>21,304.11</u>	<u>1,20,312.70</u>	<u>1,25,057.95</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
31 March 2023			
Loan commitments	<u>41,345.27</u>	<u>6,369.75</u>	<u>47,715.02</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 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 risk is 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. 108.20 lakhs** (31st March 2023 : Rs 220.88 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 2024

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 2024	INR	100	869.20	-
Year ended 31 March 2023	INR	100	(1,149.24)	-

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 2024	31 March 2023
Gross carrying value of loan assets		
Neither Past due nor impaired	5,72,963.28	4,98,000.53
30 days past due	23,018.05	38,668.32
31 - 90 days past due	59,835.58	1,08,017.18
Impaired (more than 90 days past due)	65,091.29	75,306.73
Total Gross carrying value as at reporting date	7,20,908.20	7,19,992.76

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 classified 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) **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.

(b) **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.

(c) **Estimations and assumptions considered in the ECL model**

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

- a. "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cashflows on the past portfolio are discounted at portfolio EIR rate for arriving at the loss rate.
- b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and further adjusted for macro economic factors.

(d) **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.

(e) **Forward Looking Adjustments**

The Historical PDs are converted into forward looking Point-in-Time PDs using statistical model incorporating the forward looking economic outlook, as required by Ind AS 109.

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

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.

(f) **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 (SICR).

As per Ind AS 109, loans are required to be moved from Stage 1 to Stage 2 if and only if they have been the subject of a SICR. A SICR occurs when there has been a significant increase in the risk of a default occurring over the expected life of a financial instrument. In case of government endorsed instalment moratoriums, it cannot be assumed that those borrowers that are granted moratoriums have suffered a SICR. In line with Basel guidance on ECL, the definition of default and the convention for counting days past due adopted for accounting purposes will be guided by the definition used for regulatory purposes. Therefore, we consider that use of

Notes to the Financial Statements for the year ended 31 March 2024

government-endorsed instalment moratoriums by a borrower would not on its own trigger the counting of days past due for the 30 days past due backstop used to determine SICR or the 90 days past due backstop used to determine default.

Moreover, the acceptance of such moratorium may indicate short-term liquidity or cash flow problems but is likely to provide little information to differentiate borrower's lifetime credit risk. Thus, the grant of such moratorium cannot be considered as the sole indicator that SICR has occurred or even as the basis to adjust the borrower's probability of default.

(g) 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.

(h) Inputs to the Model

- Observed Default Rates (ODRs) over past 60 months for each product category
- Macro economic variables provided by Economist Intelligence Unit (EIU)# for the past 5 years
- Macro economic variables projected by EIU for the next 5 years

The Economist Intelligence Unit (EIU) is the research and analysis division of the Economist Group, providing forecasting, macro-economic analysis and advisory services through research and analysis, such as monthly country reports, five-year country economic forecasts, country risk service reports, and industry reports.

Model Process

- Macro economic historical variables relevant for Housing industry as selected by Management are tested for statistical robustness and filtered
- Variables that are acceptable are regressed with historical ODRs, considering 4 variables at a time.
- These combinations are further tested for statistical robustness.
- Those that pass the test are sorted on R squared (fitness) and the best fit is selected.
- This combination is passed through the Vasicek model to derive project future Marginal PDs.

Impairment loss

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

Particulars	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 2024	5,95,981.33	59,835.58	65,091.29	7,20,908.20
Expected credit loss rate	0.27%	8.23%	32.36%	
Carrying amount as at 31 March 2024 (net of impairment provision)	5,94,388.57	54,910.90	44,030.35	6,93,329.82
Gross Balance as at 31 March 2023	5,36,668.85	1,08,017.18	75,306.73	7,19,992.76
Expected credit loss rate	0.97%	8.75%	27.60%	
Carrying amount as at 31 March 2023 (net of impairment provision)	5,31,440.01	98,562.46	54,522.08	6,84,524.55

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.

(i) 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
Gross carrying amount balance as at 1 April 2022	4,71,872.38	2,02,370.17	86,102.74	7,60,345.29
- 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	1,66,838.78	734.81	51.56	1,67,625.15
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)
Gross carrying amount balance as at 31 March 2023	5,36,668.85	1,08,017.18	75,306.73	7,19,992.76

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Particulars	Stage 1	Stage 2	Stage 3	Total
– Transfers to Stage 1	(21,150.08)	15,173.97	5,976.11	–
– Transfers to Stage 2	18,980.61	(30,568.82)	11,588.21	–
– Transfers to Stage 3	2,312.38	1,604.12	(3,916.50)	–
– Loans that have been derecognised during the period	(60,895.93)	(17,756.84)	(17,649.04)	(96,301.81)
New loans originated during the year	1,79,477.26	106.59	46.97	1,79,630.82
Write-offs	(0.06)	–	(11,325.04)	(11,325.10)
Remeasurement of net exposure	(59,411.70)	(16,740.62)	5,063.85	(71,088.47)
Gross carrying amount balance as at 31 March 2024	5,95,981.33	59,835.58	65,091.29	7,20,908.20

* The contractual amount outstanding on financial assets that have been written off during the year ended 31 March 2024 and are under enforcement activity was Rs. 6,625.14 Lakhs (31 March 2023 : Rs. 16,825.71 Lakhs)

Gross exposure reconciliation - Loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2022	42,815.49	476.90	7.02	43,299.41
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)
Gross carrying amount balance as at 31 March 2023	47,707.32	7.44	0.26	47,715.02

Changes due to loans recognised in the opening balance that have:

– Transfers to Stage 1	(80.15)	70.89	9.26	–
– Transfers to Stage 2	1.08	(1.45)	0.37	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	(41,472.86)	(3.66)	(0.26)	(41,476.78)
New loans originated during the year	53,161.66	2.80	–	53,164.46
Write-offs	–	–	–	–
Remeasurement of net exposure	(2,479.06)	(13.12)	–	(2,492.18)
Gross carrying amount balance as at 31 March 2024	56,837.99	62.90	9.63	56,910.52

Reconciliation of ECL balance on loans

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2022	9,481.92	24,264.52	23,714.51	57,460.95
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)	–

Notes to the Financial Statements for the year ended 31 March 2024

Particulars	Stage 1	Stage 2	Stage 3	Total
– 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)
ECL allowance balance as at 31 March 2023	5,228.84	9,454.72	20,784.65	35,468.21
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	(267.13)	179.14	87.99	–
– Transfers to Stage 2	1,660.75	(2,673.65)	1,012.90	–
– Transfers to Stage 3	675.26	476.58	(1,151.84)	–
– Loans that have been derecognised during the period	(662.56)	(1,552.08)	(5,757.22)	(7,971.86)
New loans originated during the year	403.29	16.66	14.48	434.43
Write-offs	–	–	(3,119.78)	(3,119.78)
Net remeasurement of loss allowance	(5,445.69)	(976.69)	9,189.76	2,767.38
ECL allowance balance as at 31 March 2024	1,592.76	4,924.68	21,060.94	27,578.38

Reconciliation of ECL balance on loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2022	307.42	40.41	1.66	349.49
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)
ECL allowance balance as at 31 March 2023	336.68	0.65	0.07	337.40
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	(1.06)	0.92	0.14	–
– Transfers to Stage 2	0.09	(0.12)	0.03	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	(298.74)	(0.32)	(0.07)	(299.13)
New loans originated during the year	90.29	0.33	–	90.62
Write-offs	–	–	–	–
Net remeasurement of loss allowance	(29.13)	2.37	2.32	(24.44)
ECL allowance balance as at 31 March 2024	98.13	3.83	2.49	104.45

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 2024

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 2024	As at 31 March 2023
Concentration by geographical region in India:		
North	92,789.36	77,761.12
East	9,959.96	10,151.74
West	304,017.36	289,509.64
South	314,141.52	342,570.26
Total	720,908.20	719,992.76

Maximum exposure to credit risk

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

(j) 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:

31 March 2024	Maximum exposure to Credit Risk	Land and Building	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans:						
a) Loans against assets	65,091.29	140,247.80	76,340.58	63,907.22	1,184.07	21,060.94
b) Others	-	-	-	-	-	-
Total	65,091.29	140,247.80	76,340.58	63,907.22	1,184.07	21,060.94
31 March 2023						
Loans:						
a) Loans against assets	75,306.73	166,132.43	(91,822.63)	74,309.80	996.93	20,784.65
b) Others	-	-	-	-	-	-
Total	75,306.73	166,132.43	(91,822.63)	74,309.80	996.93	20,784.65

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 2024	31 March 2023
Upto 50%	284,502.58	269,813.49
51 - 70%	244,041.86	268,479.76
71 - 100%	192,268.43	181,600.71
Above 100%	-	-
	720,812.87	719,893.96

Notes to the Financial Statements for the year ended 31 March 2024
Gross value of credit impaired loans to value of collateral:

Loan To Value	Gross value of loans in stage 3	
	31 March 2024	31 March 2023
Upto 50%	30,004.80	32,338.75
51 - 70%	26,411.06	32,964.47
71 - 100%	8,675.43	10,003.51
Above 100%	—	—
	<u>65,091.29</u>	<u>75,306.73</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
Non-derivative financial liabilities				
31 March 2024				
Trade payable:	4,206.90	—	—	—
Other payable	22.30	—	—	—
Debt securities:				
– Principal	100,000.00	168,500.00	28,547.50	21,000.00
– Interest	21,676.79	29,075.38	8,260.55	5,937.68
Borrowings (Other than debt securities):				
– Principal	92,688.92	127,073.84	52,309.23	—
– Interest	20,265.40	21,279.85	2,931.83	—
Subordinated liabilities:				
– Principal	1,000.00	18,200.00	12,000.00	15,000.00
– Interest	4,078.20	7,296.46	3,969.34	1,690.00
Other financial liabilities:	23,889.63	6,017.87	2,964.12	3,434.63
Total	<u>267,828.14</u>	<u>377,443.40</u>	<u>110,982.57</u>	<u>47,062.31</u>
31 March 2023				
Trade payable	4,367.72	—	—	—
Other payable	22.28	—	—	—
Debt securities:				
– 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
Borrowings (Other than debt securities):				
– 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
Subordinated liabilities:				
– Principal	—	7,000.00	20,700.00	18,500.00
– Interest	4,084.52	8,074.07	5,645.92	3,314.00
Other financial liabilities:	26,594.49	4,343.12	3,022.67	4,021.12
Total	<u>338,079.95</u>	<u>335,878.24</u>	<u>125,825.15</u>	<u>60,172.29</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 2024
Financial instruments measured at amortised cost

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31 March 2024					
Financial assets					
a) Cash and cash equivalent	57,673.26	57,673.26	57,673.26	–	–
b) Bank balances other than (a) above	16,372.47	16,372.47	16,372.47	–	–
c) Loans	693,329.82	692,474.10	–	–	692,474.10
d) Other financial assets	1,808.88	1,808.88	–	1,808.88	–
Total	769,184.43	768,328.71	74,045.73	1,808.88	692,474.10
Financial liabilities					
a) Trade Payables	4,206.90	4,206.90	–	4,206.90	–
b) Other Payable	22.30	22.30	–	22.30	–
c) Debt securities	316,247.21	315,081.55	315,081.55	–	–
d) Borrowings other than debt securities	272,069.19	271,920.45	–	271,920.45	–
e) Subordinated Liabilities	46,078.58	46,214.65	46,214.65	–	–
f) Other financial liabilities	33,704.51	33,704.51	–	33,704.51	–
Total	672,328.69	671,150.36	361,296.20	309,854.16	–
As at 31 March 2023					
Financial assets					
a) Cash and cash equivalent	31,631.99	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	3,195.18	3,332.71	–	3,332.71	–
Total	808,054.59	807,885.19	120,197.33	3,332.71	684,355.15
Financial liabilities					
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	–
Total	721,481.70	718,833.31	360,785.35	358,047.96	–

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 2024	As at 31 March 2023					
Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	10,820.12	22,088.07	Level 1	Quoted market price			
Investment in Government Securities	Financial Assets	Financial instrument measured at FVTOCI	13,031.20	12,006.99	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 2024

As at 31 March 2024

- (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 2024 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	208.85	–	–	36.71	186.80

* Represents amount outstanding as at the end of 30 September 2023

** Represents the closing balance of loan accounts as at 31 March 2024

- (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 2024 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	96,781.56	8,627.55	–	28,608.03	74,185.36

*** Represents amount outstanding as at the end of 30 September 2023

**** Represents the closing balance of loan accounts as at 31 March 2024

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

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

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 2024

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)
Performing Assets						
Standard	Stage 1	594,790.82	1,582.50	593,208.32	3,488.19	(1,905.69)
	Stage 2	19,572.26	1,659.63	17,912.63	538.61	1,121.02
Subtotal for standard		614,363.08	3,242.13	611,120.95	4,026.80	(784.67)
Non-Performing Assets (NPA)						
Substandard	Stage 1	516.40	4.44	511.96	74.04	(69.60)
	Stage 2	12,385.31	1,052.03	11,333.28	1,762.09	(710.06)
	Stage 3	9,103.16	3,379.96	5,723.20	1,523.12	1,856.84
Subtotal for Substandard		22,004.87	4,436.43	17,568.44	3,359.25	1,077.18
Doubtful - up to 1 year	Stage 1	653.25	5.68	647.57	159.30	(153.62)
	Stage 2	27,466.33	2,181.95	25,284.38	6,518.12	(4,336.17)
	Stage 3	38,914.18	10,032.24	28,881.94	7,878.15	2,154.09
Subtotal for doubtful up to 1 year		67,033.76	12,219.87	54,813.89	14,555.57	(2,335.70)
Doubtful - 1 to 3 years	Stage 1	20.60	0.14	20.46	8.13	(7.99)
	Stage 2	407.97	30.05	377.92	155.14	(125.09)
	Stage 3	16,222.90	6,797.69	9,425.21	4,540.73	2,256.96
Subtotal for doubtful up to 1 to 3 years		16,651.47	6,827.88	9,823.59	4,704.00	2,123.88
More than 3 years	Stage 1	0.26	–	0.26	0.26	(0.26)
	Stage 2	3.71	1.02	2.69	3.58	(2.56)
	Stage 3	674.94	674.94	–	330.69	344.25
Subtotal for Doubtful - More than 3 years		678.91	675.96	2.95	334.53	341.43
Subtotal for Doubtful		84,364.14	19,723.71	64,640.43	19,594.10	129.61
Loss	Stage 3	176.11	176.11	–	169.32	6.79
Subtotal for NPA		106,545.12	24,336.25	82,208.87	23,122.67	1,213.58
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	56,837.99	98.13	56,739.86	–	98.13
	Stage 2	62.90	3.83	59.07	–	3.83
	Stage 3	9.63	2.49	7.14	–	2.49
Subtotal		56,910.52	104.45	56,806.07	–	104.45
Total	Stage 1	652,819.32	1,690.89	651,128.43	3,729.92	(2,039.03)
	Stage 2	59,898.48	4,928.51	54,969.97	8,977.54	(4,049.03)
	Stage 3	65,100.92	21,063.43	44,037.49	14,442.01	6,621.42
Total (Including commitments)		777,818.72	27,682.83	750,135.89	27,149.47	533.36

Notes to the Financial Statements for the year ended 31 March 2024

31 March 2023

Asset Classification as per NHB Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)= (3) - (4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7)= (4) - (6)
Performing Assets						
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
Subtotal for standard		580,181.69	9,189.55	570,992.14	7,713.25	1,476.30
Non-Performing Assets (NPA)						
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
Subtotal for substandard		106,783.13	16,868.83	89,914.30	15,154.63	1,714.20
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
Subtotal for doubtful up to 1 year		12,414.90	3,246.44	9,168.46	2,649.27	597.17
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
Subtotal for doubtful up to 1 to 3 years		19,645.06	5,582.26	14,062.80	5,289.55	292.71
More than 3 years	Stage 3	757.93	371.08	386.85	351.85	19.23
Subtotal for Doubtful - More than 3 years		757.93	371.08	386.85	351.85	19.23
Subtotal for Doubtful		32,817.89	9,199.78	23,618.11	8,290.67	909.11
Loss	Stage 3	210.05	210.05	-	204.17	5.88
Subtotal for NPA		139,811.07	26,278.66	113,532.41	23,649.47	2,629.19
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
Subtotal		47,715.02	337.40	47,377.62	-	337.40
Total	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
Total (Including commitments)		767,707.78	35,805.61	731,902.17	31,362.72	4,442.89

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 2024, 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 2024 and 31 March 2023, 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 2024

47 Disclosures pertaining to Fund raising by issuance of Debt Securities by Large Corporates as per SEBI notification no. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021

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)

SN	Particulars	Details
1	Name of the company	Mahindra Rural Housing Finance Limited
2	CIN	U65922MH2007PLC169791
3	Outstanding borrowing of company as on 31 March 2024	Rs. 6,34,394.98 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)- Crisil A1+, IND 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

SN	Particulars	31 March 2024
(i)	3-year block period	FY2022, FY2023 and FY2024
(ii)	Incremental borrowing done (a)	183,127.05
(iii)	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	45,781.76
(iv)	Actual borrowings done through debt securities (c)	135,087.45
(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:

SN	Particulars	31 March 2024
(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 2024	31 March 2023
Mr. Shantanu Rege (Managing Director) (Appointed from 1 October 2022)	Gross Salary including perquisites	175.05	63.10
	Others - Contribution to Funds	-	-
	Stock Option	-	5.79
		175.05	68.89
Mr. Rajnish Agarwal (Managing Director) (Ceased to be the director with effect from 1 October 2022)	Gross Salary including perquisites	28.95	188.19
	Others - Contribution to Funds	-	2.71
	Stock Option	-	-
		28.95	190.90
Mr. Dinesh Prajapati (Chief Financial Officer) (Appointed from 1 March 2024)	Gross Salary including perquisites	10.92	-
	Others - Contribution to Funds	0.39	-
	Stock Option	-	-
		11.31	-
Mr. Dharmesh Vakharia (Chief Financial Officer) (Ceased to be the KMP from 29 February 2024)	Gross Salary including perquisites	158.59	149.94
	Others - Contribution to Funds	8.45	11.27
	Stock Option	-	7.85
		167.04	169.06
Mrs. Anjali Raina (Independent Director) (Ceased to be the director with effect from 22 December 2023)	Commission \ Remuneration	6.00	8.25
	Other benefits	3.90	5.80
		9.90	14.05
Mr. Jyotin Mehta (Independent Director)	Commission \ Remuneration	8.25	8.25
	Other benefits	6.20	6.20
		14.45	14.45

Notes to the Financial Statements for the year ended 31 March 2024

Name of the KMP	Nature of transactions	31 March 2024	31 March 2023
Mr. Narendra Mairpady (Independent Director)	Commission \ Remuneration	8.25	8.25
	Other benefits	5.20	4.80
		<u>13.45</u>	<u>13.05</u>
Mrs. Smita Mankad (Independent Director) (Appointed with effect from 22 December 2023)	Commission \ Remuneration	2.28	-
	Other benefits	2.30	-
		<u>4.58</u>	<u>-</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) Ultimate Holding Company	Mahindra & Mahindra Limited
b) Holding Company	Mahindra & Mahindra Financial Services Limited
c) Fellow Subsidiaries: (entities with whom the Company has transactions)	Mahindra Insurance Brokers Limited NBS International Limited Mahindra Integrated Business Solutions Private Limited Mahindra Holidays and Resorts India Limited Mahindra First Choice Wheels Limited

d) Other Related Parties:	Kanha & Company Naandi Community Water Services Private Limited Enqube Collaborations Private Limited
e) Joint Ventures/ Associates (entities with whom the Company has transactions)	Mahindra Manulife Investment Management Private Limited Mahindra University Medwell Ventures Private Limited
f) Key Management Personnel:	Mr. Shantanu Rege (Managing Director) (w.e.f. 01 October 2022) Mr. Rajnish Agarwal (Managing Director) (Ceased to be a director w.e.f. 01 October 2022) Mr. Dinesh Prajapati (Chief Financial Officer) (w.e.f. 01 March 2024) Mr. Dharmesh Vakharia (Chief Financial Officer) (Ceased to be a KMP w.e.f. 29 February 2024) Mrs. Anjali Raina (Independent Director) (Ceased to be a director w.e.f. 22 December 2023) Mr. Narendra Mairpady (Independent Director) Mr. Jyotin Mehta (Independent Director) Ms. Smita Mankad (Independent Director) (w.e.f. 22 December 2023)

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 2024	Year ended 31 Mar 2023	Year ended 31 Mar 2024	Year ended 31 Mar 2023	Year ended 31 Mar 2024	Year ended 31 Mar 2023	Year ended 31 Mar 2024	Year ended 31 Mar 2023
ESOP Income								
- Mahindra Insurance Brokers Limited	-	-	0.30	-	-	-	-	-
Interest expense								
- Mahindra & Mahindra Limited	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	1,842.86	1,575.38	-	-	-	-
- Mahindra Manulife Investment Management Private Limited	-	-	-	-	410.49	409.80	-	-
- Mahindra Holidays and Resorts India Limited	-	-	603.44	603.00	-	-	-	-
Other expenses								
- Mahindra & Mahindra Limited	102.96	137.77	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	459.71	483.60	-	-	-	-	-	-
- NBS International Limited	-	-	4.20	5.77	-	-	-	-
- Mahindra Integrated Business Solutions Private Limited	-	-	1,021.80	1,122.28	-	-	-	-
- Mahindra Holidays and Resorts India Limited	-	-	13.08	-	-	-	-	-
- Medwell Ventures Private Limited	-	-	-	-	-	0.05	-	-
- Mahindra University	-	-	-	-	-	2.36	-	-
- Mahindra First Choice Wheels Ltd.	-	-	26.09	30.00	-	-	-	-
- Kanha & Co.	-	-	227.74	113.87	-	-	-	-
- Naandi Community Water Services Private Limited	-	-	0.23	-	-	-	-	-
- Enqube Collaborations Private Limited	-	-	0.05	-	-	-	-	-
ESOP Expenses								
- Mahindra & Mahindra Limited	41.09	1.91	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	6.64	20.01	-	-	-	-	-	-

Notes to the Financial Statements for the year ended 31 March 2024

Particulars	Holding Company		Fellow Subsidiaries/ Other Related Parties		Joint Ventures/ Associates		Key Management Personnel	
	Year ended 31 Mar 2024	Year ended 31 Mar 2023	Year ended 31 Mar 2024	Year ended 31 Mar 2023	Year ended 31 Mar 2024	Year ended 31 Mar 2023	Year ended 31 Mar 2024	Year ended 31 Mar 2023
Remuneration								
- Mr. Shantanu Rege	-	-	-	-	-	-	175.05	68.89
- Mr. Rajnish Agarwal	-	-	-	-	-	-	28.95	190.90
- Mr. Dinesh Prajapati	-	-	-	-	-	-	11.31	-
- Mr. Dharmesh Vakharia	-	-	-	-	-	-	167.04	169.06
- Mrs. Anjali Raina	-	-	-	-	-	-	9.90	14.05
- Mr. Narendra Mairpady	-	-	-	-	-	-	13.45	13.05
- Mr. Jyotin Mehta	-	-	-	-	-	-	14.45	14.45
- Mrs. Smita Mankad	-	-	-	-	-	-	4.58	-
Purchase of fixed assets								
- Mahindra & Mahindra Limited	164.69	375.08	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	42.89	2.17	-	-	-	-	-	-
- NBS International Limited	-	-	4.14	14.28	-	-	-	-
Capital Advancece								
- Mahindra & Mahindra Limited	-	9.58	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	24.03	-	-	-	-	-	-	-
Sale of fixed assets								
- Mahindra & Mahindra Financial Services Limited	17.84	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	6.75	-	-	-	-	-
Inter corporate deposits taken								
- Mahindra Insurance Brokers Limited	-	-	16,500.00	13,050.00	-	-	-	-
Inter corporate deposits repaid / matured								
- Mahindra Insurance Brokers Limited	-	-	9,100.00	16,575.00	-	-	-	-

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 2024	Year ended 31 Mar 2023	Year ended 31 Mar 2024	Year ended 31 Mar 2023	Year ended 31 Mar 2024	Year ended 31 Mar 2023	Year ended 31 Mar 2024	Year ended 31 Mar 2023
Balances as at the end of the year								
Subordinate debt held (including interest accrued but not due)								
- Mahindra Manulife Investment Management Private Limited	-	-	-	-	4,857.57	4,856.15	-	-
Receivables								
- Mahindra Insurance Brokers Limited	-	-	0.08	-	-	-	-	-
Payables								
- Mahindra & Mahindra Limited	30.25	16.39	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Limited	81.85	0.61	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Private Limited	-	-	67.38	65.34	-	-	-	-
- NBS International Limited	-	-	-	0.29	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	1.25	1.74	-	-	-	-
- Mrs. Anjali Raina	-	-	-	-	-	-	5.40	7.43
- Mr. Narendra Mairpady	-	-	-	-	-	-	7.43	7.43
- Mr. Jyotin Mehta	-	-	-	-	-	-	7.43	7.43
- Ms. Smita Mankad	-	-	-	-	-	-	2.05	-
Inter corporate deposits outstanding (including interest accrued but not due)								
- Mahindra & Mahindra Limited	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	30,675.29	22,793.35	-	-	-	-
- Mahindra Holidays and Resorts India Limited	-	-	9,398.87	9,396.99	-	-	-	-

Notes to the Financial Statements for the year ended 31 March 2024

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 material accounting policy regarding key areas of operations are disclosed as note 2 to the financial statement for the year ended 31 March 2024.

I Capital

Particulars	31 March 2024	31 March 2023
(i) CRAR (%)	40.35%	45.12%
(ii) CRAR - Tier I Capital (%)	32.99%	34.95%
(iii) CRAR - Tier II Capital (%)	7.35%	10.17%
(iv) Amount of subordinated debt raised as Tier - II Capital	28,980	35,220
(v) Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

II Investments

The investments outstanding details are as under :

Particulars	31 March 2024	31 March 2023
1 Value of Investments		
(i) Gross value of Investments*		
(a) In India	23,851.32	34,095.06
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	23,851.32	34,095.06
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made	-	-
(iii) Less: Write-off/Written-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

* 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 2024	31 March 2023
(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 2024	31 March 2023
(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 2024

IV Assets Liability Management

31 March 2024

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
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowing from bank	-	-	4,708.20	1,043.98	10,625.67	25,435.57	21,149.00	116,722.90	52,309.21	-	231,994.53
Market borrowing	-	-	1,799.66	26,244.89	39,980.78	26,272.64	34,802.64	196,878.00	40,467.96	35,953.88	402,400.45
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	5,186.52	4,684.59	6,859.58	11,113.96	13,250.48	28,505.98	77,875.98	164,368.76	89,499.25	291,984.72	693,329.82
Investments	15,871.36	-	-	-	-	-	7,979.96	-	-	-	23,851.32
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

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
Liabilities											
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	-	-	-	-	-	-	-	-	-	-	-
Assets											
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	-	-	-	-	-	-	-	-	-	-	-

V Exposure

a) Exposure to real estate sector

Category	31 March 2024	31 March 2023
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;	720,417.36	719,685.32
Of the above Individual housing loan upto Rs.15 lakh	495,504.93	601,644.44

Category	31 March 2024	31 March 2023
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	395.51	208.64
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	Nil	Nil
b) Commercial Real Estate	Nil	Nil

Notes to the Financial Statements for the year ended 31 March 2024

Category		31 March 2024	31 March 2023
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 2024	31 March 2023
(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
Total exposure to capital market	Not Applicable	Not Applicable

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.

SN	Particulars	31 March 2024	% of NOF	31 March 2023	% of NOF
(i)	Exposure to any single entity in a group engaged in real estate business*	653.86	0.48%	192.38	0.14%
(ii)	Exposure to all entities in a group engaged in real estate business*	653.86	0.48%	192.38	0.14%

* 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.

c) Related Party Policy :

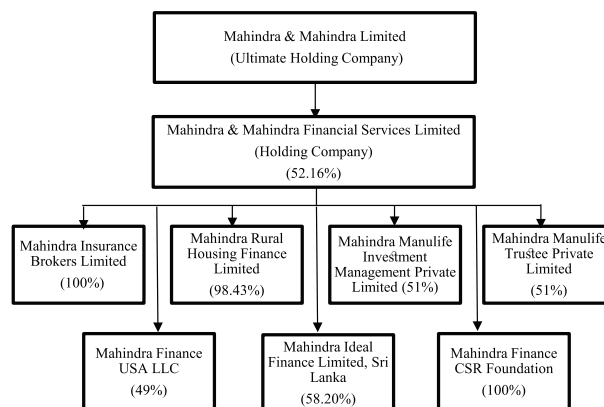
All contracts / arrangements/transactions entered into by the Company during the current year with related parties were in the ordinary course of business and on an arm's length basis (refer note 49).

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 2024:



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

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

Notes to the Financial Statements for the year ended 31 March 2024

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 re-affirmed '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 upgraded the rating to the Company's Non-Convertible Debentures and Subordinated Debt as 'CARE AA+/stable' outlook to 'CARE AAA/Stable'

f) Remuneration of Independent Directors

Particulars of Remuneration	Names of Directors				Total
	Mr. Jyotin Mehta	Mrs. Anjali Raina	Mr. Narendra Mairpady	Mrs. Smita Mankad	
Fee for attending board/committee meetings	6.20	3.90	5.20	2.30	17.60
	(6.20)	(5.80)	(4.80)	-	(16.80)
Remuneration/Commission	8.25	6.00	8.25	2.28	24.78
	(8.25)	(8.25)	(8.25)	-	(24.75)
Total	14.45	9.90	13.45	4.58	42.38
	(14.45)	(14.05)	(13.05)	-	(41.55)

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

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

Breakup of "Provisions & Contingencies" shown under the head Expenditure in Statement of Profit and Loss	31 March 2024	31 March 2023
1. Provisions for depreciation on Investment	-	-
2. Provision towards non performing assets (Stage 3 assets)	276.29	(2,929.87)
3. Provision made towards Income Tax	-	-
4. Other Provision and Contingencies	(232.95)	(12.09)
5. Provision for Standard Assets (Stage 1 and Stage 2 assets)	(8,166.12)	(19,062.87)

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.

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Standard Assets				
a) Total Outstanding Amount	571,678.24	601,924.56	84,138.67	42,761.47
b) Provisions made	6,018.47	13,952.37	498.97	731.20
Sub-Standard Assets				
a) Total Outstanding Amount	8,767.88	41,143.51	335.28	1,503.84
b) Provisions made	3,267.24	11,017.57	112.72	388.63
Doubtful Assets - Category - I				
a) Total Outstanding Amount	37,660.21	11,549.86	1,253.97	510.96
b) Provisions made	9,696.90	3,083.75	335.34	132.40
Doubtful Assets - Category - II				
a) Total Outstanding Amount	15,631.86	18,963.78	591.04	666.79
b) Provisions made	6,522.51	5,382.67	275.18	198.50
Doubtful Assets - Category - III				
a) Total Outstanding Amount	646.76	725.86	28.18	32.07
b) Provisions made	646.76	350.01	28.18	21.07
Loss Assets				
a) Total Outstanding Amount	165.70	198.28	10.41	11.76
b) Provisions made	165.70	198.28	10.41	11.76
a) Total Outstanding Amount	634,550.65	674,505.85	86,357.55	45,486.89
b) Provisions made	26,317.58	33,984.65	1,260.80	1,483.56

Notes to the Financial Statements for the year ended 31 March 2024

Insurance / fees component of Housing Loans has been classified under Non Housing Loans amounting to Rs. 25214.63 Lakhs as of 31 March 2024, Rs. 25,461.07 Lakhs as of 31 March 2023.

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 2024	31 March 2023
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

Particulars	31 March 2024	31 March 2023
Total loans & advances to twenty largest borrowers	1,472.71	1,098.20
Percentage of loans & advances to twenty largest borrowers to total advances of the HFC	0.20%	0.15%

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

Particulars	31 March 2024	31 March 2023
Total exposure to twenty largest borrowers/customers	1,552.27	1,171.24
Percentage of exposure to twenty largest borrowers/customers to total exposure of the HFC on borrowers/customers	0.20%	0.15%

iv) Concentration of NPAs

Particulars	31 March 2024	31 March 2023
Total exposure to top ten NPA accounts	325.01	317.33

v) Sector – wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
A. Housing loans:		
1	Individuals	9.91%
2	Builders/Project loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil
B. Non-housing loans:		
1	Individuals	2.57%
2	Builders/Project loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil

d) i) Movement of NPAs

Particulars	31 March 2024	31 March 2023
(I) Net NPAs to Net Advances (%)	6.29%	7.80%
(II) Movement of NPAs (Gross)		
a) Opening balance	75,306.73	86,102.74
b) Additions during the year	40,242.88	82,025.09
c) Reductions during the year	(50,458.32)	(92,821.10)
d) Closing balance	65,091.29	75,306.73
(III) Movement of Net NPAs		
a) Opening balance	54,522.08	62,388.23
b) Additions during the year	21,953.65	44,830.57
c) Reductions during the year	(32,445.38)	(52,696.72)
d) Closing balance	44,030.35	54,522.08
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	20,784.65	23,714.52
b) Provisions made during the year	18,289.23	37,194.52
c) Write-off of short provision/ write-back of excess provisions	(18,012.94)	(40,124.39)
d) Closing balance	21,060.94	20,784.65

ii) Movement of standard assets provision

Particulars	31 March 2024	31 March 2023
a) Opening balance	14,683.57	33,746.44
b) Provisions made during the year	(8,166.13)	(19,062.87)
c) Closing balance	6,517.44	14,683.57

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 2024	31 March 2023
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 2024	31 March 2023
a) No. of complaints pending at the beginning of the year	87	53
b) No. of complaints received during the year	4454	2478
c) No. of complaints redressed during the year	4498	2444
d) No. of complaints pending at the end of the year	43	87

Notes to the Financial Statements for the year ended 31 March 2024

X Movement of Statutory Reserve

(As per Section 29C of the National Housing Bank Act, 1987)

Particulars	31 March 2024	31 March 2023
Balance at the beginning of the year		
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
Total	31,809.93	31,334.93
Addition/Appropriation/Withdrawal during the year		
Add:		
a) Amount Transferred u/s 29C of the NHB Act, 1987"	5.00	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	75.00	450.00
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	240.00	235.00
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	31,649.93	31,574.93
Total	31,889.93	31,809.93

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	16	545,036.26	NA	80.83%

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)

Sr. No.	Description	Amount (Rs. in Lakhs)	% of Total Borrowings
1	Total for top 10 borrowings	492,020.50	77.56%

Funding concentration based on significant instrument/product

Sr. No.	Name of the instrument /product	Amount (Rs. in Lakhs)	% of Total Liabilities
1	Bank borrowings	231,996.99	34.41%
2	Non-convertible debentures	298,047.50	44.20%
3	Inter corporate deposits	40,075.00	5.94%
4	Sub debt	46,200.00	6.85%
5	Commercial Papers	20,000.00	2.97%
		636,319.49	94.37%
	Funding concentration pertaining to insignificant instruments/products	-	0.00%
	Total borrowings under all instruments/products	636,319.49	94.37%

Notes to the Financial Statements for the year ended 31 March 2024

Stock Ratios:

Sr. No.	Name of instrument/product	Amount (Rs. in Lakhs)	% of Total Public funds	% of Total Liabilities	% of Total deposits
1	Commercial papers (CPs)	20,000.00	3.15%	2.97%	2.43%
2	NCDs with original maturity of less than one year	Nil	Nil	Nil	Nil
3	Other short-term liabilities	24,000.00	3.78%	3.56%	2.92%

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 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 2024		Quarter ended 31 December 2023##		Quarter ended 30 September 2023##		Quarter ended 30 June 2023##	
		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)#
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)	131.46	131.46	87.67	87.67	169.20	169.20	146.20	146.20
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	90.42	103.98	25.29	29.09	146.98	169.03	185.42	213.24
4	Secured wholesale funding	106.99	123.03	72.82	83.75	215.57	247.91	191.81	220.58
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements								
(ii)	Outflows related to loss of funding on debt products								
(iii)	Credit and liquidity facilities								
6	Other contractual funding obligations	83.95	96.54	88.36	101.61	103.72	119.28	109.43	125.84
7	Other contingent funding obligations	226.54	260.52	232.84	267.76	206.95	237.99	226.75	260.76
8	TOTAL CASH OUTFLOWS	507.89	584.07	419.31	482.21	673.22	774.21	713.41	820.42

Notes to the Financial Statements for the year ended 31 March 2024

S. No.	Particulars	Quarter ended 31 March 2024		Quarter ended 31 December 2023##		Quarter ended 30 September 2023##		Quarter ended 30 June 2023##	
		Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures (Secured)	239.11	179.33	240.00	180.00	235.12	176.34	220.11	165.09
11	Other cash inflows	1,054.41	790.81	965.01	723.76	1,244.76	933.57	1,541.55	1,156.16
12	TOTAL CASH INFLOWS	1,293.52	970.14	1,205.01	903.76	1,479.88	1,109.91	1,761.66	1,321.25
13	TOTAL HQLA		131.46		87.67		169.20		146.20
14	TOTAL NET CASH OUTFLOWS		146.02		120.55		193.55		205.10
15	LIQUIDITY COVERAGE RATIO (%)		90%		73%		87%		71%

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 2024		Quarter ended 31 December 2023##		Quarter ended 30 September 2023##		Quarter ended 30 June 2023##	
	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	126.47	126.47	82.58	82.58	169.03	169.03	145.98	145.98
- Cash Balance	4.99	4.99	5.09	5.09	0.17	0.17	0.22	0.22
Total	131.46	131.46	87.67	87.67	169.20	169.20	146.20	146.20

* 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 December 31, 2023, September 30, 2023 & June 30, 2023 are unaudited and are as represented by the management.

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*, 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.

* Cash would mean cash on hand and demand deposits with Scheduled Commercial Banks.

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 at 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 March 31, 2024 was 90% and for the quarter ended December 31, 2023 is 73% which is above the regulatory requirement of 60% and for the quarter ended September 30, 2023 average LCR was stood at 87%, For the quarter ended June 30, 2023 average LCR was stood at 71%, which is above the regulatory requirement of 50%.

Notes to the Financial Statements for the year ended 31 March 2024

XIII Schedule to the Balance Sheet of the Company

In compliance with Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Direction, 2021

Particulars		Amount outstanding	Amount overdue
Liabilities side			
(1)	Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
(a)	Debentures : Secured	154,576.86	-
	: Unsecured	155,606.79	-
	(other than falling within the meaning of public deposits*)		
(b)	Deferred credits	-	-
(c)	Term loans	232,391.56	-
(d)	Inter-corporate loans and borrowing	41,673.65	-
(e)	Commercial paper	18,602.64	-
(f)	Public deposits*	-	-
(g)	Other loans (Subordinate debt)	48,330.46	-
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a)	In the form of Unsecured debentures	-	-
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c)	Other public deposits	-	-
		Amount outstanding (net of provisions)	
Assets side			
(3)	Break-up of loans and advances including bills receivables [other than those included in (4) below]:		
(a)	Secured	693,234.49	
(b)	Unsecured	95.33	
(4)	Break up of leased assets and stock on hire and other assets counting towards asset financing activities		
(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)	Break-up of Investments		
Current investments			
1	Quoted		
(i)	Shares		
	(a) Equity	-	-

Particulars		Amount outstanding	Amount overdue
Liabilities side			
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	10,820.12	-
	(iv) Government securities	13,031.20	-
	(v) Others	-	-
2	Unquoted		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
Long term investments			
1	Quoted		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
2	Unquoted		
	(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:

Category		Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties **			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	Other than related parties	693,234.49	95.33	693,329.82

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

		(Rs. in Lakhs)	
Category		Market Value/Break up or fair	Book Value (Net of Provisions)
	1		
	Related Parties **		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
	2		
	Other than related parties	23,851.32	23,851.32

(8) Other information

		(Rs. in Lakhs)	
Particulars		Amount	
(i)	Gross non-performing assets		
	(a) Related parties		-
	(b) Other than related parties		65,091.29
(ii)	Net non-performing assets		
	(a) Related parties		-
	(b) Other than related parties		44,030.35
(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:

- 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).
- 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 2024	31 March 2023
Total Assets	823,090.69	871,776.51
Less: Intangible assets	(11,483.28)	(11,052.37)
Net total Assets	811,607.41	860,724.14
Housing Finance	608,233.07	640,538.80
Individual Housing Finance	608,233.07	640,538.80
Percentage of housing finance to total assets (netted off intangible assets)	74.94%	74.42%

Particulars	31 March 2024	31 March 2023
Percentage of individual housing finance to total assets (netted off intangible assets)	74.94%	74.42%

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 not in default acquired through assignment.

Particulars	31 March 2024	31 March 2023
Count of loan accounts acquired	880.00	700.00
Amount of loan accounts acquired (Rs. in lakhs)	8,281.69	6,253.05
Retention of beneficial economic interest (MRR) (Rs. in lakhs)	920.19	694.78
Weighted average maturity (Residual Maturity) (Months)	206.92	233.97
Weighted average holding period (Months)	14.94	14.44
Coverage tangible security coverage (LTV)	54%	51%
Rating-wise distribution of rated loans	Unrated	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 2024		31 March 2023	
	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	-

* 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
Section I
A Exposure
1) Exposure to real estate sector

Category		31 March 2024	31 March 2023
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.	720,417.36	719,685.32

Notes to the Financial Statements for the year ended 31 March 2024

Category		31 March 2024	31 March 2023
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.	395.51	208.64
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	Nil	Nil
Total Exposure to Real Estate Sector		720,812.87	719,893.96

2) Exposure to capital market

Particulars	31 March 2024	31 March 2023
(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 2024			31 March 2023		
	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	687,627.75	62,872.41	9.14%	719,555.22	72,581.30	10.09%
ii. Non Housing Loan	90,190.97	2,218.88	2.46%	48,152.56	2,725.43	5.66%
Total of Personal Loans	777,818.72	65,091.29	8.37%	767,707.78	75,306.73	9.81%

* 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 2024	31 March 2023
(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
Total exposure to capital market	Not Applicable	Not Applicable

Notes to the Financial Statements for the year ended 31 March 2024

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 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023
Borrowings	-	-	-	-	4,700.00	4,700.00	-	-	-	-	-	-	38,575.00	31,175.00	43,275.00	35,875.00
Maximum outstanding of Borrowings during the year	-	-	-	-	4,700.00	4,700.00	-	-	-	-	-	-	40,775.00	34,700.00	45,475.00	39,400.00
Interest accrued but not due on ICD / Debentures	-	-	-	-	157.57	156.15	-	-	-	-	-	-	1,499.16	1,015.34	1,656.73	1,171.49
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	207.58	377.25	-	-	-	-	-	-	-	-	-	-	4.14	14.28	211.72	391.53
Sale of fixed/other assets	17.84	-	-	-	-	-	-	-	-	-	-	-	6.75	-	24.59	-
Interest paid	-	-	-	-	410.49	409.80	-	-	-	-	-	-	2,446.30	2,178.38	2,856.79	2,588.18
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others :																
- ESOP Income	-	-	-	-	-	-	-	-	-	-	-	-	0.30	-	0.30	-
- ESOP Expenses	47.73	21.92	-	-	-	-	-	-	-	-	-	-	-	-	47.73	21.92
- Remuneration\ Sitting fees \ Commission	-	-	-	-	-	-	424.73	470.40	-	-	-	-	-	-	424.73	470.40
- Other Expenses	562.67	621.37	-	-	-	2.41	-	-	-	-	228.02	113.87	1,065.17	1,158.05	1,855.86	1,895.70
- Capital Advance	24.03	9.58	-	-	-	-	-	-	-	-	-	-	-	-	24.03	9.58
- Inter corporate deposits taken	-	-	-	-	-	-	-	-	-	-	-	-	16,500.00	13,050.00	16,500.00	13,050.00
- Inter corporate deposits repaid / matured	-	-	-	-	-	-	-	-	-	-	-	-	9,100.00	16,575.00	9,100.00	16,575.00
- Subordinate debt repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Payables	112.10	17.00	-	-	-	-	22.31	22.28	-	-	-	-	68.63	67.37	203.04	106.65

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 2024	31 March 2023
Complaints received by the NBFC from its customers			
1	Number of complaints pending at beginning of the year	87	53
2	Number of complaints received during the year	4,454	2,478
3	Number of complaints disposed during the year	4,498	2,444
3.1	Of which, number of complaints rejected by the NBFC	-	2
4	Number of complaints pending at the end of the year	43	87
Maintainable complaints received by the NBFC from Office of Ombudsman			
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	NA	NA
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 2024

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

31 March 2024

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	27	2357	187%	0	–
2	Mortgage Release Documents Not Received	25	460	-9%	1	–
3	CIBIL Related	13	290	24%	14	–
4	Insurance Refund Not Received	7	249	62%	6	–
5	Original Documents Not Received	4	200	65%	1	–
6	Others	11	898	40%	21	–
	Total	87	4454	80%	43	

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	–
	Total	53	2478	-26%	87	–

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 2024

Ramesh Iyer
Director
[DIN: 00220759]

Dinesh Prajapati
Chief Financial Officer

Mumbai
19 April 2024

Jyotin Mehta
Director
[DIN: 00033518]

Navin Joshi
Company Secretary
[ACS 9049]

Shantanu Rege
Managing Director
[DIN: 06661312]

For and on behalf of the Board of Directors

Mahindra Rural Housing Finance Limited

CIN: U65922MH2007PLC169791