

33rd

Annual Report 2018 - 2019



Manipal Housing Finance Syndicate Ltd.

Regd. Office: Manipal House, Manipal – 576 104, Karnataka



Network of Branches

Manipal: Manipal House, Manipal – 576 104
Bangalore: Unit No. N – 116, Manipal Centre
North Block, Dickenson Road, Bangalore – 560 042

Mangalore: Ideal Towers, D.No.13-1-25/39
1st Floor, Opp. Sharavu Mahaganapathi Temple
Sharavu Temple Road, Mangalore – 575 001

Udupi: Maruthi Veethika, II Floor,
New Vyavahar Complex, Udupi – 576 101

Hyderabad: Flat No. 101, Gayathri Plaza
Mettuguda, Secunderabad – 500 017

Chennai: Gemini Parson – Commercial Complex,
Ground Floor, D-6, No. 1,
Kodambakkam High Road, Chennai – 600 006

Mumbai: 3, Priyotama Sahanivas,
Prarthana Samaj Road, Vile Parle (E),
Mumbai – 400 057

Car Street: Shop No. 201, First Floor,
Ideal Towers, Opp. Sharavu Mahaganapathi Temple
Mangalore, D.K. District – 575 001

B C Road: First Floor, SR Complex, NH 75,
BC Road, Jodumarga, D.K. District – 574 219

Surathkal: Shop No. F-09, First Floor, Poova Arcade
Near N H 66, Surathkal, D.K. District – 575 014

Kankanady: Bye-pass Road
Kankanady, D.K. District – 575 002

Maruthi Veethika: First Floor, "Vyavahar 1001"
Maruthi Veethika Road, Near Chittaranjan Circle
Udupi District – 576 101

Kundapura: Shop No. 3, First Floor, Yediyal
Complex, Near Old Bus Stand, Kundapura
Udupi District – 576 201

Yeshwanthpur: Shop No. 3, First Floor, Jai Complex
Triveni Road, Yeshwanthpur, Bangalore – 560 022

Chamarajpet: First Floor, Gowramma Govindraju
Complex, 134/1, 4th Main Road, 9th Cross
Chamarajpet, Bangalore – 560 018

K R Market (Sunkadakatte): First Floor
Gangadarappa Building, 119 Magadi Main Road
Sunkadakatte, Near K. R. Market, Bangalore

Vittal: 1st Floor, Puttur Road
Near Bus Stand, Vittal
D.K. District – 574 243

Hebri: Shop No. 5, First Floor, Ramanath Complex
Main Road, Opp. Bus Stand, Hebri – 576 112

Srinivasnagar: Shop No. 3, First Floor
341/A, 80 Ft Road, Opp. Bank Colony Bus Stand
Srinivasnagar, Banashankari Ist Stage
Bangalore – 560 050

Moodabidri: Shop No. F-5, First Floor
Panchami Apartments, Market Road, Behind Market
Moodabidri, D.K. District – 574 227

Kamakshipalya: Shop No. 3, First Floor
Jayalakshmi Complex, Magadi Main Road
Near Ganesh Temple, Kamakshipalya
Bangalore – 560 079

Sullia: Shop No. 5, First Floor, Honesty Building
Main Road, Balemakki, Sullia – 574 239

Kadaba: Shop No. 4, 1st Floor, Sri Ram Towers Main Road,
Near Sri Durgambika Amma Temple, Kadaba
D. K. District – 574 221

Bhatkala: Shop No. 32, 1st Floor, Mahale Building, Sagar
Road, Near Samshuddin Circle, Bhatkal
U.K. District – 581 320

Bajpe: Shop No. 2, Ground Floor, Koya Complex Main Road,
Near Bus Stand, Bajpe,
D.K. District – 574 142

Periya Patna: Shop No. 8, First Floor
L. M. Complex, B. M. Road, Near KSRTC Bus Stand
Periya Patna, Mysore District – 571 107

Janata Nagar: First Floor, 1133,
Sahukar Chennaiah Road, Near Bisilu Maramma Circle,
Janatha Nagar, Mysore – 570 009

Kushal Nagara: Shop No. 1, First Floor
Taanya Lakshmi Building, Rathabeedi
Near Govt. Hospital, Kushal Nagara
Kodagu District – 571 234

Hebbala: Shop No. 3, 1st Floor, Srinivas Complex
Vijaya Nagar Main Road, Near Abhishek Circle
Hebbal, Mysore Dist. – 570 017

K. R. Nagara: Ground Floor, Laxmi Narayana Nilaya,
No. 17, Mysore Road, Near Police Station, K. R. Nagara
Mysore – 571 602

Kengeri: Shop No. 2, First Floor, 118/2,
Mysore Road, Fort Kengeri, Kengeri
Bangalore Dist. – 560 060

Saligrama: No. 36, 1st Floor, Mahaveer Road
Near Gandhi Square, Saligrama
Mysore Dist. – 571 604

Mudipu: First Floor, P. K. Towers
Vittal – Mangalore Road, Opp. Mudipu Bus Stand Mudipu,
D.K. Dist., Karnataka – 574 153

Virajpet: Shop No. 2, 1st Floor, Sathyanarayana Complex,
Main Road, Opp. Indian Bank, Virajpet
Kodagu District, Karnataka – 571 218

Shimoga (Durgigudi): 2nd Floor, Sri Rama Complex
Main Road, Opp. Market, Gandhi Bazar
Shimoga Dist. – 577 202

Honnali: Shop No. 2 & 3, 1st Floor
Janani Complex, Sarvarkeri Road, Near Bus Stand
Honnali, Davanagere Dist., Karnataka – 577 217

Hunsur: No. 1825, Katha No. 1326/1825/1
First Floor, BM Road
Near Hunsur Bus Stand, Mysore



BOARD OF DIRECTORS

Chairman

Sri N. A. Shanbhag

Directors

Mrs. Vijayalaxmi N. Pai

Sri B. Ganapathi Pai

Sri Sathish Kamath – Nominee – Syndicate Bank (up to 29.03.2019)

Sri P. Palanisamy

Sri V. M. Girdhar

Executive Director

Sri T. Sunil Pai

General Manager

Dr. K. K. Ammannaya

Deputy General Manager

Sri N. Ashok

C.F.O.

Sri Gopalakrishna Bhat

Company Secretary

Mrs. Priya Padmanabhan

(upto 31.05.2019)

Auditors

M/s A. Krishna Kumar & Co.

Chartered Accountants

Rehman Complex

Near Kana Masjid

Kana, Surathkal

Mangaluru – 575 014

Bankers

1) Syndicate Bank, 2) Canara Bank, 3) HDFC Bank, 4) State Bank of India, 5) ICICI Bank Ltd., 6) Karnataka Bank Ltd., 7) Bank of Maharashtra, 8) Indian Overseas Bank, 9) Bank of Baroda, 10) Union Bank of India, 11) Federal Bank, 12) Oriental Bank of Commerce 13) Security Trustees for the Public Deposits – Canara Bank

Registered Office

MANIPAL HOUSE, MANIPAL – 576 104 (UDUPI), KARNATAKA

Phone : (0820) 2570741 ISIN No.: INE03Y801013

Website : www.manipalhousing.com

CIN No. : U65922KA1986PLC007396

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 33rd Annual General Meeting of the Members of Manipal Housing Finance Syndicate Limited will be held on Wednesday, the 21st day of August, 2019 at 4.00 p.m. at Regd. Office: "Manipal House", Manipal – 576 104 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2019, statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim dividend on Cumulative Redeemable Preference Shares and to declare dividend on the Equity Shares for the Financial Year ended March 31, 2019.
3. To appoint a Director in place of Sri B. Ganapathi Pai, who retires by rotation, and being eligible offers himself for reappointment.
4. 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 Section 139, 142 and all other applicable provisions of the Companies Act, 2013 (the "Act") read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on 16.08.2018 the appointment of M/s. A. Krishna Kumar & Co., Chartered Accountants, Mangalore (Firm Registration No. 012424S), as the Statutory Auditors of the Company to hold the Office from the conclusion of ensuing annual general meeting (AGM) till the conclusion of 36th AGM of the Company to be held in the calendar year 2022 (subject to ratification of their appointment at every AGM), at such remuneration plus GST, and out-of-pocket and travelling expenses, etc., as may be mutually agreed between the Board of Directors of the Company and Auditors."

By Order of the Board

Registered Office:
"Manipal House"
Manipal – 576 104
12th June, 2019

Sd/
(N. A. Shanbhag)
Chairman

NOTES:

1. The relevant Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, in respect of Special Business at the meeting, is annexed hereto and forms part of this notice.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 17.08.2019 to 21.08.2019 (both the days inclusive).
3. The dividend for the financial year ended March 31, 2019, as recommended by the Board, if approved by the members, will be paid on or after 23.08.2019 to those members whose name appear in the Company's Register of Members as on Book Closure dates.
4. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the company not later than forty eight (48) hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
5. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
6. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of Folio No.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
8. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting.
9. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
10. The Ministry of Corporate Affairs ('MCA') has notified provisions relating to unpaid / unclaimed dividend under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. As per these Rules, dividends which are not encashed/claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The new IEPF Rules mandate the companies to transfer the shares of shareholders whose dividends remain unpaid/unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. Hence, the Company urges all the shareholders to encash/claim their respective dividend during the prescribed period. The details of the unpaid/unclaimed dividend amounts lying with the Company as on August 30, 2018 are available on the website of the Company www.manipalhousing.com and on Ministry of Corporate Affairs' website. The shareholders whose dividend / shares as transferred / may transfer to the IEPF Authority can claim their shares from the Authority by following the Refund Procedure as detailed at the website of IEPF Authority <http://iepf.gov.in/IEPFA/refund.html>. Details of the unpaid/unclaimed dividend are also uploaded on the Company's website www.manipalhousing.com as per the requirements. Members who have not encashed their dividend pertaining to Financial Year 2011-12 are requested to write to the Company immediately claiming dividends declared by the Company. The unpaid / unclaimed dividend for the Financial Year ended March 31, 2012 is due for transfer to IEPF on 08.09.2019. Members are requested to contact the Company at its Registered Office Address to encash the unclaimed dividend.
11. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.



The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 18.08.2019 at 9.30 a.m. and ends on 20.08.2019 at 5.00 p.m. During this period shareholders of the Company, holding shares in physical form as on the cut-off date (record date) of 15th August, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID : Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
 - (viii) Members holding shares in physical form will then directly reach the Company selection screen.
 - (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
 - (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Therefore, members are required to submit their PAN to the Company.
13. Members holding shares in single name and in physical form are advised to make a nomination in Form SH-13 in respect of their shareholding in the Company.

Registered Office:
"Manipl House"
Manipl – 576 104
12th June, 2019

By Order of the Board

Sd/-
(N. A. Shanbhag)
Chairman

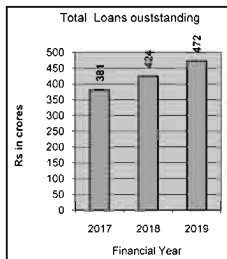
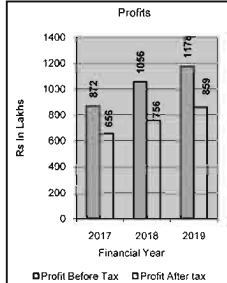
DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their 33rd Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2019.

1. Results of our operations:

The following table brings out the financial performance of the Company during the F.Y. 2018-19:



Particulars	2018-2019 (Rs.)	2017-2018 (Rs.)
Gross Income	51,51,93,104	47,48,38,304
Profit Before Interest and Depreciation	46,00,99,896	41,59,77,993
Finance Charges	33,85,80,803	30,76,24,351
Provision for Depreciation	36,31,942	26,71,128
Profit before Tax	11,78,87,151	10,56,82,514
Tax expenses:		
Current Income Tax	2,70,00,000	2,65,00,000
Income Tax earlier year's provision	(3,91,125)	1,18,699
Deferred Tax Adjustments	52,83,779	34,11,993
Net profit after Tax	8,59,94,497	7,56,51,822
Balance of Profit brought forward	24,76,46,418	19,44,60,055
Balance available for appropriation	33,36,40,915	27,01,11,877
Transfer to Special Reserve	1,59,00,000	1,73,00,000
Transfer to General Reserve	87,00,000	-
Reserves in terms of Sec. 29 of NHB Act, 1987	13,00,000	-
Interim Dividend on Preference Shares	8,89,700	8,89,700
Dividend Distribution Tax on pref. Dividend	1,82,880	1,81,120
Equity Dividend paid	34,02,060	34,02,060
Tax on Equity Dividend	6,99,304	6,92,579
Surplus carried to Balance Sheet	30,25,66,971	24,76,46,418

2. Economic Scene:

India, which has been world's fastest growing economy has been slowing for the quite some time and there was visible deceleration in economic activity during major part of 2018-19. The continuing slow down was brought about by declining growth of private consumption, tepid increase in fixed investment, muted exports, high joblessness, agricultural distress, liquidity crisis and credit slowdown. During the entire year, India continued to be an under performing economy with GDP growth falling to 5.8% in the fourth quarter of 2018-19, thereby pulling down overall growth for the fiscal to a 5 year low of 6.8%. The economy was beset by consumption slow-down as reflected by declining sales of everything from automobiles to consumer durables including fast moving consumer goods.

Notwithstanding all these issues, and declining growth of the economy, MHFSL has been able to show satisfactory performance not only in the area of loan disbursements but also in revenue growth and growth of overall profitability during the year.

The long term growth prospects of the Indian economy still remains positive because of several favourable factors such as young population, healthy savings and investment rates increasing integration with global economy, fast growing service sector with average annual growth rate of about 9% since 2001 etc.

With several steps and initiatives at growth which the new Government may take in the coming days and particularly with the measures expected to be announced in the forthcoming budget, the Indian economy may again start growing at a faster rate. Rate cuts by RBI which are widely expected in the days ahead will also boost investments and contribute to growth. With improved growth in the days and years ahead, there will be better opportunities for your Company for lending and business expansion. Your Company will spare no efforts in availing the opportunities that may emerge for expanding and building up business volumes in the days ahead.

3. Financial Performance:

Your Directors are pleased to report that in spite of continued under performance of the economy and declining GDP growth during the year, the company was able to show satisfactory financial performance and business growth during the year 2018-19.

The total income during the year was Rs.51.52 Crores. The company could achieve Profit After Tax of Rs.8.59 Crores as against the profit of Rs.7.56 Crores in the previous year. The net profit thus increased by Rs.103 Lakhs with percentage increase of 13.62%.

Total loan sanctions during the year ended 31st March, 2019 amounted to Rs.223.17 Crores. Disbursements of loans during the year amounted to Rs.208.20 Crores as against the disbursement of Rs.189.47 Crores during the previous year. Outstanding loans stood at Rs.471.90 Crores as on 31st March 2019 as against Rs. 424.44 Crores as on 31st March, 2018.

The report of the Board on Management Discussion and Analysis on Housing Sector and Financial Performance and other matters relating to housing sector are presented elsewhere.

A. Regulatory and Statutory Compliances: MHFSL has been giving utmost importance to compliances both statutory and regulatory. It has been the avowed policy of the company to scrupulously comply with the directions, guidelines and instructions of National Housing Bank. There is a compliance section headed by a senior officer, which attends to compliance on an on-going basis and ensures that the prescribed returns are submitted to NHB within the due dates fixed by NHB. MHFSL Ltd. has complied with NHB directions issued from time to time regarding deposits, accounting standards, prudential norms concerning assets classification, income recognition, provisioning capital adequacy, credit rating concentrations of credit and investment and norms relating to exposure to capital market. The Company has taken note of and complied with all the directions issued by NHB on different matters such as acquisition and transfer of control directions, Auditors Report, Corporate Governance directions, policy on Related Party Transactions, valuation of properties, code of conduct for DMA/ DSAs etc. in terms of the directions of NHB. MHFSL has adopted a policy on Valuation of properties and re-valuation of own properties on the basis of NHB guideline vide Circular No. NHB(ND)/DRS/Policy Circular No.81/2017-18 dated 31st August, 2017 as modified by Circular No. NHB(ND)/DRS/Policy Circular No.86/2017-18 dated 29th December, 2017. A new policy on Information Technology was also adopted as per NHB guidelines.

The company has also complied with the provisioning norms and fulfilled the provisioning requirements as per the NHB directions. The Capital Adequacy Ratio was 20.24% as on 31.03.2019 as against the regulatory capital requirement of 12%.

The Net Owned Funds of the company as on 31.3.2019 stood at Rs.64.68 Crores as against Rs.56.71 Crores as on 31.3.2018. There was thus, an increase of Rs.7.97 Crores in the Net Owned Funds, the percentage increase being 14.05%.

B. Resource mobilisation: During the year, the Company continued its efforts at reducing the funding cost and average cost of funds. The company also continued its efforts at diversification of funding with a view to achieving an appropriate maturity structure and minimising the weighted average cost of borrowed funds. The major sources of funding presently comprise the following:

1) **Term Loans:** During the year, the company raised additional Term Loans at lower rates of interest from Banks to the extent of Rs.98.98 Crores. The total outstanding Term Loans as on 31.3.2019 stood at Rs.382.87 Crores. The Term Loans availed from different Banks have been for long terms of 10 years. This has helped the company in minimising the mis-match as between the maturities of loan assets and liabilities. Although the accent during the year 2018-19 continued on getting rates of interest reduced by requesting banks and also by means of follow up with them there was some marginal increase in

the rate of interest on some loans on account of implementation of the terms of loan agreement concerning reset of interest. However, MHFSL will continue its efforts at rate reduction whenever possible.

The term loans of the company have been rated by M/s. Brick Work Ratings, Bangalore and the Rating Agency has assigned "BWR BBB+ (BWR triple B Plus)" rating for the Bank liabilities.

- 2) **Deposits:** The aggregate amount of deposits of the company as on 31.3.2019 were Rs.21.02 Crores as against the figure of Rs.19.13 Crores as on 31.3.2018. The company has plans to mobilise additional deposits of about a couple of Crores of rupees in FY 2019-20. The public deposits of the company have been rated by the Rating Agency M/s Brick Work Ratings, Bangalore and the rating assigned by them is "BWRB BBB+ (BWR Fixed Deposit triple B Plus)".
- 3) **Matured Deposits:** The total amount of matured deposits as on 31.3.2019 were Rs.395.50 Lakhs involving 12 accounts as against Rs.30.36 Lakhs as on 31.3.2018 comprising 9 accounts. These were Trust deposits and the Company was able to get them renewed recently, after the year end. It has been the constant endeavour of the company to contact the depositors and get the deposits renewed as and when they mature or in case they are not interested in renewing the deposits, to refund the same. It will be the constant endeavour of the company at all time to reduce the amount of unclaimed deposits by means of follow-up with depositors.
- 4) **Refinance:** The amount of refinance outstanding as on 31st March, 2019 was Rs.3.43 Crores. The Company has applied for fresh additional refinance limit of Rs.30 Crores during the financial year and the refinance proposal is being processed at the Head Office of NHB at New Delhi.

4. Dividend:

The dividend policy of the company which has been consistent has the objective of striking a balance between the dual objectives of rewarding the shareholders to the extent possible and retaining a portion of profits for building up reserves, in order to maintain a healthy capital adequacy ratio to support further growth and credit expansion. Based on the Company's performance, your Directors are pleased to recommend a dividend of 5% (Rs.0.50 paise) per equity share of face value of Rs.10/- each for the year ended March 31, 2019 as against the dividend of 4% paid for the previous year. The interim dividend of 7% (Rs.0.175 paise) per Cumulative Redeemable Preference Shares of Rs.10/- each was paid on 02.07.2018, 01.10.2018, 02.01.2019 and 03.04.2019.

The dividend on equity shares subject to approval of Members at the Annual General Meeting scheduled to be held on 21.08.2019, will be paid on or after that date, to the members whose names appear in the Register of Members, as on the date of book closure, i.e. from 17.08.19 to 21.08.19 (inclusive of both dates). The total dividend for the Financial Year, including the proposed equity dividend, amounts to Rs.51,42,275/- excluding dividend distribution tax of Rs.10,57,010/-.

5. Share Capital:

The paid up Share Capital as on 31st March, 2019 was Rs.9,77,61,500/-. Further, the Company has not issued any shares and also no shares have been issued with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

6. Dematerialisation of Shares:

The Ministry of Corporate Affairs in its drive to enhance transparency, investor protection and corporate governance, has notified Companies (Prospectus and Allotment of Securities) Third Amendment Rules, 2018 on 10 September 2018 effective from 02 October, 2018. In accordance with the said rules, unlisted public companies need to dematerialise its existing securities and ensure that further issue of securities and transfers are only in dematerialised form.

Accordingly your Company has obtained the ISIN No. for giving the shareholders an option of holding their investment in the Company through Demat form. The Company has also appointed M/s. NSDL Database Management Limited (NDML) as Share Transfer Agents for electronic segment. The Shareholders are advised to approach the Depository Participants (DPs) which is linked to National Securities Depository Limited (NSDL) to convert their shares into Demat form.

The relevant information is noted below:

Depositories	Share Transfer Agents (for electronic segment)	ISIN No.
National Securities Depository Limited (NSDL)	NSDL Database Management Limited (NDML)	INE037801013

As on the date of this report 741094 Equity Shares forming 8.71% of the share capital of the company stands dematerialised.

7. Management of NPAs and Recovery Management:

The company gives utmost primacy to management of NPAs and recovery of stressed assets and regularization of irregular loans. The stress is always on building up and maintenance of good quality assets book through constant monitoring and follow-up. The recovery strategy of the company is oriented towards improving recovery of NPAs and recycling of funds for further lending and up-gradation of sub-standard loan accounts. It has been the earnest endeavour of the company to reduce NPAs and restrict the percentages of NPAs to lowest rate possible. The details of NPAs as on 31.03.2019 with comparative data as on 31.03.2018 are furnished here below:

Classification	31 st March 2019		31 st March 2018	
	No. of A/cs	Amount (Rs.)	No. of A/cs	Amount (Rs.)
Sub-standard Assets	9	1,61,92,790	15	1,04,36,242
Doubtful Assets:			63	4,81,23,892
Category 1	14	98,88,256	9	1,26,30,112
Category 2	11	1,58,52,225	17	1,15,31,964
Category 3	34	1,70,98,084	37	2,39,61,816
Loss Assets	0	0	0	0
Total	68	5,90,31,355	78	5,85,60,134

As could be seen, the net NPA percentage as on 31.03.2019 was 0.61% as against 0.54% a year ago. Similarly, gross NPA percentage was 1.25% as on 31.03.2019 as against 1.38% as on 31.03.2018. As regards existing NPA accounts, efforts are on to ensure their recovery through various recovery measures. Action under SARFAESI Act is also vigorously pursued to get the NPA accounts closed apart from employing other recovery measures including one-time settlement on the basis of discussion and negotiation with borrowers.

The company has in place a comprehensive collection and recovery policy. The progress made in the recovery of NPAs and overall recovery management strategies are discussed in Audit Committee meetings. It is hoped that with the on-going efforts of field level functionaries and recovery staff at all levels and with

vigorous pursuance of various recovery measures, we can accelerate recovery and further reduce NPAs in 2019-20. It is also expected that the staff incentive scheme which is in place will help to motivate the staff and spur them on to greater efforts at recovery.

8. Corporate Governance:

Corporate Governance is based on such principles as conducting business with all integrity and fairness, being transparent with regard to all transactions, making all required disclosures, complying with laws of the land assuming accountability and responsibility towards stakeholders and commitment to conducting business in an ethical manner and implementing checks and balances in order to minimise conflict of interest. Effective Corporate Governance practices constitute the strong foundation on which the organisation is built to last. Strong leadership at the Management and Board level and effective Corporate Governance practices have been the hallmarks of functioning of MHFSL. MHFSL is always keen to demonstrate good corporate citizenship through normative approach, ethical behavior and sound corporate governance practices. Effective corporate governance forms the bedrock of business excellence in any Company. Corporate Governance essentially involves balancing of the interest of stakeholders comprising, Shareholders, Promoters, Customers, Financiers and Lenders, Regulators, Government and the Society at large and fulfilling goals and objectives in a manner that adds to the value to the Company and fetches benefit to all stakeholders. As Corporate Governance provides a frame work for attaining the corporate goals and objectives it encompasses practically every sphere and every aspect of management from initial planning and internal controls to performance review and measurement and corporate disclosures. The disclosures prescribed by NHB vide Circular dt. 27th April, 2017 are provided separately in this Annual Report. The Corporate Governance Policy adopted as per NHB notification is displayed on the website of the Company. The report of the Board on Corporate Governance is presented elsewhere. Also the Board of Directors have adopted a policy on Fit and Proper Criteria for Directors in terms of NHB notification dt. 9th February, 2017. MHFS Ltd. has collected and kept on record Declarations and Undertaking giving additional information from all the Directors in the format prescribed by NHB as on 31.03.2019. Also Deed of Covenants signed by Directors has been obtained in prescribed format as on 31.03.2019.

9. Directors and Key Managerial Personnel :

Sri B. Ganapathi Pai (DIN: 07209943), Director retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment. Details of remuneration paid to the Directors and Key Managerial Personnel are given in the Annexure I forming part of the Boards' Report. During the year under report Mrs. Priya Padmanabhan (M. No. 33255) appointed as Company Secretary in terms of Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. However she has tendered her resignation on 31st May, 2019 owing to personal reasons. Company has been making efforts to appoint suitable candidate in her place.

10. Particulars of Employees:

During the year under review, the Company had no employees whose remuneration exceeded the limit prescribed pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Particulars of top ten employees of the Company, in terms of remuneration drawn during the year 2018-19 presented as an Annexure to the Director's Report during the Board meeting is preserved separately and the same will be furnished to any shareholder on request made to the Company in writing.

11. Meetings:

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year five Board Meetings were convened and held on 11.06.2018, 16.08.2018, 10.11.2018, 03.12.2018 and 29.03.2019. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.



The Audit Committee constituted by the Board of Directors had its meetings on 11.06.2018, 16.08.2018, 10.11.2018, 03.12.2018 and 29.03.2019, respectively during the year. The committee, among other things, deliberated on issues relating to risk management, internal control and inspection, audit of branches, financial performance of the company at quarter ends, cost of borrowing and funding cost, recovery & reduction of NPAs and steps required to improve net interest margin, financial reporting process and aspects concerning disclosures of financial information to ensure correctness, adequacy and creditability of financial statement, internal financial control system, vigil mechanism, sources and use of funds etc.

12. Board Evaluation:

During the year, the Board has undertaken a formal evaluation of its own performance, apart from the performance of the directors individually as well as the evaluation of the working of various committees appointed by the Board.

13. Declaration by an Independent Director(s) and reappointment, if any :

The Company has obtained declarations by the Independent Directors stating that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

An independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment for next five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

14. Nomination & Remuneration Policy:

The functions of the Nomination and Remuneration Committee of the Directors include recommending policy to the Board with regard to remuneration to Directors including Executive Director and other Key Managerial Personnel, performance bonus if any to Directors, perquisites, sitting fees, travelling and other travel expenses etc., formulation of criteria for determining qualifications, qualities and positive attributes, and independence of director etc. The Committee also identifies and recommends suitable candidates for appointment as Directors from time to time. The Committee, consequent on recent reconstitution, now comprises the following Directors:

1. Sri N. A. Shanbhag – Chairman 2. Sri T. Sunil Pai – Executive Director 3. Sri P. Palanisamy – Nominee Director, 4. Sri V. M. Giridhar – Nominee Director

The Committee also attends to the function relating to review of remuneration policy, changes to be effected in the policy from time to time and other aspects of remuneration to the Directors from time to time.

15. Auditors:

The Auditors, M/s A. Krishna Kumar & Co., Mangalore (FRN 012424S) retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment to hold office till the conclusion of the 36th AGM of the Company to be held in the year 2022 subject to ratification in the ensuing Annual General Meeting.

16. Auditor's Report:

The Independent Auditors' Report does not contain any qualification/observations.

17. Internal Financial Control:

It is the perennial endeavour of the company to maintain adequate internal controls over the financial reporting. Internal controls have been designed to provide reasonable assurance regarding the availability of financial and operational information of the Company and the reliability of financial reporting and preparation of financial statements in accordance with accounting principles generally accepted in India. The Company has internal control system commensurate with the size and nature of the business. The Company engages M/s. N. P. Pai & Co., Chartered Accountants, Udipi (Firm Registration No.115271W / Membership No.039351) as its Internal Auditor. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed and acted upon and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

18. Risk Management and Asset Liability Management System:

MHFSL has adopted a Risk governance framework on the basis of NHB guidelines. The risk governance framework covers risks in general and management of credit risk, interest rate risk and operational risks in particular. The risk management system obtaining in the company covers credit risk, ALM, operational risk, interest rate risk, information security risk, etc. The risk management process involves selecting and implementing measures to alleviate and mitigate the impact of identified risks. The Company has put in place an asset liability management system on the basis of the guidelines issued by NHB. Since the operations of our company being a housing finance company may give rise to Asset Liability mismatches and interest rate risk exposures, it was found necessary to introduce a comprehensive system as part of our overall system for effective risk management both on liabilities and asset sides. The Risk Management Committee that meets periodically also deliberates on risk mitigation measures to be adopted by the Company.

The NHB guidelines relating to Asset Liability Management System and risk management are strictly complied with. The Asset Liability Management Committee (ALCO) meets every half year to monitor as well as to deliberate on liquidity risk, interest rate risk, earnings risk, pricing both in respect of deposits and loans, maturity profiles of incremental assets and liabilities, cash flow, issues relating to profit planning and other aspects of balance sheet management. ALCO reviews position with reference to tolerance limits at half year ends before submitting the prescribed Asset Liability Management Return to the NHB. The position is also reviewed by Audit Committee of the Board from time to time.

During the year ALCO met on 29.09.2018 and 29.03.2019 to deliberate on issues of the nature mentioned above and also to discuss interest rates on deposits and housing loans. The ALCO examines interest rate scenario from time to time and makes its recommendations regarding changes in interest rates to be made if any to the Management for achieving optimum risk-return trade off. It is constant endeavour of the Company to strengthen risk management system and asset liability system.

A sound and robust MIS system is in place covering all aspects of ALM, besides costs of funds, NIM, return on Assets, individual borrowal accounts, data relating to Non-performing accounts etc. which is crucial for effective management of risks of diverse types.

19. Extract of Annual Return:

As provided under Section 92(3) of the Companies Act, 2013, the extract of annual return is given in Annexure I in the prescribed Form MGT 9, which forms part of this Annual Report.

20. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report and changes in nature of business, if any:

There are no such material changes to be reported in this regard and there are no change in nature of business.

21. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:

Your Directors wish to state that there have been no significant or material orders that were passed by the Regulators or Courts or Tribunals which may impact the going concern status and operations of the Company in future.

22. Corporate Social Responsibility:

MHFSL's CSR programme seeks to make a positive impact on the communities at and around the operational areas of branches. The Company's participation will henceforth focus on activities that can contribute meaningfully to the wellbeing of the communities around. The focus areas decided upon by the Board as recommended by the CSR Committee are education, health care and skill development.

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted Corporate Social Responsibility Committee, that had the following Directors as its members during the year 2018-19:-

Sri N. A. Shanbhag – Chairman Sri T. Sunil Pai – Executive Director
Sri B. Ganapathi Pal – Director Sri V. M. Giridhar – Nominee Director

The Committee meets every quarter for discussing the CSR initiatives and CSR efforts of the company. The CSR Committee met on 11.6.2018, 16.08.2018, 10.11.2018 and 29.03.2019 and deliberated on plans and projects relating to CSR. An amount of Rs. 18,27,140/- has been earmarked for CSR spending as against Rs. 15,91,167/- allocated for CSR spending in the previous year. Further, the Company has spent an amount of Rs.3,22,452/- towards different Schools/ Educational Institutions for their specific projects i.e. purchase of uniforms, books etc. as a part of CSR spending. Annual Report on CSR activities is annexed as Annexure II to this report.

23. Deposits :

The details relating to deposits, covered under Chapter V of the Act,-

(a) Accepted during the year (including renewals) : Rs.5,94,49,726/-

(b) Remained unpaid or unclaimed as at the end of the year : Rs.3,95,50,467/-

(c) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved- No.

The details of deposits which are not in compliance with the requirements of Chapter V of the Act: Nil

24. Particulars of loans, guarantees or investments under Section 186:

Details of Loans: Not applicable to Housing Finance Companies since same are given in the ordinary course of business.
 Details of Guarantee / Security Provided: : Not applicable to Housing Finance Companies. However no such guarantee or security was provided.
 Investments made are of the nature quoted equity shares and Government Bonds. Particulars of such investments are provided in the financial statements vide note Nos.9.01 to 9.03.

25. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013
 In terms of the Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013 that was notified on 9th December, 2013, MHFSL has constituted an Internal Complaints Committee to look into complaints of sexual harassment at work place preferred by women employees. The company has adopted a policy for prevention of sexual harassment of women at work place and the above Committee reviews the progress in the implementation of the said policy. During the year, the Committee met on 30.08.2018, 29.09.2018, 31.12.2018 and 30.03.2019 and deliberated on general issues relating to sexual harassment of women and improvement in facilities required. There were no specific complaints of sexual harassment of any women employee during the year.

26. Conservation of energy, technology absorption and foreign exchange earnings and outgo:

The company did not have any activity in relation to conservation of energy or technology absorption. The company had no foreign exchange earnings or outgoings during the year under report.

27. Directors' Responsibility Statement :

Your Directors hereby report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, that —

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 at the end of the financial year and of the profit and loss of the company for that period;
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors have prepared the annual accounts on a going concern basis; and
- The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

28. Transfer of Amounts to Investor Education and Protection Fund :

Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has already filed the necessary form and uploaded the details of unpaid and unclaimed amounts lying with the Company, as on the date of last AGM (i.e. 16.08.2018), with the Ministry of Corporate Affairs.

Information in respect of unclaimed dividend when due for transfer to the Investor Education Protection Fund is given below:

Financial Year ended	Date of Declaration of Dividend	Last Date for claiming unpaid dividend	Due date for transfer to IEP Fund
31.03.2012	09.08.2012	08.08.2019	08.09.2019
31.03.2013	17.08.2013	16.08.2020	16.09.2020
31.03.2014	20.08.2014	20.08.2021	20.09.2021
31.03.2015	13.08.2015	13.08.2022	13.09.2022
31.03.2016	30.08.2016	30.08.2023	30.09.2023
31.03.2017	31.08.2017	31.08.2024	01.09.2024
31.03.2018	16.08.2018	16.08.2025	16.09.2025

29. Related party Transaction :

The policy of the Company on dealing with related party transactions stands displayed on the website of the Company www.manipalhousing.com. All related party transactions that were entered into were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of Companies Act, 2013 ("the Act"). There were no materially significant Related Party Transactions made by the Company during the year that would have required shareholders approval under the provisions of the Act. Details of the transactions with related parties are provided in the Note No. 24.04 of accompanying financial statements. Form AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed herewith marked as Annexure III.

30. Vigil Mechanism:

In line with the provisions of the Companies Act, 2013 and the principles of good governance, MHFSL has implemented Vigil Mechanism in the form of Whistle Blower Policy. Directors and employees and other stakeholders may if they so choose report their genuine concerns if any under the policy. They are also free to give their views and suggestions regarding any of the aspects of the functioning of the Company. The whistle blower policy stands uploaded in Company's website www.manipalhousing.com.

31. Acknowledgements:

Your directors wish to place on record their gratitude for the continued co-operation and support received from the promoters, particularly, the Syndicate Bank, being one of the Promoters. The Board is also grateful to the Reserve Bank of India and the National Housing Bank for their guidance and co-operation and all the bankers, shareholders, depositors, customers and others who have helped the company in its endeavors.

Your directors also wish to place on record their deep sense of appreciation of the services rendered by the staff members at all levels.

For and on behalf of the Board of Directors

Sd/-
(N. A. Shanbhag)
 Chairman
 DIN: 07157128

Place : Manipal
 Date : 12.06.2019

Annexure I
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U65922KA1986PLC007396
2.	Registration Date	08.01.1986
3.	Name of the Company	Manipal Housing Finance Syndicate Ltd.
4.	Category/Sub-category of the Company	—
5.	Address of the Registered Office & contact details	Regd. Office : "Manipal House" Manipal – 576 104 Udupi Dist. Ph: 0820-2570741
6.	Whether listed Company	Not listed
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	—

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Housing Finance	65922	68.99%
2	Jewel Loan	64649	12.62%
3	Mortgage Loan	64910	16.24%

III. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/ HUF	-	773556	773556	9.09	0	1068056	1068056	12.56	3.47
b) Central Govt.									
c) State Govt.(s)									
d) Bodies Corp.	-	4152094	4152094	48.82	523094	3629000	4152094	48.82	
e) Banks / FI	-	600000	600000	7.05	-	600000	600000	7.05	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	5525650	5525650	64.96	523094	5297056	5820150	68.43	3.47
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):									
2. Non-Institutions									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0								
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	2287700	2287700	26.89	218000	1775200	1993200	23.44	3.46
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	691950	691950	8.13	-	691950	691950	8.13	
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non-Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	2979650	2979650	35.03	218000	2467150	2685150	31.57	3.46
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	8505300	8505300	100	741094	7764206	8505300	100	-

A) Shareholding of Promoter:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	ICDS LTD.	729000	8.57	0	729000	8.57	0	0
2	SYNDICATE BANK	600000	7.05	0	600000	7.05	0	0
3	MFC LTD.	523094	6.15	0	523094	6.15	0	0
4	MPL INSURANCE AGENCY SERVICES (P) LTD.	2900000	34.09	0	2900000	34.09	0	0
5	T. Narayan M. Pai	202100	2.38	0	264350	3.10	0	0.72
6	T. Sanjay Pai	173400	2.04	0	243000	2.85	0	0.81
7	Sangeetha Pai	198653	2.33	0	284603	3.36	0	1.03
8	Pranita Pai	199403	2.34	0	276103	3.24	0	0.90

B) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year (Individuals)		520306		9.09
2	Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):		253250 (transfer)	2.97	3.46
3	At the end of the year		773556	9.09	12.55

**C) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	538000	6.32	596200	7.00
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc.):	58200 (transfer)	0.68	57100 (transfer)	0.68
3	At the end of the year	596200	7.00	653300	7.68

D) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	216500	2.54	367400	4.32
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	150900 (transfer)	1.77	131950 (transfer)	1.55
3	At the end of the year	367400	4.31	499350	5.87

E) INDEBTEDNESS – Indebtedness of the Company including interest outstanding/accrued but not due for payment. (Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,48,91,83,686		19,13,85,727	3,68,05,69,413
ii) Interest due but not paid				
iii) Interest accrued but not due	1,68,78,415		19,52,174	1,88,30,589
Total (i+ii+iii)	3,50,60,62,101		19,33,37,901	3,69,94,00,002
Change in Indebtedness during the financial year				
* Addition	9,89,838,000		5,94,49,726	1,04,92,87,726
* Reduction	60,20,21,003		4,06,23,027	64,26,44,030
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	3,87,75,02,477		21,02,12,426	4,08,77,14,903
ii) Interest due but not paid				
iii) Interest accrued but not due	1,63,76,621		22,31,364	1,86,07,985
Total (i+ii+iii)	3,89,38,79,098		21,24,43,790	4,10,63,22,888

IV. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:
A. Remuneration to Executive Director/ Whole-time Director:

Sl. No.	Particulars of Remuneration	Name		Total Amount
		T. Sunil Pai		
1	Gross salary	7,80,000		7,80,000
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	28,800		28,800
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961			
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0		0
2	Stock Option	0		0
3	Sweat Equity	0		0
4	Commission - as % of profit - others, specify...	0		0
5	Others, please specify	0		0
	Total (A)	8,08,800		8,08,800
	Ceiling as per the Act	-		-

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		N. A. Shanbhag	B. G. Pai	
1	Independent Directors			
	Fee for attending board committee meetings	Rs. 6,000	Rs. 7,500	Rs. 13,500
	Commission	0	0	
	Travelling Allowance	44,443	0	44,443
	Total (1)	50,443	7,500	57,943
2	Other Non-Executive Directors	P. Palanisamy And V. M. Gindhar	V. N. Pai	
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	-	-	-
	Total Managerial Remuneration	-	-	-
	Overall Ceiling as per the Act	-	-	-

C. Remuneration to Key Managerial:

(Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		C F O:- G. K. BHAT	Total
	Gross salary	Rs.	Rs.
1	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3,81,000	3,81,000
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	3,215	3,215
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission	0	0
	- as % of profit	0	0
	others, specify...	0	0
5	Others, please specify	0	0
	Total	3,84,215	3,84,215

V. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Annexure II
THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT
CSR Policy:

The Corporate Social Responsibility (CSR) Committee is charged with the responsibility of identifying specific CSR projects/activities for funding under the CSR programme. The CSR Committee and the Board have adopted education, healthcare and skill development as areas of focus in the matter of CSR spending.

CSR Activities:

1. Corporate Social Responsibility (CSR) represents the perennial commitment of MHFSL to strive its best to contribute to socio-economic well being of the community around.

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in the meeting held on 9th December, 2014.

2. The Committee consists of following members:-

Sri N. A. Shanbhag – Chairman & Independent Director

Sri T. Sunil Pai – Executive Director

Sri B. Ganapathi Pai – Director

Sri V. M. Giridhar – Nominee Director

3. Meetings: CSR Committee met on 11.06.2018, 16.08.2018, 10.11.2018 and 29.03.2019 during the year. On the basis of discussion in the meeting held on 11.06.2018, the Committee recommended to sanction of Rs.3,22,452/- to different schools/educational institutions for their specific projects.

4. Average net profit of the company for last three financial year : Rs.9,13,57,002/-

5. Prescribed CSR Expenditure (two per cent of the amount as in item 4 above) Rs.18,27,140/-

6. Details of CSR spent during the financial year: Rs. 3,22,452/-

(a) Total amount to be spent for the financial year : Rs.18,27,140/-

(b) Amount unspent, if any: Rs.15,04,688/-.

The CSR expenditure incurred for the period 1st April 2018 to 31st March 2019 under Section 135 of Companies Act, 2013 amounts to Rs.3,22,452/- which was utilised on activities specified in Schedule VII of the Companies Act 2013 i.e. donations to different schools for their specific projects like purchase of books, uniforms for students etc. The reasons for leaving some unspent amount are given below:

For spending the balance CSR amount, the CSR Committee initiated action towards the end of the fiscal 2018-19 i.e. in the meeting held on 29.03.2019 and solicited list of specific projects for scrutiny and finalisation. In the absence of availability of ready identified projects for CSR spending, some amount remained unspent at the year end.

sd/-
T. Sunil Pai
Executive Director
DIN:00101564

sd/-
N. A. Shanbhag
Chairman
DIN: 07157128

Annexure III
FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil

2. Details of contracts or arrangements or transactions at Arm's length basis : All related party transactions as covered u/s 188 of the Act were entered into during the period prior to 1.4.2015. Therefore making any further disclosures in Form AOC-2 does not arise.

Annexure IV

Report of the Board on Corporate Governance

Corporate Governance refers to the way a Company is governed. It is the technique by which companies are directed and managed. It means carrying on the business in such a manner as to fulfill goals and objectives of stakeholders and create value for them. It is actually conducted by the board of Directors and the concerned committees for the company's stakeholder's benefit.

In effect Corporate Governance is the interaction between various stakeholders in the process of shaping the performance of the Company on various fronts. One purpose of corporate governance is to put in place checks and balances that help eliminate conflict of interest.

MHFSL believes in adopting and adhering to the best recognized corporate governance practices and is continually benchmarking itself against each such best practice. MHFSL understands and respects its role and responsibility towards its shareholders and strives hard to meet their expectations. MHFSL believes that best board practices, transparent disclosures, adherence to professional ethics at work place and shareholder empowerment are necessary for creating shareholder value. MHFSL has infused the philosophy of corporate governance into all its activities. The philosophy on corporate governance is an important tool for shareholder protection and maximisation of long term values for them. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability, etc. serve as the means for implementing the philosophy of corporate governance in letter and in spirit. The major pillars of Corporate governance at MHFSL are the following:

1. To fully conform to the spirit of Law in our activities, functions and operations.
2. To be transparent and to maintain high degree of disclosure levels.
3. To have simple and effective corporate structure strictly driven by customer's requirements and expectations.
4. Strict compliance with the statutory and regulatory requirements prescribed by NHB and
5. Concerted and constant effort at promotion of professional ethics at work place.

The Board and Board appointed Committees aim at implementing best practices of Corporate Governance in full conformity with the letter and spirit of the laws of the land, rules, directions and guidelines of NHB. It is the constant endeavour of the Board to build up long term relationship with all stakeholders, such as promoters, shareholders, borrowers, depositors and lenders.

A. Board of Directors:

Composition: The Board comprises six Directors. Out of them one is Whole-time/Executive Director and others are non-executive Directors. Two Directors are nominee directors of Syndicate Bank, being a promoter. There are two independent directors.

Names of Directors:

1	Sri T. Sunil Pai	Executive Director
2	Sri N. A. Shanbhag	Chairman/Independent Director
3	Smt. Vijayalaxmi N. Pai	Director
4	Sri B. Ganapathi Pai	Independent Director
5	Sri P. Palanisamy	Nominee Director
6	Sri V. M. Giridhar	Nominee Director

B. Committees of the Board and other Committees:

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. These Committees monitor the activities as per the scope defined in their Charter and terms of reference.

Board Level Committees:

Sl. No.	Name of the Committee	Directors/Members	No. of meetings held in 2018-19
1	Audit Committee	Sri N. A. Shanbhag Sri B. Ganapathi Pai Smt. Vijayalaxmi N. Pai Sri P. Palanisamy Sri V. M. Giridhar	5
2	Nomination and Remuneration Committee	Sri T. Sunil Pai Sri N. A. Shanbhag Sri P. Palanisamy Sri V. M. Giridhar	0
3	Corporate Social Responsibility Committee	Sri T. Sunil Pai Sri N. A. Shanbhag Sri B. Ganapathi Pai Sri V. M. Giridhar	4
4	Working /Loan Sanction Committee	Sri T. Sunil Pai Smt. Vijayalaxmi N. Pai Sri N. A. Shanbhag Sri B. Ganapathi Pai	12
5	Review Committee Willful Defaulters	Sri T. Sunil Pai Sri N. A. Shanbhag Sri B. Ganapathi Pai	-

Other Internal Committees:

1	ALM Committee	Internal Committee	2
2	Risk Management Committee	Internal Committee	4
3	Customer Service and Grievances Redressal Committee	Internal Committee	4
4	Internal Complaints Committee on Sexual harassment of women employees at work place	Internal Committee	4
5	Identification Committee for Willful Defaulters	Internal Committee *	-

* As permitted by Regulator vide letter No.8255/2016-17 dt. 5.9.2016

The Board/Committee Meetings are convened by giving appropriate notice well in advance of the meetings. The Directors / Members are provided with appropriate information in the form of agenda items in a timely manner, to enable them to deliberate on each agenda item and make informed decisions and provide appropriate directions to the Management in this regard.

There is a Vigil Mechanism in place. Directors and staff are provided a forum through this mechanism to express their views and concerns if any on various matters. It also enables them to give their feedback and suggestions on various aspects of functioning of the Company.

The Company has 4937 shareholders.

The Annual Report is the main channel of communication to the shareholders. The Annual General Meeting also provides a forum for communication and interaction with members.

Board Meetings: Five meetings were held in 2018-19. The details of attendance and participation by Directors in the Board meetings held in 2018-19 are furnished here below:

Sl. No.	Director's name	No. of meetings attended
1	Sri T. Sunil Pai	5
2	Sri N. A. Shanbhag	4
3	Sri B. Ganapathi Pai	5
4	Smt. Vijayalaxmi N. Pai	4
5	Sri P. Palanisamy	0
6	Sri V. M. Giridhar	1

All the Directors have submitted declaration and undertaking in the format prescribed by NHB and executed Deed of Covenant in the format prescribed by NHB as on 31.03.2019.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MANPAL HOUSING FINANCE SYNDICATE LIMITED, MANPAL

Report on the audit of Financial Statements

Opinion

I have audited the accompanying financial statements of MANPAL HOUSING FINANCE SYNDICATE LIMITED ("the Company"), which comprises the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, 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, 2019, the profit and its cash flows for the year ended on that date.

Basis for Opinion

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled my ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information other than the Financial Statements and the Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises of the Directors' Report and the Annexures to Directors' Report and Disclosures required under 'Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016' issued by National Housing Bank (but does not include the financial statements and my auditor's report thereon). The above stated information is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the Director's report and the Annexures to Directors' Report and Disclosures required under 'Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016' issued by National Housing Bank, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those Charged with Governance.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, I am also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I 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 I identify during our audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, I give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by the "Housing Finance Companies Auditor's Report (National Housing Bank) Directions 2016" ("the Directions"), issued by the National Housing Bank in exercise of powers conferred by sub-section (1A) of Section 33 of National Housing Bank Act, 1987 (53 of 1987), I give in the 'Annexure B' a report on the matters specified in sub paragraph A and sub paragraph B of Paragraph 3 of the Directions, to the extent applicable.
- As required by Section 143(3) of the Act, I report
 - I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.
 - In my opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - In my opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
 - On the basis of written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to my separate report in 'Annexure C'. My report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- g. With respect to the other matters to be included in the Auditor's report in accordance with requirements of Section 197(16) of the Act, as amended:
In my opinion and to the best of my information and according to the explanations given to me, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014 in my opinion and to the best of my information and according to the explanations given to me:
i. The Company does not have any pending litigations which would impact its financial position.
ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund, by the Company.

For A. KRISHNA KUMAR & CO.
Chartered Accountants
Registration No. 012424S

Sd/- CA A. Krishna Kumar
Proprietor
Membership No.: 203836

Place : Manpal
Date : 12.06.2019

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT
(Issued to Manpal Housing Finance Syndicate Ltd., Manpal for the year ending 31st March 2019)
(Referred to in paragraph 1 of my report of even date under the Heading "Report on other Legal and Regulatory Requirements")

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) The fixed assets of the Company have been physically verified by the management. In my opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets. As explained to me, no material discrepancies were noticed on such verification.

(c) According to the information given to me and on the basis of my examination, title deeds of immovable properties are held in the name of the Company, except as below:

Particulars	Total Number of Cases	Nature	Gross Block (in Rs.)	Net Block (in Rs.)	Remarks if any
Land Registration	One	Freehold	95,15,615	95,15,615	Pending
Building	Two	Leasehold	1,26,38,840	76,60,367	- do -

- ii. According to the information and explanations given to me, the inventories have been physically verified by the management during the year. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- iii. According to the information and explanations given to me and on the basis of my examination of the books of accounts, the Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly the question of making further observations in this aspect does not arise.
- iv. According to the information and explanations given to me, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans granted and investments made. I am informed by the management that the Company has not issued any guarantee or provided any security to any other person.
- v. In my opinion and according to the information and explanations given to me, the Company has complied with the directives issued by the National Housing Bank and the provisions of Section 73 to 78 of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014. The public deposit accepted by the Company are governed by the directives issued by the National Housing Bank vide Notifications issued from time to time. The management has informed me that there are no orders by Company Law Board or National Company Law Tribunal or National Housing Bank or Reserve Bank of India or any Court or any other tribunal, in respect of Deposits.
- vi. The Central Government has not prescribed maintenance of cost records u/s 148(1) of the Companies Act, 2013 for the Company. Therefore the question of making any comments as required under paragraph 3(vi) of the Order does not arise.
- vii. (a) According to the information and explanations given to me and on the basis of my examination of the record of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess, and other material statutory dues (if payable by the Company) have been regularly deposited during the year by the Company with the appropriate authorities.
(b) According to the records of the Company made available to me and as per the information and explanations given, there are no dues of provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess which have not been deposited on account of any dispute.
- viii. Based on my audit procedures and on the information and explanations given by the management, I am of the opinion that the Company has not defaulted in repayment of loans or borrowings to financial institution and/or banks. Making any comments on repayment of loans to the Government or repayment of dues to debenture holders does not arise, since no such amounts were outstanding at any time during the year under audit.
- ix. In my opinion and according to the information and explanation given to me, no moneys were raised by the Company by way of initial public offer or further public offer (including debt instruments). The Company has utilized the term loan for the purpose for which it was obtained.
- x. Based on the audit procedures performed and the information and explanations given to me, I report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, nor have I been informed of such case by the management.
- xi. According to the information and explanation given to me, the managerial remuneration has been paid or provided with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.
- xii. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to me and based on my examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act wherever applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the question of compliance with Section 192 of the Companies Act, 2013 does not arise. Accordingly, the paragraph 3(xv) of the Order is not applicable.
- xvi. The Company has obtained registration to "commence/carry on the business of a Housing Finance Institution" from National Housing Bank under Section 29A of the National Housing Bank Act, 1987. Therefore the question of obtaining further registration under Section 45-IA of the Reserve Bank of India Act, 1934 does not arise.

For A. KRISHNA KUMAR & CO.
Chartered Accountants
Registration No. : 012424S

Sd/- CA A. Krishna Kumar
Proprietor
Membership No.: 203836

Place : Manpal
Date : 12.06.2019

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT
(Issued to Manpal Housing Finance Syndicate Ltd., Manpal for the year ending 31st March 2019)
(Referred to in paragraph 2 of my report of even date under the Heading "Report on other Legal and Regulatory Requirements")

(Report on the matters as required by the "Housing Finance Companies Auditor's Report (National Housing Bank) Directions 2018" ("the Directions"), issued by the National Housing Bank in exercise of powers conferred by sub-section (1A) of Section 33 of National Housing Bank Act, 1987) (53 of 1987)

- A. I. The Company has been registered with NHB vide Certificate of Registration No.01.0026.02 dated 7th May 2002.
II. The Company has complied with the prescribed limits of Net Owned Funds as per Section 29A of the National Housing Bank Act, 1987.
- B. I. The Company has complied with Section 29C of the National Housing Bank Act, 1987.
II. As per the information obtained by me the deposits accepted by the Company together with other borrowings indicated below are within the limits admissible to the Company as per the provisions of the Housing Finance Companies (NHB) Directions, 2010,
(a) from public by issue of unsecured non-convertible debentures/ bonds : Rs.NIL;
(b) from its shareholders
(c) which are not excluded from the definition of 'public deposit' in the Housing Finance Companies (NHB) Directions, 2010: Rs. NIL.



- III. The deposits held by the Company are within limits specified under the provisions of Directions, 2010. Accordingly the question of reporting on the clause 3(B)(III) of the directions does not arise.
- IV. The Company has obtained rating for its deposits from the credit rating agency i.e. M/s Brickworks Ratings India Private Limited. The aforesaid rating agency has assigned the rating "BWRFBBB + (BWR Fixed Deposit Triple B Plus)" for the deposits of the Company, vide their letter dated 29th March, 2019.
- V. As per information and explanations given to me in respect of clause (IV) above,
 - (a) The credit rating mentioned above is given by one of the agencies approved namely M/s Brickworks Ratings India Private Limited for acceptance of Public Deposits and the rating is in force.
 - (b) The Credit rating as mentioned above was given for acceptance of deposits upto Rs.25 Crores. The aggregate amount of deposits outstanding at any time during the year has not exceeded the aforesaid specified limit of Rs.25 Crores.
- VI. According to the information and explanations given to me and on the basis of my examination of the books of accounts the Company has not defaulted in paying to its depositors the interest and/or principal amount of the deposits after such interest and/or principal became due during the year ended 31.03.2019.
- VII. The total borrowings of the Company are within the limits prescribed under paragraph 3(2) of the Housing Finance Companies (NHB) Directions, 2010.
- VIII. According to the information given to me by the Company, the Company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Housing Finance Companies (NHB) Directions, 2010.
- IX. The capital adequacy ratio as disclosed in the Schedule-II return submitted to the National Housing Bank ("the bank") in terms of the Housing Finance Companies (NHB) Directions, 2010 has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed therein.
- X. According to the information given to me by the Company, the Company has furnished to the Bank within the stipulated period the Schedule-II return as specified in the Housing Finance Companies (NHB) Directions, 2010;
- XI. According to the information and explanations given to me and on the basis of my examination of the books of accounts the Company has complied with the liquid assets requirement as prescribed by the National Housing Bank in exercise of powers under Section 29B of the National Housing Bank Act, 1987 and the requirements as specified in paragraphs 14 and 15 of the Housing Finance Companies (NHB) Directions, 2010.
- XII. According to the information given to me by the Company, the Company has furnished to the National Housing Bank within the stipulated period the Schedule-III return on Statutory Liquid Assets as specified in the Housing Finance Companies (NHB) Directions, 2010.
- XIII. According to the information and explanations given to me during the year the Company has neither opened any new branches/offices nor closed any existing branches/offices hence question of reporting on the clause 3(B)(XIII) of the directions does not arise.
- XIV. According to the information given to me, the housing finance Company has complied with the provisions contained in paragraph 38 and 38A of the Housing Finance Companies (NHB) Directions, 2010.
- XV. The housing finance Company has not violated any provisions contained under restriction on acceptance of public deposits, period of public deposits, Joint public deposit, particulars to be specified in application form soliciting public deposits, ceiling on the rate of interest and brokerage and interest on overdue public deposits, renewal of public deposits before maturity as provided in Housing Finance Companies (NHB) Directions, 2010.

For A. KRISHNA KUMAR & CO.
Chartered Accountants
Registration No. : 012424S
Sd/- CA A. Krishna Kumar
Proprietor
Membership No.: 203836

Place : Manpal
Date : 12.06.2019

ANNEXURE 'C' TO INDEPENDENT AUDITOR'S REPORT
(Issued to the members of Manpal Housing Finance Syndicate Limited)
Referred to in Paragraph 2(f) under the Heading "Report on other Legal and Regulatory Requirements" of even date

Report on the Internal Financial Controls under Clause (f) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of Manpal Housing Finance Syndicate Limited ("the Company") as of 31 March, 2019 in conjunction with my audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include 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.

Auditor's Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A. KRISHNA KUMAR & CO.
Chartered Accountants
Registration No. : 012424S
Sd/- CA A. Krishna Kumar
Proprietor
Membership No.: 203836

Place : Manpal
Date : 12.06.2019

BALANCE SHEET AS ON 31.03.2019

Particulars	Note No.	31.03.2019		31.03.2018	
		Rs.	Rs.	Rs.	Rs.
A. EQUITY AND LIABILITIES :					
1. Shareholders' Funds					
a) Share Capital	1	9,77,61,500		9,77,61,500	
b) Reserves & Surplus	2	56,28,83,544	66,06,45,044	48,20,62,991	57,98,24,491
2. Non-current Liabilities					
a) Long term borrowings	3	325,91,68,479		299,82,31,757	
b) Long term provisions	4	3,80,12,303		3,92,70,824	
c) Deferred tax liability (net)	5	4,40,70,610	334,12,51,392	3,87,86,831	307,62,89,412
3. Current Liabilities					
a) Short term borrowings	6	6,04,15,438		6,04,88,899	
b) Trade Payables	7.1				
i) Total outstanding dues micro enterprises and small enterprises and;	7.1A	-		-	
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	7.1B	53,23,550		40,45,583	
c) Other current liabilities	7.2	79,40,13,895		65,10,12,539	
d) Short term provisions	8	1,48,66,334	87,46,19,217	2,01,10,058	73,56,57,079
TOTAL			487,65,15,653		439,17,70,982
B. ASSETS :					
1. Non-current Assets					
a) Property, Plant & Equipment:					
Tangible assets	9	4,57,24,167		2,84,64,580	
b) Non-current investments	10	2,56,27,082		2,97,12,133	
c) Long term loans & advances	11	387,79,66,808		354,77,55,527	
d) Other Non-current Assets	12	3,73,077	394,96,91,134	-	360,59,32,240
2. Current Assets					
a) Inventories	13	75,679		87,548	
b) Cash and Cash Equivalents	14	2,48,67,831		3,06,09,726	
c) Short term loans and advances	15	90,14,10,785		75,29,66,594	
d) Other Current Assets	16	4,70,224	92,68,24,519	21,74,874	78,58,38,742
TOTAL			487,65,15,653		439,17,70,982

OTHER DISCLOSURES TO ACCOUNTS: 24

The notes are an integral part of these financial statements.

As per my report of even date

 Sd/- N. A. Shanbhag (DIN: 07157128)
 Chairman

 Sd/- B. Ganapathi Pai (DIN: 07209943)
 Sd/- V. M. Giridhar (DIN: 08394257)
 Sd/- P. Palanisamy (DIN: 08365753)
 Directors

 Sd/- Gopalakrishna Bhat
 Chief Financial Officer

 For A. KRISHNA KUMAR & CO.
 Chartered Accountants
 Firm Registration No.: 012424S

 Sd/- T. Sunil Pai (DIN: 00101564)
 Executive Director

 Sd/- CA A. Krishna Kumar
 Proprietor

 Place : Manipal
 Date : 12th June, 2019

Membership No.: 203836

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2019

Particulars	Note No.	2018-19		2017-18	
		Rs.	Rs.	Rs.	Rs.
I. Revenue					
Revenue from Operations	17	50,99,45,816		47,24,33,212	
Other Income	18		52,47,288		24,05,092
TOTAL REVENUE		51,51,93,104		47,48,38,304	
II. Expenses					
Employee Benefit expenses	19		2,45,25,461		2,21,35,137
Finance costs	20		33,85,80,803		30,76,24,351
Depreciation and amortization expense	21		36,31,942		26,71,128
Other Expenses	22		3,05,67,747		3,67,25,174
TOTAL EXPENSES			39,73,05,953		36,91,55,790
Profit Before Tax			11,78,87,151		10,56,82,514
Tax expense					
a) Current Income Tax		2,70,00,000		2,65,00,000	
b) Income Tax – Earlier year's provision		(3,91,125)		1,18,699	
c) Deferred Tax Adjustments (Refer Note 5.02)		52,83,779	3,18,92,654	34,11,993	3,00,30,692
Profit for the year			8,59,94,497		7,56,51,822
Earning Per Equity Share (Equity share of Rs. 10/- each)	23				
Basic Earning per share in Rs. Ps			9.98		8.77
Diluted Earning per share in Rs. Ps			9.98		8.77
OTHER DISCLOSURES TO ACCOUNTS:	24				

The notes are an integral part of these financial statements.

As per my report of even date

Sd/- N. A. Shanbhag (DIN: 07157128)
Chairman

Sd/- B. Ganapathi Pai (DIN: 07209943)
Sd/- V. M. Giridhar (DIN: 08394257)
Sd/- P. Palanisamy (DIN: 08365753)
Directors

Sd/- Gopalakrishna Bhat
Chief Financial Officer

For A. KRISHNA KUMAR & CO.
Chartered Accountants
Firm Registration No.: 012424S

Sd/- T. Sunil Pai (DIN: 00101564)
Executive Director

Sd/- CA A. Krishna Kumar
Proprietor
Membership No.: 203836

Place : Manipal
Date : 12th June, 2019

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2019

	31.03.2019		31.03.2018	
	Rs.	Rs.	Rs.	Rs.
NOTE 1:				
SHARE CAPITAL				
(Refer Note: 1.01 to 1.04 below)				
Authorised Capital :				
86,00,000 (P.Y. 86,00,000) Equity Shares of Rs.10 each		8,60,00,000		8,60,00,000
34,00,000 (P.Y. 34,00,000) 7% Cumulative Redeemable Preference Shares of Rs.10 each		3,40,00,000		3,40,00,000
		<u>12,00,00,000</u>		<u>12,00,00,000</u>
Issued, Subscribed & Paid-up :				
85,05,300 Equity Shares of Rs. 10/- each fully paid up	8,50,53,000		8,50,53,000	
(Previous year 85,05,300 Equity Shares of Rs. 10 each fully paid)				
Less: Calls in arrears (From persons other than directors)	1,500	8,50,51,500	1,500	8,50,51,500
12,71,000 7% Cumulative Redeemable Preference Share of Rs.10/- each fully paid up (Previous year 12,71,000)		1,27,10,000		1,27,10,000
TOTAL		<u>9,77,61,500</u>		<u>9,77,61,500</u>

Note 1.01: Out of the above Preference Shares, 12,41,000 (face value Rs.1,24,10,000) shares were allotted on 30th Sept., 2013 and 30,000 (face value Rs. 3,00,000) shares were allotted on 29th March, 2014. These shares are redeemable in the manner, mentioned in Note 1.03 below.

Note 1.02: Reconciliation of number of shares

	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount (Rs.)	Number of Shares	Amount (Rs.)
a. Equity Shares				
Balance as at the beginning of the year	85,05,150	8,50,51,500	85,05,150	8,50,51,500
Adjustments during the year	-	-	-	-
Balance as at the end of the year	<u>85,05,150</u>	<u>8,50,51,500</u>	<u>85,05,150</u>	<u>8,50,51,500</u>
b. 7% Cumulative Redeemable Preference Shares				
Balance as at the beginning of the year	12,71,000	1,27,10,000	12,71,000	1,27,10,000
Redeemed during the year (at par i.e., at Rs.10 each)	-	-	-	-
Balance as at the end of the year	<u>12,71,000</u>	<u>1,27,10,000</u>	<u>12,71,000</u>	<u>1,27,10,000</u>

Note 1.03: Rights, preferences and restrictions attached to shares

a. Equity Shares: The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per each share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company (after distribution of all preferential amounts) in proportion to their shareholding.

b. Cumulative Redeemable Preference Shares: These shares shall be redeemable at par after the expiry of 12 months but not later than 20 years from the respective dates of allotment at the discretion of the Board of Directors of the Company by giving not less than 3 months notice. The shares are entitled for preferential right over dividend (before the equity shareholders) at the rate of 7% per annum prorata, which is to be proposed by the Board of Directors, which is subject to the approval of the shareholders, in the ensuing Annual General Meeting, except in the case of payment of dividend as "interim dividend". Further shares are Cumulative and therefore the shareholders are entitled to carry forward the dividend of a year to the forthcoming year/s, in case the same is not declared in a year. In the event of liquidation, such shareholders are eligible to receive the face value (after distribution of all preferential amounts) before the distribution of assets to the equity shareholders. In case the assets available are not sufficient to cover up the face value, then the same will be distributed in proportion to their shareholding, if the surplus available, after distribution of all preferential amounts.

Note 1.04: Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Percentage	Number of Shares	Percentage
a. Equity shares				
M/s Syndicate Bank, Manipal	6,00,000	7.05	6,00,000	7.05
M/s MPL Insurance Agency Services Private Ltd., Manipal	29,00,000	34.10	29,00,000	34.10
M/s ICDS Ltd., Manipal	7,29,000	8.57	7,29,000	8.57
M/s MFC Limited Manipal	5,23,094	6.15	5,23,094	6.15
b. 7% Cumulative Redeemable Preference Shares				
Ms. Vijayalaxmi N. Pai	6,51,800	51.28	6,51,800	51.28
Mr. T. Narayan M. Pai	6,09,200	47.93	6,09,200	47.93

	31.03.2019		31.03.2018	
	Rs.	Rs.	Rs.	Rs.
NOTE 2:				
RESERVES & SURPLUS				
(also Refer Note 2.01 to 2.03 below)				
Statutory Reserve				
(in terms of Sec. 36(1)(viii) of Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987)				
Opening Balance	19,11,97,000		17,38,97,000	
Additions during the year	1,59,00,000		1,73,00,000	
Appropriation during the year	-	20,70,97,000	-	19,11,97,000
(in terms of Sec. 29C of NHB Act, 1987)				
Opening Balance	-		-	
Additions during the year	13,00,000		-	
Appropriation during the year	-	13,00,000	-	-

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2019

	31.03.2019		31.03.2018	
	Rs.	Rs.	Rs.	Rs.
General Reserve				
Opening Balance	3,07,73,573		3,07,73,573	
Add: Transferred during the year	87,00,000	3,94,73,573	—	3,07,73,573
Capital redemption reserve				
Opening Balance	1,24,46,000		1,24,46,000	
Add: Transferred during the year	—	1,24,46,000	—	1,24,46,000
Surplus In Statement of Profit & Loss				
Balance at the beginning of the year	24,76,46,418		19,44,60,055	
Profit for the Year	8,59,94,497		7,56,51,822	
	33,36,40,915		27,01,11,877	
Less: Appropriations (Refer Note 2.01 below)	3,10,73,944	30,25,66,971	2,24,65,459	24,76,46,418
		56,28,83,544		48,20,82,991

Note: 2.01 Appropriations

Transfer to Statutory Reserve				
In terms of Sec. 36(1)(viii) of Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987	1,59,00,000		1,73,00,000	
In terms of Sec. 29C of NHB Act, 1987	13,00,000		—	
Transfer to General Reserve	87,00,000		—	
Interim Dividend on Preference Shares (Refer Note 2.03 below)				
1st Interim	2,22,425		2,22,425	
2nd Interim	2,22,425		2,22,425	
3rd Interim	2,22,425		2,22,425	
4th Interim	2,22,425		2,22,425	
Tax on distribution of Interim Preference Dividend	1,82,880		1,81,120	
Equity Dividend of Previous Year (4% i.e. Rs. 0.40 per share) (P.Y. 4% i.e. Rs. 0.40 per share)	34,02,060		34,02,060	
Tax on Distribution of Equity Dividend of Previous Year Paid	6,99,304		6,92,579	
TOTAL APPROPRIATIONS	3,10,73,944		2,24,65,459	

2.02 Dividend is paid on Cumulative redeemable preference Shares at the rate of 7% prorata. Accordingly the Company has declared 1st, 2nd, 3rd and 4th interim dividend at the rate of 0.175 per share each time as follows. Thus total dividend paid for whole year comes to Rs. 0.70 per share on 12,71,000 shares (P.Y. Rs. 0.70 per share on 12,71,000 shares).

2.03 The details of provision under Section 36(1)(viii) of Income Tax Act read with Section 29C of National Housing Bank Act, 1987

Particulars	Current Year in Rs.	Previous Year in Rs.
A. Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	—	—
b) Amount of Special Reserve u/s 36(1)(viii) of the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	19,11,97,000	17,38,97,000
Total - (A)	19,11,97,000	17,38,97,000
B. Addition/Appropriations/Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	13,00,000	—
b) Amount of Special Reserve u/s 36(1)(viii) of the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	1,59,00,000	1,73,00,000
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 the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	—	—
Total - (B)	1,72,00,000	1,73,00,000
C. Balance at the end of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	13,00,000	—
b) Amount of Special Reserve u/s 36(1)(viii) of the IT Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	20,70,97,000	19,11,97,000
Total - (A+B)	20,83,97,000	19,11,97,000

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2019

	31.03.2019		31.03.2018	
	Non-Current	Current	Non-Current	Current
	Rs.	Rs.	Rs.	Rs.
NOTE 3:				
LONG TERM BORROWINGS				
(Refer Note: 3.01 to 3.07 below)				
SECURED:				
From Banks (Including refinance from National Housing Bank)				
Secured by hypothecation of Receivables	314,10,68,520	68,77,02,009	288,12,95,351	56,05,23,436
Secured by hypothecation of Vehicle	33,98,632	12,94,499	29,05,173	8,49,242
A	314,44,67,152	68,89,96,508	288,42,00,524	56,13,72,678
UNSECURED:				
Public Deposits	11,47,01,327	5,59,60,632	11,40,31,233	7,43,18,212
B	11,47,01,327	5,59,60,632	11,40,31,233	7,43,18,212
TOTAL(A+B)	325,91,68,479	74,49,57,140	299,82,31,757	63,56,90,890

- Note 3.01:** a. The Current Portion of the above, represents the amount repayable on or before next 12 months i.e. 31st March 2020 and the same is being disclosed under Note. No. 7.2 as current maturity of Long Term borrowings Secured or Unsecured as the case may be.
b. "Unsecured Loans - Others" if any, represents amount refundable to National Housing Bank on account of preclosure/prepayment of housing loans, on which the company availed refinance.
- 3.02:** Loans Secured by Hypothecation of receivables (both Current and Non-Current Portion) represents, loans secured against the receivables, in respect of housing & other loans granted by the Company. Loans secured by Hypothecation of Vehicle Loan represents loan granted on the hypothecation of BMW Car and Innova Car. The Company has also created negative lien on its unencumbered assets, in respect of loans outstanding as on the date of balance sheet Rs. 70,59,25,720/- (P.Y. Rs. 85,20,31,880/-).
- 3.03:** The break up of Public Deposits is as below: From related parties: Non-Current Rs. 10,94,624/- (P.Y. Rs. 14,53,849/-) and Current Rs. 31,68,498/- (P.Y. Rs. 11,72,398/-). From others: Non-Current Rs. 11,36,06,703/- (P.Y. Rs. 11,25,77,584/-), Current Rs. 5,27,92,134/- (P.Y. Rs. 7,31,45,873/-). Interest accrued but not due on the aforesaid deposits Rs. 22,20,348/- (P.Y. Rs. 19,39,213/-) disclosure under Note No. 7.2.
- 3.04:** Public Deposits matured for repayment Rs. 3,95,50,467/- (P.Y. Rs. 30,36,282/-) not included in the above Note. The same is being disclosed under Note No. 7.2. Interest on such deposits Rs. 11,015/- (P.Y. Rs. 12,961/-) also disclosed under Note No. 7.2.
- 3.05:** a. Public Deposits are subject to renewal at the option of the depositors. However the current/non current portion of the same is being arrived at without considering such option.
b. The Balances held under Public Deposits (both current and non-current) are subject to confirmation. The Company is in the process of obtaining confirmation from its depositors.
- 3.06:** The terms of the loans are as follows:
- The Company has availed term loans from a Bank which has an outstanding balance of Rs. 110,36,02,829 as on 31st March 2019 in respect of 8 loans (Rs. 127,56,56,020 as on 31st March 2018 in respect of 8 loans). The effective rate of contractual interest as on 31st March 2019 is 9.00% (31-03-2018 - 8.80%). The loans are repayable in 114 to 120 monthly instalments ranging from Rs. 8,78,000 to Rs. 35,08,000. The loans are secured by exclusive charge on housing loan receivables of the Company.
 - The Company has availed a term loan from a Bank which has an outstanding balance of Rs. 8,16,67,803 as on 31st March 2019 in respect of 1 loan (Rs. 10,30,01,884 as on 31st March 2018 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2019 is 10.65% (31-03-2018 - 11.20% for Term Loan I; 10.25% for Term Loan II). The Term Loan is repayable in 120 monthly instalments of Rs. 7,50,000 each. The Term Loan is secured by hypothecation of housing loan receivables.
 - The Company has availed term loans from a Bank which has an outstanding balance of Rs. 18,23,87,983 as on 31st March 2019 in respect of 13 loans (Rs. 19,92,90,454 as on 31st March 2018 in respect of 12 loans). The effective rate of contractual interest as on 31st March 2019 for these loans ranges from 8.80% to 9.40% (31-03-2018 - 8.80%). The loans are repayable in 20 to 28 quarterly instalments ranging from Rs. 4,46,428 to Rs. 30,00,000 each. The loans are secured by exclusive charge on book debts/housing loan receivables of the Company.
 - The Company has availed term loans from a Bank which has an outstanding balance of Rs. 34,13,84,182 as on 31st March 2019 in respect of 2 loans (Rs. 23,86,03,444 as on 31st March 2018 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2019 is 9.00% for Term Loan I and 9.25% for Term Loan II (31-03-2018 - 9.60% for Term Loan I and 8.65% for Term Loan II). The Term Loan I is repayable in 37 quarterly instalments of Rs. 26,32,000 each and Term Loan II is repayable in 114 monthly instalments of Rs. 27,00,000 each. The Term Loan I is secured by exclusive charge on loan receivables and Term Loan II is secured by hypothecation of housing loan receivables of the Company.
 - The Company has availed term loans from a Bank which has an outstanding balance of Rs. 70,59,25,720 as on 31st March 2019 in respect of 9 loans (Rs. 85,20,31,880 as on 31st March 2018 in respect of 9 loans). The effective rate of contractual interest as on 31st March 2019 is 9.10% (31-03-2018 - 8.80%). The loans are repayable in 40 quarterly instalments ranging from Rs. 25,00,000 to Rs. 75,00,000 each. The loans are secured by to the extent of atleast 125% on the outstanding liability and Hypothecation of specific receivables of the Company.
 - The Company has availed term loans from a Bank which has an outstanding balance of Rs. 23,70,00,000 as on 31st March 2019 in respect of 2 loan (Rs. 1,00,09,753 as on 31st March 2018 in respect of 1 loan). The effective rate of contractual interest as on 31st March 2019 is 9.15% for Term Loan I and 9.05% for Term Loan II (31-03-2018 - 8.90%). The Term Loan I is repayable in 40 quarterly instalments of Rs. 2,50,000 each and the Term Loan II is repayable in 40 quarterly instalments of 60,00,000 each. The loans are secured by exclusive charge on housing loan receivables of the Company.
 - The Company has availed term loan from a Bank which has an outstanding balance of Rs. 82,75,00,000 as on 31st March 2019 in respect of 5 loans (Rs. 55,37,50,000 as on 31st March 2018 in respect of 3 loans). The effective rate of contractual interest as on 31st March 2019 for these loans ranges between 9.00% to 9.55% (31-03-2018 - 8.80%). Each of the loans is repayable in 40 quarterly instalments with each instalment amount ranging between Rs. 25,00,000 to 75,00,000. The loan is secured by hypothecation of housing loan receivables.
 - The Company has availed term loan from a Bank which has an outstanding balance of Rs. 33,44,68,952 as on 31st March 2019 in respect of 5 loans (Rs. 18,02,50,000 as on 31st March 2018 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2019 for these loans ranges between 9.20% to 9.95% (31-03-2018 - 8.85% in respect of Term Loan I and 9.55% for Term Loan II). The loans are repayable in 12 to 40 quarterly instalments, with each instalment amount ranging between Rs. 17,85,714 to Rs. 83,33,333. Three of the loans are secured by exclusive hypothecation of housing loan/mortgage loan receivables of the Company whereas the other two are secured by exclusive hypothecation of jewel loan receivables.
 - The Company has availed term loan from a Bank which has an outstanding balance of Rs. 3,42,53,060 as on 31st March 2019 in respect of 7 loans (Rs. 4,92,25,352 as on 31st March 2018 in respect of 7 loans). The effective rate of contractual interest as on 31st March 2019 ranges from 7.10% to 10.05% (31-03-2018 - 7.00% to 9.80%). The loan is repayable in 27 to 80 quarterly instalments with each instalment ranging between Rs. 1,15,000 to Rs. 5,10,000. The loans are secured by first exclusive charge by way of hypothecation of housing loan receivables.
 - The Company has availed 2 vehicle loans from a Bank which has an outstanding balance of Rs. 46,93,131 as on 31st March 2019 (Rs. 37,54,415 as on 31st March 2018 in respect of 2 loans). The effective rate of contractual interest as on 31st March 2019 is 7.80% for Vehicle Loan I and 8.85% for Vehicle Loan II (31-03-2018 - 10% for Vehicle Loan I and 7.80% for Vehicle Loan II). The Vehicle Loan I is repayable in 60 monthly instalments of Rs. 74,669 each and Vehicle Loan II is repayable in 38 monthly instalments of Rs. 61,239 each. Vehicle loan I is secured by hypothecation of BMW Car and Vehicle Loan II is secured by hypothecation of Innova Car.
The unsecured loans are repayable on maturity. Interest on unsecured loans is payable periodically i.e. on monthly/quarterly basis in the case of non-cumulative scheme and payable on maturity in the case of cumulative scheme.
- 3.07: The repayment Schedule of Loans is as under:**
- | | Secured (Rs.) | Unsecured (Rs.) |
|---|---------------|-----------------|
| repayable within next 12 months i.e Current Portion | 68,89,96,508 | 5,59,60,632 |
| repayable during the year ending 31st March 2021 | 63,20,69,127 | 8,79,65,292 |
| repayable during the year ending 31st March 2022 | 57,07,75,306 | 2,67,36,035 |
| repayable during the year ending 31st March 2023 | 50,15,56,357 | |
| repayable during the year ending 31st March 2024 | 44,25,85,533 | |
| repayable during the year ending 31st March 2025 | 37,67,54,260 | |
| repayable during the year ending 31st March 2026 | 28,65,69,703 | |
| repayable during the year ending 31st March 2027 | 21,04,02,098 | |
| repayable during the year ending 31st March 2028 | 9,24,25,768 | |
| repayable during the year ending 31st March 2029 | 3,12,18,000 | |
| repayable during the year ending 31st March 2030 | 1,14,000 | |

	31.03.2019		31.03.2018	
	Rs.	Rs.	Rs.	Rs.
	NOTE 4:			
LONG TERM PROVISIONS				
Provisions on Non-Performing and Standard Assets as per NHB Directives (Refer Note 4.01 below and also Note 11.06)		3,80,12,303		3,85,85,499
Net Liability in Gratuity Fund Trust		-		6,85,325
		3,80,12,303		3,92,70,824

Note 4.01: Provisions made for Non-Performing and Standard Assets, represents provisions made as per directives issued by the National Housing Bank which pertains to the Non-Current Portion of such assets. Provisions in respect of current Portion disclosed under Note No. 8.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2019

NOTE 5: DEFERRED TAX ASSET/LIABILITY (NET) (Refer Note No. 5.01 & 5.02 below) Deferred tax Asset On Account of Disallowance u/s 43B Provision for Non-Performing Assets On Account of Depreciation Less: Deferred tax Liability On Account of Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 DEFERRED TAX ASSET/(LIABILITY)	31.03.2019		31.03.2018	
	Rs.	Rs.	Rs.	Rs.
	3,74,218		3,44,878	
	1,22,39,712		1,34,31,801	
	9,29,845	1,35,43,775	6,27,495	1,44,04,174
			5,76,14,385	5,31,91,005
			(4,40,70,610)	(3,87,86,831)

Note 5.01: As per accounting standard (AS-22) on Accounting for taxes on Income, the major components of deferred tax arising on timing differences are given in the above Note No. 5.

5.02: Accordingly a sum of Rs. 52,83,779 recognized as Deferred Tax Adjustment Expense in the Statement of Profit and Loss. (P.Y.: (expense) Rs. 34,11,993).

NOTE 6:

SHORT TERM BORROWINGS

(Refer Note 6.01 to 6.04 below)

SECURED:

From Banks

Working Capital Borrowings	6,04,15,438	6,04,88,899
	6,04,15,438	6,04,88,899

Note 6.01: The borrowing as above, represents Overdraft/Cash credit availed from Banks, which is subject to renewal every year. However the Bank has the right to demand the repayment at any time.

6.02: The borrowings as above, are secured by hypothecation of receivables in respect of Jewel Loans granted by the Company and guaranteed by the Executive Director, with a limit of Rs. 6,00,00,000 (P.Y. Rs. 6,00,00,000).

6.03: The rate of interest on such overdraft is MCLR + 1.50% p.a. The rate of interest as on 31st March 2019 is 10.15% (P.Y. MCLR + 1.50% i.e. 9.95% as on 31st March 2018).

6.04: The Company has also pledged term deposits held with the Bank Rs. 4,67,076/- (P.Y. Rs. 4,57,649/-) as security for an overdraft on deposits, with a limit of Rs. 3,50,000. The interest rate on such overdraft is 10.15% (P.Y. 9.95%) which is 3.45% above the pledged deposit rate. However these accounts have not been overdrawn on the date of the Balance Sheet.

NOTE 7.1 :

TRADE PAYABLES (Refer Note below)

7.1A

Total outstanding dues micro enterprises and small enterprises	-	-
	-	-

Note: There are no dues to Micro, Small & Medium Enterprises at any time during the year, in the absence of notified registered dealer with the Company as per the provisions of the Micro, Small and Medium Enterprises Development Act, 2006. Hence further disclosure requirement as required under Micro, Small & Medium Enterprises Development Act, 2006 and Schedule III to Companies Act, 2013 does not arise.

7.1B

Total outstanding dues of creditors other than micro enterprises and small enterprises	53,23,550	40,45,583
	53,23,550	40,45,583

NOTE 7.2 :

OTHER CURRENT LIABILITIES

(Refer Note: 7.2.01 to 7.2.03 below)

Current maturities of long term debt – Secured (Refer Note No. 3 & 7.2.01)	68,89,96,508	56,13,72,678
Current maturities of long term debt – Unsecured (Refer Note No. 3 & 7.2.01)	5,59,60,632	7,43,18,212
Unclaimed Equity Dividends*	19,19,336	21,38,347
Unclaimed Matured Deposits*	3,95,50,467	30,36,282
Interest on Unclaimed Matured Deposits as above*	11,015	12,961
Tax on Dividend Payable (on Preference Share)	45,728	45,288
Interest accrued but not due on public deposits	22,20,349	19,39,213
Other Payables (See Note 7.2.02 below)	53,09,860	81,49,558
	79,40,13,895	65,10,12,539

Note 7.2.01: The relevant details (i.e. security offered, terms of repayment etc.) in respect of Current Maturity of Long Term Debt-Secured and Current Maturity of Long Term Debt-Unsecured, are given under Note No. 3, 3.01 to 3.07.

7.2.02: Other Payables includes amounts payable to others in the ordinary course of business and other petty advances, which are not material in nature.

7.2.03: The balances held under "Unclaimed Matured Deposits", "Interest payable on such deposits" and "Other payables" are subject to confirmation. The Company is in the process of obtaining confirmations from respective parties.

NOTE 8: SHORT TERM PROVISIONS

Provisions on Non-Performing and other Assets as per NHB Directives (Refer Note below and also Note 11.05 & 11.06)	1,48,66,334	1,85,78,144
Provision for Current Income Tax (Net of Advance Tax and Tax Deducted at Source)	-	15,31,914
	1,48,66,334	2,01,10,058

NOTE 8.01: Provisions made for Non-performing and other Assets, represents provisions made as per directives issued by the National Housing Bank and which pertains to the Current Portion of such assets.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2019

NOTE 9:
FIXED ASSETS I.e., PROPERTY, PLANT AND EQUIPMENTS (also refer Note 9.01 to 9.05 below) (Previous year's amounts given within brackets)

Assets	Gross Block				Depreciation				Net Block	
	At Cost as on 31.03.2018	Additions	Sales	Total Cost as on 31.03.2019	Up to 31.03.2018	Depreciation	Sales	Up to 31.03.2019	As on 31.03.2019	As on 31.03.2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (refer note below)	95,15,615 (95,15,615)	179,08,800	-	274,24,415 (95,15,615)	-	-	-	-	274,24,415 (95,15,615)	95,15,615 (95,15,615)
Buildings	74,10,372 (74,10,372)	-	-	74,10,372 (74,10,372)	31,63,611 (29,46,280)	2,06,750 (2,17,331)	-	33,70,361 (31,63,611)	40,40,011 (42,46,761)	42,46,761 (44,64,092)
Buildings Leasehold	1,26,38,840 (1,26,38,840)	-	-	1,26,38,840 (1,26,38,840)	40,90,903 (32,03,333)	8,87,570 (8,87,570)	-	49,78,473 (40,90,903)	76,60,367 (85,47,937)	85,47,937 (94,35,507)
Office Furniture & Fittings	28,88,612 (29,24,817)	1,68,710 (3,540)	17,250 (39,745)	30,40,072 (28,88,612)	25,08,893 (24,20,649)	1,05,839 (1,18,161)	17,250 (29,917)	25,97,482 (25,08,893)	4,42,590 (3,79,719)	3,79,719 (5,04,168)
Office Equipments	23,94,211 (22,09,652)	2,07,710 (1,90,639)	71,998 (6,080)	25,29,923 (23,94,211)	20,26,971 (18,59,227)	1,91,425 (1,73,824)	59,395 (6,080)	21,59,001 (20,26,971)	3,70,922 (3,67,240)	3,67,240 (3,50,425)
Electrical Fittings	5,17,030 (5,17,894)	1,700 (4,060)	- (4,924)	5,18,730 (5,17,030)	4,02,503 (3,62,156)	30,413 (41,470)	- (1,123)	4,32,916 (4,02,503)	85,814 (1,14,527)	1,14,527 (1,55,738)
Air-Conditioners	3,07,085 (3,07,085)	51,452	-	3,58,537 (3,07,085)	2,66,803 (2,53,987)	9,938 (12,816)	-	2,76,741 (2,66,803)	81,796 (40,282)	40,282 (53,098)
Vehicles	112,71,368 (66,99,548)	23,07,855 (45,71,820)	11,85,637	123,93,586 (112,71,368)	61,26,474 (51,23,412)	19,43,573 (10,03,062)	11,26,356	69,43,691 (61,26,474)	54,49,895 (51,44,894)	51,44,894 (15,76,136)
Computer	43,54,109 (42,30,924)	3,17,186 (1,94,995)	73,964 (71,810)	45,97,331 (43,54,109)	42,46,504 (41,01,420)	2,56,434 (2,16,894)	73,964	44,28,974 (42,46,504)	1,68,357 (1,07,605)	1,07,605 (1,29,504)
Total	5,12,97,242 (4,64,54,747)	2,09,63,413 (49,65,054)	13,48,849 (1,22,559)	7,09,11,806 (5,12,97,242)	2,28,32,662 (2,02,70,464)	36,31,942 (26,71,128)	12,76,965 (1,08,930)	2,51,87,639 (228,32,662)	4,57,24,167 (2,84,64,590)	284,64,580 (2,61,84,283)
Previous Year										

Note: Refer Note 24.03 for note on impairment of assets.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2019

	31.03.2019		31.03.2018	
	Rs.	Rs.	Rs.	Rs.
NOTE 10: NON-CURRENT INVESTMENTS (*) (Refer Note 10.01 to 10.05 below)				
Other than Trade:				
Quoted Investments (Valued at Cost)				
I. Investment in Equity Instruments (in India)				
Nil (P.Y. 8040) Shares of Rs. 1 each in State Bank of India	-		20,77,302	
Nil (P.Y. 100) Shares of Rs. 1 each in TCS Ltd.	-		2,48,889	
Nil (P.Y. 1030) Shares of Rs. 2 each of HCL Technologies Ltd.	-		7,39,308	
Nil (P.Y. 1325) Shares of Rs. 2 each of Bharat Heavy Electricals Ltd.	-		4,89,103	
Nil (P.Y. 450) Shares of Rs. 10 each of SAIL	-		52,866	
Nil (P.Y. 4200) Shares of Rs. 1 each of ITC Ltd.	-		9,79,040	
2200 (P.Y. Nil) Shares of Yes Bank Ltd.	5,01,457		-	
		5,01,457		45,86,508
Unquoted Investments (Valued at Cost)				
I. Investment in Equity Instruments (in India)				
25 (P.Y. 25) Shares of Rs. 25 each in SVC Co-operative Bank Ltd.		625		625
II. Investment in Government/Trust Securities (in India)				
8.30% Government of India Bonds (Face Value Rs.1,10,00,000) (Held as SLR Securities under National Housing Bank Directives)	1,03,67,500		1,03,67,500	
7.50% Government of India Bonds (Face Value Rs.1,00,00,000) (Held as SLR Securities under National Housing Bank Directives)	97,40,000		97,40,000	
7.52% Telangana state development bond (Face Value Rs. 50,00,000) (Held as SLR Securities under National Housing Bank Directives)	50,17,500		50,17,500	
		2,51,25,000		2,51,25,000
		2,56,27,082		2,97,12,133

(*) Refer Note 24.02.d for accounting policy and valuation of investments.

Note 10.01:	Aggregate Amount of Quoted Investments (non-current)	5,01,457	45,86,508
	Aggregate Market Value of Quoted Investments (non-current)	6,05,220	45,04,248
10.02:	Aggregate amount of Unquoted Investments (non-current)	2,51,25,625	2,51,25,625
10.03:	The market value of Quoted Investment is more than the book value and therefore the question of making the disclosure as required under sub-paragraph 2 of paragraph 29 of Housing Finance Company (NHB) 2010 Directions, in respect of Investments does not arise.		
10.04:	There are no Investments held outside India.		
10.05:	The above list of investments is considered as disclosure as required under Section 186(4) of The Companies Act, 2013. The Company is a Housing Finance Company and therefore the question of making any disclosure in respect of loans made, guarantee given or security provided does not arise, for the reason that the aforesaid activities are entered in the ordinary course of business.		

	31.03.2019		31.03.2018	
	Non-Current	Current	Non-Current	Current
	Rs.	Rs.	Rs.	Rs.
NOTE 11: LONG TERM LOANS AND ADVANCES				
(considered good) (considered doubtful duly provided for in Note 4 and 8 subject to Note 11.04 & 11.05)				
A. Lease Security Deposits (unsecured) (Refer Note 11.09)	3,60,01,714	-	3,60,01,714	-
A	3,60,01,714	-	3,60,01,714	-
B. Loans granted (Refer Note 11.01 to 11.10)				
(Provisions for Non-Performing and Other Assets duly made as per NHB directives and shown separately under Note No. 4 and 8) (Given in the ordinary course of business)				
I. Secured Loans				
a) Housing Loans	303,03,12,341	41,78,80,810	281,77,38,545	34,11,61,558
b) Other Secured Loans	80,42,90,230	46,65,14,930	69,18,17,379	38,11,84,248
I Secured Loans	383,46,02,571	88,43,95,740	350,95,55,924	72,23,45,806
II. Unsecured Loans				
Inter-corporate loan	-	-	-	1,25,00,000
II Unsecured Loans	-	-	-	1,25,00,000
B (I + II) Total Loans	383,46,02,571	88,43,95,740	350,95,55,924	73,48,45,806
C. Other (Unsecured)				
a) Income Tax paid (Advance Tax, TDS etc) (net of provisions)	44,86,885	-	-	-
b) Other Advances (refer note 11.07)	28,75,638	3,65,932	21,97,889	16,63,960
C	73,62,523	3,65,932	21,97,889	16,63,960
TOTAL (A+B+C)	387,79,66,808	88,47,61,672	354,77,55,527	73,65,09,766

Note:	11.01	The Current Portion of the above, represents the amount recoverable on or before next 12 months i.e. 31st March 2020 and the same is being disclosed under Note No. 15.
	11.02	The Housing Loan as per Note 11 (B)(I)(a) above includes Sui Fited Loans Rs. Nil (P.Y. Rs. 84,156) and same has been included in the current portion of the asset.
	11.03	Housing Loans Granted (Secured) as per Note No. 11 (B)(I)(a) above represents Housing Loans granted by the Company secured on equitable mortgage of immovable properties and/or undertaking to create a security and/or, assignment of Life Insurance Policies and/or Personal guarantee of Individuals etc. Other Secured Loans as per Note No. 11 (B)(I)(b) represents Loans granted by the Company secured on equitable mortgage of properties and/or against pledge of jewels and/or personal guarantee of individuals. Loans Granted (unsecured) as per Note No.11 (B)(II) above represents Inter Corporate Loan granted by the Company.
	11.04	Loans considered good [as per Note No. 11 (B) above [i.e. both secured and unsecured] includes Non-Performing Assets against which adequate provisions have been made as per the Directives issued by the National Housing Bank from time to time. The provision so made also includes provisions made for Standard Assets.
	11.05	As per the directives issued by the National Housing Bank, the Company is required to disclose the provision amount for Non-Performing and Standard Assets separately, without netting off the same against the corresponding assets. Therefore the Company has disclosed the same under Note No. 4 and 8, under the Head "Long Term Provisions" and "Short Term Provisions" respectively.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2019

11.06 The details of Asset Classification as per directives issued by National Housing Bank [i.e. of Loans Granted (both current and non current)], with provisions there of given below: (Previous year's amounts given within brackets) (as per sub-paragraph 2 of Paragraph 29 of Housing Finance Companies (NHB) Directions 2010)

A. Housing Loans (Secured and Includes both Current and Non-current Portion):

Asset Classification	Outstanding as on 31st March, 2019 (In Rs.)	%	Provision as on 31st March, 2019 (In Rs.)
Standard (Considered Good)	339,03,29,512	98.32	1,27,71,904
	(310,15,07,634)	(98.18)	(1,28,66,058)
Substandard Assets	16,192,790	0.47	24,28,918
	(99,47,139)	(0.31)	(14,92,071)
Doubtful Assets	4,16,70,849	1.21	2,71,10,186
	(4,74,45,330)	(1.50)	(3,39,60,705)
Loss Assets	-	-	-
	(-)	(-)	(-)
Total	344,81,93,151	100.00	4,23,11,008
	(315,89,00,103)	(100.00)	(4,83,18,834)

B. Non-Housing Loans (Both Secured and Unsecured and includes both Current and Non-Current Portion)

Asset Classification	Outstanding as on 31st March, 2019 (In Rs.)	%	Provision as on 31st March, 2019 (In Rs.)
Standard (Considered Good)	126,96,37,444	99.91	97,66,778
	(108,43,33,961)	(99.89)	(85,00,019)
Substandard Assets	-	-	-
	(4,89,103)	(0.05)	(73,365)
Doubtful Assets	11,67,716	0.09	8,00,651
	(6,78,563)	(0.06)	(2,71,425)
Total	127,08,05,160	100.00	105,67,629
	(108,55,01,627)	(100)	(88,44,809)

No Provision is required to be made in respect of assets, other than above (i.e other than Assets given in A & B of Note 11.06). Accordingly the disclosure as required under sub-paragraph 2 of paragraph 29 of Housing Finance Companies (NHB) Directions 2010 is not applicable in respect of such other assets.

11.07 Other Advances Includes vehicle loan advance to staff, travelling advance etc. The balances held under Loans Granted and Other Advances (as per B & C in Note 11, both Non-current and current) are subject to confirmation. The Company is in the process of obtaining the confirmations from the respective parties.

11.08 Percentage of outstanding Loans Granted against the pledge of gold jewellery (included in other secured loans), to the outstanding total assets is as below:

Particulars	31.03.2019		31.03.2018	
	Amounts outstanding In Rs.	% to Total Assets	Amounts outstanding In Rs.	% to Total Assets
Loans Outstanding against the pledge of jewellery	48,80,79,504	10.01	37,60,74,194	8.56
Total Assets held	487,65,15,653		439,17,70,982	

This disclosure is being made in accordance with sub-paragraph 5 of Paragraph 29 of Housing Finance Companies (NHB) Directions 2010.

11.09 The Break up of Lease Security Deposit is as below: to Related Parties Rs.75,00,000 (P.Y. Rs.75,00,000) & to Others Rs. 2,85,01,714 (P.Y. Rs. 2,85,01,714)

11.10 For disclosure under Section 186(4) of the Companies Act, 2013, refer Note 10.05

	31.03.2019		31.03.2018	
	Rs.	Rs.	Rs.	Rs.
NOTE 12: Other Non-current assets				
Net Asset in Gratuity Fund (maintained by LIC of India)		3,73,077		-
		3,73,077		-
NOTE 13:				
INVENTORIES				
Stock of Stationery (valued at cost)		75,679		87,548
		75,679		87,548

NOTE 14: CASH AND CASH EQUIVALENTS

(Refer Note 14.01)

A) Cash and Cash Equivalents (For the purpose of Cash Flow Statement)

i) Cash in hand	47,97,045		35,70,388	
ii) Balance with banks in Current Accounts	1,43,91,537	1,91,88,582	2,27,39,268	2,63,09,656

B) Other Bank Balances

i) Fixed Deposits (with original maturity beyond 3 months)				
Fixed Deposits with Scheduled Banks (Held as SLR assets)	10,00,000		10,00,000	
Pledged to Banks for security for Overdraft	4,67,076		4,57,649	
Pledged to Sales Tax	10,000		10,000	
Kept for Bank Lockers	7,81,718		6,94,074	
Other Deposits	15,00,000	37,58,794	-	21,61,723
ii) In Current Account earmarked for unclaimed dividends		19,20,455		21,38,347

CASH & CASH EQUIVALENTS

2,48,67,831 **3,06,09,726**

Note 14.01 Note 14(B) above includes Rs. 5,96,584/- (P.Y. Rs. 21,61,723/-) being Deposits with maturity of more than 12 months from the date of Balance Sheet.

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31.03.2019

	31.03.2019		31.03.2018	
	Rs.	Rs.	Rs.	Rs.
NOTE 15: SHORT TERM LOANS AND ADVANCES				
(Considered Good) (Refer Note 15.01 and 15.02 below)				
Loans Granted:				
(Provisions for Non-Performing & Other Assets duly made as per NHB directives and shown separately under Note No. 4 and 8) (Given in the ordinary course of business)				
Secured Housing and other Loans (as per Note No. 11)	88,43,95,740		72,23,45,806	
Unsecured Loans (as per Note No. 11)	-	88,43,95,740	1,25,00,000	73,48,45,806
Other Advances (unsecured) (as per Note No. 11)		3,65,932		16,63,960
Prepaid Expenses		1,66,49,113		1,64,56,828
		<u>90,14,10,785</u>		<u>75,29,66,594</u>

Note 15.01: The Secured Housing and other Loans Granted as above, represents Current Portion of Long Terms Loans. (as detailed in Note 11) Also refer Note 11.01 to 11.10 for other Informations on loans granted.

15.02: For disclosure under Section 186(4) of the Companies Act, 2013, refer Note 10.05.

NOTE 16:
OTHER CURRENT ASSETS

(Unsecured and considered good)

Interest accrued on Investments

3,44,935

3,44,935

Income Receivable from Banks & Others

1,25,289

18,29,939

4,70,224

21,74,874

NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2019

	2018-19		2017-18	
	Rs.	Rs.	Rs.	Rs.
NOTE 17:				
REVENUE FROM OPERATIONS				
(Refer Note 17.01 & 17.02 below)				
Income From Housing Finance				
Interest on Loans	34,10,49,085		33,31,98,712	
Other Financial Services	1,43,78,640	35,54,27,725	1,42,78,634	34,74,77,346
Interest on Other Loans		15,00,06,362		12,44,71,127
Other Financial Services of other Loans		-		4,15,571
Reversal of Provisions for Non-Performing & other Assets		42,85,006		-
Miscellaneous Income		2,26,723		69,168
NET REVENUE FROM OPERATIONS		<u>50,99,45,816</u>		<u>47,24,33,212</u>

Note 17.01: Income from Other Financial Services of Housing and other Loans represents Income from Processing, Administrative and other related charges.

Note 17.02: Also refer Note 22.02 for details of provision on Non-Performing and other Assets.

NOTE 18:
OTHER INCOME

Interest on Investments (Long Term – Non-Trade)

20,39,000

18,55,951

Other Interest (On Bank Deposits and Income Tax Refund)

1,70,627

22,09,627

20,47,440

Dividend on Investment – Non-Trade (Long Term – Non-Current)

38,862

3,20,217

Dividend on Investment – Non-Trade (Current)

6,91,543

Profit on Sale of Current Investments (Non-Trade)

-

26,972

Profit on Sale of Long Term Investments (Non-Trade)

11,04,407

Net actuarial gain on Gratuity Fund (maintained by LIC of India)

10,58,402

Other non-operating income (Profit on sale of fixed assets)

1,44,447

10,463

52,47,288

24,05,092

NOTE 19:
EMPLOYEES' BENEFIT EXPENSES

(Refer Note 19.01 below)

Salary

2,08,42,731

1,85,71,482

Bonus

7,34,132

6,77,745

Staff Welfare Expenses

46,394

36,475

Contribution to Provident and other Funds

9,46,958

8,98,783

Contribution to Gratuity Premium

13,92,564

6,79,118

Contribution to ESI

5,62,682

5,25,881

Loss from Gratuity fund maintained with LIC of India

-

7,45,653

2,45,25,461

2,21,35,137

Note 19.01: Disclosure as required under Accounting Standard 15 i.e. Employee benefits, given under Note No. 24.09.

NOTE 20:
FINANCE COSTS

Interest on Term Loan

31,74,51,432

28,64,51,373

Interest on Public Deposits

1,53,89,545

1,69,71,716

Interest on Others – Working Capital Borrowings etc.

25,54,962

33,53,95,939

23,56,425

30,57,79,514

Bank Charges, Commission and Processing Fees

31,84,864

18,44,837

33,85,80,803

30,76,24,351

NOTE 21: DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation on Tangible Assets (Refer Note No.: 9)

36,31,942

26,71,128

36,31,942

26,71,128

NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2019

	2018-19		2017-18	
	Rs.	Rs.	Rs.	Rs.
NOTE 22:				
OTHER EXPENSES				
Building Rent (Refer Note 22.01 below)		30,84,019		29,79,638
Locker Rent		90,954		2,75,659
Travelling and Conveyance Expenses		21,07,588		23,01,223
Vehicle Maintenance		9,07,519		8,99,003
Advertisement and Sales Promotion Expenses		61,344		23,858
Registration and Licence Fee		3,29,087		1,95,267
Printing and Stationery		2,52,615		2,97,629
Postage and Couriers		3,41,340		3,28,815
Directors Sitting Fee		13,500		12,000
Telephone Charges		4,51,107		5,98,456
Audit Fees				
Statutory Audit	3,25,000		2,70,000	
Tax Audit	35,000		35,000	
Certification	30,000		30,000	
Other Expenses	70,200	4,60,200	60,300	3,95,300
Miscellaneous Expenses		53,89,288		43,10,008
Donations		6,000		6,000
Corporate Social Responsibility expenditure (Refer Note 24.13)		3,22,452		1,00,000
Insurance Premium		5,39,860		4,33,224
Electricity and Water Charges		5,13,609		5,34,206
Commission and Brokerage		1,04,29,670		87,77,608
Legal and Professional Charges		48,88,665		36,72,559
Provisions for Non-Performing & other Assets (Refer Note 22.02)		-		1,05,76,590
Loss on sale of Long Term Investments		3,78,930		-
Loss on sale of Fixed Assets		-		8,131
		3,05,67,747		3,67,25,174

Note 22.01: Building Rent as above represents rent paid in respect of premises taken on cancellable operating lease.

22.02: The details of provisions made during the year for Non-Performing and other assets are as under:

	Current Year Rs.	Previous Year Rs.
a. On Housing Finance Business:		
i. Provisions as required under NHB Directions on Housing Finance business		
Standard Assets	(94,154)	8,10,125
Substandard Assets	9,36,848	(3,79,714)
Doubtful Assets	(88,50,519)	45,33,800
ii. Additional provision	20,00,000	25,00,000
	(60,07,825)	74,64,211
b. On Business other than Housing Finance:		
i. Provisions as required under NHB Directions on Other Business		
Standard Assets	12,66,759	30,39,014
Substandard Assets	-	73,365
Doubtful Assets	4,56,060	-
	17,22,819	31,12,379
Total Provisions made/(reversed) during the year (net) (a + b)	(42,85,006)	1,05,76,590

	2018-19		2017-18	
	Rs.	Rs.	Rs.	Rs.
NOTE 23:				
EARNING PER EQUITY SHARE				
(Refer Note 23.01 below)				
a) Net profit after tax, as per Statement of Profit and Loss		8,59,94,497		7,56,51,822
b) Preference Dividend		8,89,700		8,89,700
c) Tax on Distribution of Preference Dividend		1,82,880		1,81,120
d) Net Profit available for equity shareholder used as numerator (a-b-c)		8,49,21,917		7,45,81,002
e) Weighted Average No. of equity shares used as Denominator		85,05,150		85,05,150
f) Basic/Diluted earning per equity share of Rs.10 each fully paid		9.98		8.77

Note 23.01: There are no extraordinary items and therefore the question of calculating earning per share after adjusting such items does not arise.

NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2019**NOTE NO.: 24****OTHER DISCLOSURES TO ACCOUNTS:****24.01 Corporate Information:**

The Registered office of the Company is at Manpal (State: Karnataka). The Company is registered as a Housing Finance Company with National Housing Bank. Accordingly, the main business of the Company is to extend Housing Loans for the construction or purchase of residential houses. In addition the Company also extends loans on the security of other properties, jewels etc. for the purposes other than housing. The Company also accepts deposits from public.

24.02 Accounting Policies:**a. Basis of Accounting and Revenue Recognition:**

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 i.e. the Companies (Accounting Standards) Rules 2006 read with Companies (Accounting Standard) Amendment Rules 2016 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. All significant items of income & expenditure are accounted on accrual system of accounting. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Company follows the National Housing Bank (NHB) guidelines on Income recognition for accounting Income as per circulars issued by NHB from time to time. Income by way of 'Interest' is recognized on the time proportionate method. Income by way of 'Dividend' is recognized, when the unconditional right to receive the income is established. However income by way of Processing /Administrative fees, Interest on Income Tax Refund and Miscellaneous income are accounted on receipt basis, since the income of such nature are considered to be accrued and due on the date of receipt. Brokerage/Commission on deposits and service charges on bank loans are written off over the tenure of deposit and bank loans respectively.

b. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets & liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual results and estimates are being recognized in the period in which the results are known/materialized.

c. Property, Plant & Equipments and Depreciation:

Freehold land is carried at historical cost. All other items of 'Property, Plant and Equipment' are stated at historical cost less accumulated depreciation and accumulated impairment losses if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items such as purchase price, freight, duties and levies. Such cost includes the cost of replacing parts of the 'Property, Plant and Equipment' and the borrowing cost till the date of installation of qualifying asset and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

An item of 'Property, Plant and Equipment' and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Further, when each major inspection is performed, its cost is recognized in the carrying amount of the item of 'Property, Plant and Equipment' as a replacement if the recognition criteria are satisfied. Machinery spares if any, which are specific to a particular item of 'Property, Plant and Equipment' and whose use is expected to be irregular are capitalized as 'Property, Plant and Equipment'.

Spare parts if any, are capitalized when they meet the definition of 'Property, Plant and Equipment' i.e., when the Company intends to use these for more than a period of 12 months.

The Property, Plant and Equipments held by the Company does not involve decommissioning cost and the cost of removal of such assets is not material considering the size of the Company. Considering this aspect, the Company has not made any policies for capitalizing the decommissioning cost.

Depreciation on 'Property, Plant & Equipment' generally is provided on the written down value method over the useful lives of the assets in terms of Schedule II of the Companies Act, 2013. Depreciation for the assets purchased / sold during the period is proportionately charged. However Building constructed on the lease hold land if any, is depreciated under straight line method over the period of lease or the useful life in terms of Schedule II of the Companies Act, 2013, whichever expires earlier. Improvements to buildings are amortized over the period of remaining useful life of the building. The residual values, useful lives and methods of depreciation of 'Property, Plant and Equipment' are reviewed at each financial year end and adjusted prospectively, if appropriate and under such circumstances the appropriate disclosure will be made in the notes to accounts.

d. Investments:

Long Term Investments are stated at cost. The Company has the policy of making provisions for diminution in the value of such investments to recognize decline, other than temporary. Current investments if any are valued at cost or net realizable value whichever is lower. The Company does not own any immovable property held as investments and accordingly has not made any policies for such investments.

e. Inventory:

Stock of stationery is valued at cost. Cost is taken at the value at which the same were purchased. The Company does not have any other items of inventory. Accordingly, the Company has not made any policies for other types of inventory.

f. Tax on Income:

The Company has charged off the Current Income Tax to the Statement of Profit and Loss. Deferred Tax Assets/Liabilities are recognized/provided in accordance with the Accounting Standard 22. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date, on the timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax Asset is recognized, subject to the considerations of prudence. Deferred tax asset so recognized, is being net off to deferred tax liability or vice versa. Advance Income Tax Paid (including Tax deducted at source, tax paid on self assessment or otherwise) and provision for current Income Tax are presented in the Balance Sheet after setting off the same against each other.

g. Employee Benefits:

The Company's "Retirement Benefit Plan" & "Other Benefit Plans" comprises of Contribution to Provident Fund, Employee State Insurance and Gratuity. Contributions to Provident Fund & Employee State Insurance are being made at pre-determined rates and are charged to the Statement of Profit & Loss. The company's liability towards gratuity to employees is covered by group gratuity policy with LIC of India.

There are no other retirement benefits/other benefits being provided by the Company.

h. Borrowing Costs:

Borrowing costs are recognized as an expense in the year in which they are incurred except which are directly attributable to acquisition/construction of qualifying property, plant & equipments, till the time such assets are ready for use, in which case the borrowing costs are capitalized as part of the cost of the asset.

i. Provisions & Contingent Liabilities/Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Provisions not made in the account (which otherwise should have been made) are disclosed by way of appropriate note. Contingent liabilities (if any) are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

j. Impairment of Assets:

The Company has framed the policy of impairing the asset, when carrying value of the assets exceeds its recoverable amount, under the circumstances when the Company is having the sources of information (whether internal or external) that an impairment loss may have occurred. Accordingly, impairment losses will be charged to statement of profit and loss in the year in which an asset is identified as impaired. The impairment losses recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

k. Accounting for Leases:

Rent on premises taken on operating lease charged to statement of profit & loss as Rent Paid on time proportionate basis. All leases are taken on cancellable operating lease.

NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2019

l. Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share if any is computed using the weighted average number of equity shares and dilutive potential equity share outstanding during the period except when the results would be anti-dilutive.

m. Operating Cycle:

Based on the nature of activities of the Company, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

n. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

o. Events occurring after the Balance Sheet Date:

Dividends pertaining to the financial year, but declared after the Balance Sheet, not recognized as a liability and the same is being disclosed in the notes to accounts vide Note. 24.14.

24.03: The management is of the opinion that the carrying cost of the assets does not exceed its recoverable amount. Further the Company does not have any information whether internal or external, that indicates that "impairment loss may have occurred". Accordingly the question of impairment of assets does not arise.

24.04: Disclosure in respect of related parties with whom transactions have taken place during the period

A. Key management personnel and their relatives

Sri T. Sunil Pai – Executive Director
 Sri Gopalakrishna Bhat – Chief Financial Officer
 Smt. Vijayalaxmi N. Pai – Director
 Sri T. Sanjay Pai – Brother of Executive Director
 Sri T. Narayan M. Pai – Father of Executive Director
 Smt. Praneetha Pai – Wife of Executive Director
 Ms. Tanisha Pai – Daughter of Executive Director

B. Related Corporate Bodies:

Manipal Finance Corporation Ltd., Manipal

Details of transactions are as follows. The names of parties with amount involved therein are disclosed separately under first Column, if the amount involved therein is material.

Particulars	2018-19	2017-18
	Amount in Rs.	Amount in Rs.
A. Advances, Deposits and loans from related parties		
Relatives of Key Management Personnel <u>Deposits received during the year</u>	28,09,473	19,03,649
B. Interest & other expenses to related parties		
Relatives of Key Management Personnel Interest on deposit :	5,16,212	5,01,866
C. Remuneration & other charges:		
Key Management Personnel and relatives <u>Remuneration (including PF & Perquisites):</u> Sri T. Sunil Pai – Rs. 8,08,800 (P.Y. Rs. 8,08,800) Sri Gopalakrishna Bhat – Rs. 3,84,215 (P.Y. Rs. 3,41,000) <u>Professional Charges:</u> Sri T. Sanjay Pai – Rs. 5,28,000 (P.Y. Rs.5,28,000)	11,93,015	11,49,800
	5,28,000	5,28,000
D. Purchase of Immovable property:		
Smt. Vijayalaxmi N. Pai – Rs. 1,68,00,000 (P.Y. Rs. Nil)	1,68,00,000	Nil
No amount pertaining to the related parties has been provided for as doubtful debts/advances or written off/ written back during the year.		

24.05 Information as required under subparagraph 5 of paragraph 25 of HOUSING FINANCE COMPANIES (NHB) DIRECTIONS, 2001 issued by the National Housing Bank

A. The details of the levy of penalty, if any, imposed on the housing finance Company by the National Housing Bank: Rs. Nil (P.Y.:Rs. Nil)

B. Adverse comments, if any, on the housing finance company made in writing by the National Housing Bank on regulatory compliances, with a specific communication to the housing finance Company to disclose the same to the public: No such comments made (P.Y.: No such comments made).

As per Para 4 of the "Guidelines for Asset Liability Management System in Housing Finance Companies" issued by the National Housing Bank vide letter No. NHB/ND/ HFC(DRS-REG)/ALM/35/2010 dated 11th October 2010, every Housing Company shall make certain disclosures in its Balance Sheet. Accordingly the Company has compiled the details as aforesaid and annexed the same to this financial statement.

As per Para 5(11) read with Annexure 4 thereon of "Housing Finance Companies – Corporate Governance (National Housing Bank) Directions 2016", every public deposit accepting/holding Housing Finance Companies are required to disclose certain aspects in their annual financial statement. Accordingly the Company has compiled the details as aforesaid and annexed the same to this financial statement.

24.06 In the opinion of the Board of Directors, the assets listed under the head Non Current Assets & Current Assets (other than Tangible Assets and Non Current Investments) in the Balance Sheet (viz: assets covered under Note No.11 to 16), have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

24.07 The Company is operating under one reportable business segment i.e. Finance Activity and one Geographical segment. Therefore the Accounting Standard relating to Segment Reporting is not applicable.

NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2019

24.08 The Company has created during the earlier years, the floating charge on the statutory liquid assets maintained (including such securities to be purchased by the Company in future) in terms of sub-section 1 & 2 of Section 29B of the National Housing Bank Act, 1987. Such charge is being created by executing the trust deed. M/s Canara Bank has been appointed as the sole trustee of the trust. Value of such assets held as on the date of Balance Sheet is Rs. 2,70,00,000 (P.Y. Rs. 2,70,00,000) The charge as aforesaid has been created in compliance of N H B Directives.

24.09 Employee Benefits:

Brief description of the Plans:

- a) The Company has two schemes for long-term benefits such as provident fund and gratuity. In case of funded schemes, the funds are recognized by the Income tax authorities and administered through trustees / appropriate authorities. The Company's defined contribution plan is employees' provident fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) wherein the Company has no further obligation beyond making the contributions. The Company is also contributing towards Employee State Insurance Plan, as per statutory requirements, wherein the Company has no further obligation beyond making the contributions. The Company's defined benefit plan is gratuity.
- b) Charge to the Profit and Loss Account based on contributions:
The Company's contribution to Provident Fund and other related funds charged to Profit and Loss Account during the year is Rs. 9,46,958/- (P.Y.: Rs.8,98,783)
The Company's contribution to Employee State Insurance Plan charged to Profit and Loss Account during the year is Rs. 5,62,682/- (P.Y. Rs. 5,25,881)
The Company's contribution to LIC under Group Gratuity Policy, charged to Profit & Loss Account is Rs. 13,82,564/- (P.Y. Rs. 6,79,118)
- c) Disclosures for defined gratuity benefit plans based on actuarial reports obtained from Life Insurance Corporation of India as on 31st March 2019:

Valuation Method: Projected Unit Credit Method

	Amount in Rs.	
	Current Year	Previous Year
Changes in present value		
Opening value of obligations	44,67,454	28,00,798
Current service cost	2,83,309	1,66,136
Interest cost	3,35,059	2,24,064
Actuarial loss / (gain)	(3,55,377)	15,48,043
Benefits paid	(2,61,635)	(2,71,587)
Closing value of obligations	44,68,810	44,67,454
Change in Fair Value of Assets		
Opening fair value of plan assets	37,82,129	28,81,126
Expected return on plan assets	2,88,064	2,21,898
Contributions by employer	10,33,329	9,70,892
Benefits paid	(2,61,635)	(2,71,587)
Closing fair value of plan assets	48,41,887	37,82,129
Funded Status	3,73,077	(6,85,325)
Amount recognized in the Balance Sheet		
Present value of obligations as at year end	44,68,810	44,67,454
Fair value of plan assets as at year end	48,41,887	37,82,129
Amount not recognized as an asset	-	-
Funded Status	3,73,077	(6,85,325)
Net (asset) / liability recognized as on 31st March 2019	(3,73,077)	6,85,325
Expenses recognized in the Profit and Loss Account		
Current service cost	2,83,309	1,66,136
Interest on defined benefit obligation	3,35,059	2,24,064
Expected return on plan assets	(2,88,064)	(2,21,898)
Net actuarial loss / (gain) recognised in the current year	(3,55,377)	15,48,043
Effect of the limit in Para 59(b) of AS 15	*	*
Total expense	(25,073)	17,16,345
Asset Information (as per para 120 (h) of AS 15)	*	*
Principal actuarial assumptions used		
Discount rate (p.a.)	7.5%	7.5%
Expected rate of return on plan assets (p.a.)	*	*
Salary Escalation	6.75%	8%
Withdrawal Rate :	*	*
Rate of increase in compensation levels	*	*
Expected average remaining working lives of employees in number of years	*	*
Experience adjustments (as per Para 120(n) of AS 15)	*	*
Expected employer's contribution for the next year	*	*

The Company has written to Life Insurance Corporation of India to furnish information of the Defined Gratuity Benefit Plan, in the manner required under Accounting Standard 15. Accordingly the Life Insurance Corporation of India has given the information as given above, which has been relied by the Auditors.

(*) The Life Insurance Corporation of India has not given these information

Particulars	Amount in Rs.				
	2018-19	2017-18	2016-17	2015-16	2014-15
Closing value of obligation	44,68,810	44,67,454	28,00,798	23,37,828	21,80,396
Closing fair value of plan assets	48,41,887	37,82,129	28,61,126	24,31,225	21,65,391
Net (asset)/liability recognised	(3,73,077)	6,85,325	(60,328)	(93,397)	15,005

24.10 The Company does not have any pending litigation which would impact its financial position.

24.11 The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

24.12 There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund, by the Company.

**NOTES TO ACCOUNTS FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2019**

- 24.13 Details with regard to Corporate Social Responsibility Expenditure:
Gross amount required to be spent by the Company during the year: Rs.18,27,140/- (P.Y. Rs.15,91,167/-)

Amount spent during the year on:

Particulars	In Cash Rs.	Yet to be paid in Cash Rs.	Total Rs.
(i) Construction/acquisition of any asset (Previous Year)	Nil (Nil)	Nil (Nil)	Nil (Nil)
(ii) On purposes other than (i) above (Previous Year)	3,22,452 (1,00,000)	Nil (Nil)	Nil (1,00,000)

The Company has explained the reasons for leaving some amount unspent, as follows:

The Company is in the process of identifying suitable projects around the vicinity of its branches to implement its Corporate Social Responsibility initiatives. The discussions are in progress with few Social Organisations, Educational Institutions and other Agencies in this regard. The Company feels that it would be very essential to spend sufficient time on identifying correct segment of the society which is in need of support under CSR programme. This correct identification would also help the Company to fully achieve the objective embodied in its Corporate Social Responsibility Policy.

- 24.14 Disclosure with regard to events occurring after the Balance Sheet date is given as below:

The Nature of Event:

Proposed Dividend on Equity Shares and the Tax thereon. The Board has proposed a dividend of 5% i.e. Rs. 0.50 per share on Equity Shares. (P Y 4% i.e 0.40 per equity share).

Estimated Financial Effect:

The aforesaid dividend if approved by the Company at its Annual General Meeting, will result into the cash outflow of the following amounts:

On account of Dividend	Rs. 42,52,575
On account of Tax on Distribution of above dividend	Rs. 8,74,129
Total	Rs.51,26,704

- 24.15 The Company has in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls system over financial reporting were operating effectively as on 31st March, 2019.
- 24.16 There are no contingent liabilities as on 31st March 2019.
- 24.17 The Previous year's amounts are regrouped/reclassified/rearranged wherever necessary.

As per my report of even date

Sd/- N. A. Shanbhag (DIN: 07157128)
Chairman

Sd/- B. Ganapathi Pai (DIN: 07209943)
Sd/- V. M. Girdhar (DIN: 08394257)
Sd/- P. Palanisamy (DIN: 08365753)

Sd/- Gopalakrishna Bhat
Chief Financial Officer

For A. KRISHNA KUMAR & CO.
Chartered Accountants
Firm Registration No.: 012424S

Sd/- T. Sunil Pai (DIN: 00101564)
Executive Director

Directors

Sd/- CA A. Krishna Kumar
Proprietor
Membership No.: 203836

Place : Manipal
Date : 12th June, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

Description	FY 2018 –19		FY 2017–18	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit for the year :	8,59,94,497		7,56,51,822	
Tax expense	3,18,92,654		3,00,30,692	
Net Profit before tax	11,78,87,151		10,56,82,514	
Adjustments for :				
Depreciation	36,31,942		26,71,128	
Gratuity Fund Expense/(Income)	(10,58,402)		7,45,653	
Interest income from Investments	(20,39,000)		(18,55,951)	
Interest expenses	33,53,95,939		30,57,79,514	
Dividend received	(7,30,405)		(3,20,217)	
(Profit)/Loss on sale of assets (net)	(1,44,447)		(2,332)	
Provision for doubtful debts/(Reversal of provision)	(42,85,006)		1,05,76,590	
(Surplus)/Deficit from sale of Investments	(7,25,477)		(26,972)	
Operating profit before working capital changes	44,79,32,295		42,32,49,927	
Adjustments for changes in working capital :				
(Increase)/Decrease in Housing & Other Loans Granted	(47,45,96,581)		(42,57,12,547)	
(Increase)/Decrease in trade and other receivables	7,53,465		(25,58,169)	
(Increase)/Decrease in inventories	11,869		1,429	
Increase/(Decrease) in trade and other payables	(15,61,731)		69,79,884	
Cash Generated from operations (before payment of interest & tax)	(274,60,683)		19,60,524	
Interest paid	(33,51,16,749)		(30,52,82,987)	
Direct taxes (paid)/refund	(3,26,27,674)		(2,30,51,722)	
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase/acquisition of Fixed Assets	(209,63,413)	(39,52,05,106)	(49,65,054)	(32,63,74,185)
Sale of Fixed Assets	2,16,331		15,961	
Purchase of Long Term Investments	(5,01,457)		(50,17,500)	
Sale/Redemption of Long Term Investments	53,11,985		-	
Purchase of Current Investments	-		(225,00,000)	
Sale/Redemption of Current Investments	-		225,26,972	
Interest Received	20,39,000		18,36,378	
Dividend Received	7,30,405		3,20,217	
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(131,67,149)		(77,83,026)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Decrease) in Public Deposits	1,88,26,699		2,58,44,443	
Increase/(Decrease) in Bank/NHB Borrowings	38,78,16,997		30,47,59,810	
Dividend Paid on Equity Shares	(36,21,071)		(34,15,722)	
Dividend Distribution Tax Paid on above	(6,99,304)		(6,92,579)	
Interim Dividend Paid on Preference Shares	(8,89,700)		(11,21,165)	
Dividend Distribution Tax Paid on above	(1,82,440)		(1,82,961)	
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		40,12,51,181		32,51,91,826
Net Increase in Cash and Cash Equivalents		(71,21,074)		(89,65,385)
Opening Balance of Cash & Cash Equivalents		2,63,09,656		3,52,75,041
Closing Balance of Cash & Cash Equivalents		1,91,88,582		2,63,09,656

- Note:** 1) Cash Flow Statement is prepared under Indirect Method as prescribed under Accounting Standard 3.
2) The Company has incurred expenditure towards CSR Activities Rs.3,22,452/- (P. Y. Rs 1,00,000/-) during the year as given in Note 22. The details of expenses required to be spent for CSR Activities are disclosed in Note 24.13 of financial statement. This has been considered as operational activity.
3) Previous year's amounts have been arranged, regrouped and reclassified wherever necessary.

As per my report of even date

Sd/- N. A. Shanbhag (DIN: 07157128)
Chairman

Sd/- B. Ganapathi Pai (DIN: 07209943)
Sd/- V. M. Girdhar (DIN: 08394257)
Sd/- P. Palanisamy (DIN: 08365753)
Directors

Sd/- Gopalakrishna Bhat
Chief Financial Officer

For A. KRISHNA KUMAR & CO.
Chartered Accountants
Firm Registration No.: 012424S

Sd/- T. Sunil Pai (DIN: 00101564)
Executive Director

Sd/- C.A.A. Krishna Kumar
Proprietor
Membership No.: 203836

Place : Manipal
Date : 12th June, 2019

DISCLOSURES REQUIRED BY THE NATIONAL HOUSING BANK

Minimum Disclosures:

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

Summary of Significant Accounting Policies:

The accounting policies regarding key areas of operations are disclosed as Note 24.02 to the accounts.

Disclosure:
Capital:

(Rs. in Crore)

Particulars	Current Year	Previous Year
(i) CRAR (%)	20.27%	19.63%
(ii) CRAR-Tier I Capital (%)	19.41%	18.70%
(iii) CRAR-Tier II Capital (%)	0.86%	0.93%
(iv) Amount of subordinated debt raised as Tier-II Capital	NIL	NIL
(v) Amount raised by issue of perpetual Debt Instruments	NIL	NIL

Reserve Fund u/s 29C of NHB Act, 1987:

(Rs. in Crore)

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987		
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	19.12	17.39
c) Total	19.12	17.39
Addition/Appropriation/Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	0.13	
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	1.59	1.73
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 taken into account which has been taken into account for the purpose 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	-	-
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	20.84	19.12
c) Total	20.84	19.12

Investments:

(Rs. in Crore)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross Value of Investments		
(a) In India	2.56	2.97
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	-	-
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add Provisions made during the year	-	-
(iii) Less: Write-off/Written-back of excess provisions during the year	-	-
(iv) Closing Balance	2.56	2.97

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

The Company has not entered into any Forward Rate Agreement (FRA)/Interest Rate Swap(IRS) during the year.

Exchange Traded Interest Rate (IR) Derivative

The Company has not undertaken any exchange traded interest rate derivative during the year.

Disclosures on Risk Exposure in Derivatives

The Company does not have any exposure in derivatives and hence there is no risk in this regard.

Securitisation

The Company did not enter in to any securitisation deal during the year.

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

There was no sale of financial assets to Securitisation/Reconstruction Company during the year.

Details of Assignment transactions undertaken by HFCs

There were no assignment transactions undertaken during the year.

Details of non-performing financial assets purchased/sold

There were no purchase/sale of non-performing assets during the year.

Assets Liabilities Management (Maturity pattern of certain items of Assets Liabilities)

(Rs. in Crore)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 12 months	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
Liabilities:										
Deposits	4.31	0.14	1.49	3.61	11.47	-	-	-	-	21.02
Borrowings from Bank	3.49	5.73	7.86	51.82	120.28	94.41	66.33	33.40	0.03	383.35
Market Borrowings										
Foreign Currency Liabilities										
Assets:										
Advances	8.61	6.62	6.43	66.78	95.31	67.93	62.85	89.21	68.16	471.90
Investments									2.56	2.56
Foreign Currency Liabilities										

Exposure:
Exposure to Real Estate Sector:

(Rs. in Crore)

Category	Current Year	Previous Year
a) Direct Exposure:		
(i) Residential Mortgages:		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	344.82	315.89
(ii) Commercial Real Estate:		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential building, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	-	-
(iii) Investments in Mortgage Backed securities (MBS) and other Securitised Exposures:		
a) Residential	-	-
b) Commercial Real Estate	-	-
b) Indirect Exposure:		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		

Exposure to Capital Market:

(Rs. in Crore)

Particulars	Current Year	Previous Year
(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;	0.05	0.46
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares of convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii) Bridge loans to Companies against expected equity flows/issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	0.05	0.46

Details of financing of parent Company products:

These details are not applicable since the Company is not a subsidiary of any Company.

Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the HFC:

The Company has not exceeded Single Borrower Limit (SGL)/Group Borrower Limit (GBL) during the financial year.

Unsecured Advances : Nil

Miscellaneous:
Registration obtained from other financial sector regulators:

Regulator	Registration No.
Financial Intelligence Unit – India	FIHFC00035

Disclosure of Penalties imposed by NHB and other regulators:

There were no penalties imposed by NHB or any other regulators during the year.

Related party Transactions:

a) Details of all material transactions with related parties are disclosed in Note 24.04.

b) Policy on dealing with Related Party Transactions.

This policy with regard to Related Party Transactions is adopted in terms of NHB directions on corporate governance vide Circular No. NHB(ND)/DRS/Policy Circular No.79/2016-17 dated 27.4.2017 and in line with the requirement of Section 188 of the Companies' Act, 2013 read with the rules made thereunder and in conformity with applicable accounting standard.

Objectives: This policy seeks to serve the following objectives:

1. To regulate and control related party transactions as intended under Companies' Act/NHB Directions.
2. To ensure that there is a proper system of approval for related party transactions.
3. To ensure disclosure of the related party transactions entered between MHFSL and its related parties.
4. To ensure transparency regarding such transactions; and
5. To improve corporate governance by providing required disclosures of related party transactions.

Definitions under the Policy:

Key definitions of the terms used in this policy are as under:

- a) "Board": The 'Board' refers to the board of Directors of the Company.
- b) "Audit Committee": The 'Audit Committee' means the audit committee constituted by the Board under the provision of Section 177 of the Companies Act, 2013 and as per the directions of NHB vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 09.02.2017.
- c) Key managerial personnel in relation to the Company (MHFSL) cover Managing Director/CEO, Executive Director, Company Secretary, CFO and such other officers as may be prescribed under NHB Directions or Companies' Act, applicable accounting standard or policy adopted by the Board.
- d) Related Party: The term 'Related Party' has been defined under Section 2 (76) of the Companies' Act, 2013 and the same is described under the head "Description of Related Party" here below:
- e) "Arm's length transaction" means transaction between two related or affiliated parties that is conducted as if they were unrelated so that there is no conflict of interest.

Description of Related Party:

Related Party with reference to a Company means:

- i) A Director or his relative.
- ii) A key managerial personnel or his relative.
- iii) A firm in which a Director, Manager or his relative is a partner.
- iv) A Private Company in which a Director or Manager is a director and holds along with his relative more than 2% of the Paid-up Capital of the said Company.
- v) Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager.
- vi) Any person on whose advice, direction or instructions, a Director or Manager is accustomed to act. However, this will not apply to the advice given in a professional capacity.

- vii) Any Company which is holding subsidiary or associate Company or a subsidiary of a holding Company to which it is also a subsidiary.
viii) Such other person as may be prescribed.

Rule 3 of the Companies (Specification of Definitions Details) Rules, 2014 provides that a Director or key managerial personnel of the holding Company or his relative with reference to a Company shall also be deemed to be a related party.

Related Party Transactions:

In terms of definition 'related party transaction' means a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged. "Related Party Transaction" shall have the same meaning as defined under Section 188 (1) of the Companies Act, 2013. Related party transactions their coverage and illustrations are provided elsewhere in this policy.

Related Party Transactions considered Material:

Related Party Transactions considered material include related party transactions where the aggregate value of transactions entered or likely to be entered into with related party during the current financial year is likely to exceed 10% of the annual consolidated turn over of the Company as per the last audited financial statement of the Company.

Relative:

In terms of Section 2 (77) of the Companies' Act, 2013 read with the Companies (Specification of Definitions Details) Rules, 2014 a person is said to be a relative of another, if

- a) They are members of a Hindu undivided family;
- b) They are husband and wife;
- c) Father (including stepfather)
- d) Mother (including stepmother)
- e) Son (including stepson)
- f) Sons' Wife
- g) Daughter (including stepdaughter)
- h) Daughter's Husband
- i) Brother (including stepbrother)
- j) Sister (including stepsister)

Identification of Potential Related Party Transaction:

Every director and key managerial personnel is responsible for providing advance notice to the board or audit committee of any potential related party transaction involving himself or his relatives including any additional information about the transaction that the Board/Audit Committee may require. The Board/Audit Committee shall note the same and record disclosure of interest in this regard.

Approval of Related Party Transactions:

OMNIBUS Approval:

All related Party Transactions require approval of the audit committee/board/shareholders as stipulated in this policy. However, audit committee/board may grant omnibus approval for such transactions subject to following conditions:

1. Transactions which are repetitive in nature and transactions which conform to the criteria laid down for omnibus approval by the NHB/Companies' Act/Board.
 2. If such omnibus approval is in the interests of the Company.
 3. If need for related party transaction cannot be foreseen.
 4. If value of such transaction does not exceed rupees 10 Lakh per transaction.
- All related party transactions which are not under omnibus approval require specific approval by the approving authorities specified here below:

Approving Authorities:

All Related Party Transactions which are in the ordinary course of business and are on arm's length basis up to an amount equivalent to 10% of the annual consolidated turn over of the Company can be approved by the Audit Committee/Board. If the amount exceeds the said limit, then the same should come before the Board for consideration and the Board will take a view on the matter and make its recommendation to the shareholders and final approval will be by the shareholders in the Annual General Meeting through an ordinary resolution.

Related Party Transactions – Coverage:

Related Party Transactions may cover transactions of following types as per applicable accounting standard:

- a) Transfer of resources, services or obligations between the Company and a related party regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in the contract.
- b) Contracts or arrangements entered into with Related Party for the following:
 - i) Sale, purchase or supply of any goods or materials.
 - ii) Selling or otherwise disposing of or buying property any kind.
 - iii) Leasing of property of any kind or hire purchase arrangement.
 - iv) Availing or rendering of any services.
 - v) Transfer of research and development.
 - vi) Appointment of any agent for purchase or sale of goods, materials, services or property.
 - vii) Appointment of related party to any office or position of profit in the Company or its subsidiary or associate Company.
 - viii) License agreements.
 - ix) Finance arrangements including loan and equity contribution in cash or kind.
 - x) Guarantees and collaterals.
 - xi) Agency arrangements, management contracts including deputation of staff.
 - xii) Underwriting the subscription of any securities or derivatives thereof of the Company.
 - xiii) Any other item not specifically defined herein which shall have the same meaning as defined in the Companies' Act, 2013 or applicable accounting standards or, guidelines, directions and instructions issued by National Housing Bank, from time to time.

All Related Party Transactions other than those under OMNIBUS Approval, entered into in the ordinary course of business and transacted at arm's length pricing basis also require approval of Audit Committee/Board.

All the Related Party Transactions which are material require approval by Audit Committee and Board and Board may recommend the same to shareholders for final approval by means of a resolution. All types of transactions as listed above including selling of property and leasing of property amounting to 10 per cent or more of net worth of the Company or 10 per cent or more of turnover require approval by Board and shareholders. Also, availing of services amounting to 10 per cent or more of turnover of the Company require approval by Board and shareholders. These limits apply for transactions entered into individually and or aggregate of transactions during a financial year. In the case of appointment to an office of profit in the Company monthly remuneration/amount payable for service exceeding Rs. 2.5 Lakhs in a financial year require approval of Board and shareholders.

Procedure for granting of Omnibus approval by the Audit Committee/Board:

The Audit Committee/Board may grant Omnibus approval in terms of this policy based on the following criteria:

- i. Frequency of the transactions based on either the past record of similar transactions, or anticipated frequency of such transactions during the current financial year;
- ii. Volumes of transactions undertaken with such related party. The maximum value per transaction shall not exceed Rs.10 Lakhs (Rupees Ten Lakhs) or in the aggregate shall not exceed 1% (one per cent) of the annual consolidated turn over of the Company.
- iii. Disclosure of the following matters to the Audit Committee at the time of seeking omnibus approval is necessary.
 - a. Projected growth rate in business with related party in the financial year for which omnibus approval is sought.
 - b. Contractual terms offered by other parties for similar transactions.
 - c. Adherence to any conditions on the contractual terms with such related parties, for instance, floor and cap on the pricing, credit terms, escalation in costs, quality checks, etc. The Audit Committee will carefully examine the proposal and satisfy itself the need for such omnibus approval and consider grant of such approval for the same in the interests of all development of business of MHFSL.

The Omnibus approval to be granted by the Audit Committee will specify the following:

- i. Name of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into.
- ii. Indicative base price or current contracted price and the formula for variation in the price if any.
- iii. The maximum transaction value and/or maximum period for which the omnibus approval shall be valid.
- iv. Such other conditions as the Audit committee may deem fit.

Also, in circumstances where the need for a Related Party transaction cannot be foreseen or predicted, the Audit Committee may grant approval for such transaction also.

Review of Omnibus Approval:

The Omnibus approval granted for a particular financial year will be reviewed in the first Audit Committee Meeting to be held in the first quarter of the succeeding financial year and the fresh omnibus approval to be granted in that meeting will be valid for the next full financial year. Similarly, the review will take place every year thereafter in the first meeting to be held in the first quarter of the year.

Related Party Transactions for which Audit Committee shall not grant Omnibus approval:

- Transactions which are not in the ordinary course of business and which are not on arm's length pricing basis.
- Transactions in respect of selling or disposing of the undertaking of the Company.
- Transactions which are not in the interest of the Company.
- Such other transactions specified under applicable law from time to time/policy decisions of the Board taken from time to time/directions, guidelines and instructions issued by NHB from time to time, etc.

Procedure for approval of related party transactions not covered under Omnibus approval:

- The Audit Committee shall review all potential/proposed related party transactions to ensure that no conflict of interest exists and evaluate from the angle of arm's length pricing.
- Any member of the Audit Committee who has an interest in the transaction under consideration shall abstain from voting on the approval of the related party transactions.
- The Audit Committee shall have all the rights to call for information/documents in order to understand the scope of the proposed related party transactions and recommend an effective control system for verification of supporting documents.

The Audit Committee shall grant approval for such related party transactions as are within its power/jurisdiction in terms of value per transaction/total amount/nature of transaction, etc. and refer all transactions which are not within its power to the Board for further consideration and decision.

Related Party Transactions which are not approved by the Audit Committee/Board:

If any related party transactions which are not approved come to the notice of the Company, the same has to be placed before the Audit Committee for review. The Audit Committee will examine the same and make its recommendation to the Board. The Board will take a view and evaluate all options which are available.

The options may include any of the following:

- Ratification/approval
- Revision and
- Termination of the related party transaction.

Review of the Policy:

This policy came into force with effect from 01.07.2017. This policy will be reviewed by the Audit Committee/Board on an annual basis i.e., in its first meeting in the first quarter of every financial year. Changes required if any in the light of the changes in the law, amendment to the Company's Act or NHB Directions and guidelines, etc., are recommended by the audit committee to the board. The Board examines the recommendation and revises the policy wherever required. The latest review of all policies including this policy took place on 12th June 2019.

Dissemination of Information:

This approved policy stands displayed on the Website of the Company and a weblink of the same is www.manipalhousing.com. Also, relevant details of related party transactions are disclosed in the Annual Report of the Company.

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

Instrument	Rating Agency	Rating assigned
Deposits	Brickwork Ratings India Pvt. Ltd.	BWR FBBB + Outlook stable
Long term Bank Facilities	Brickwork Ratings India Pvt. Ltd.	BWR BBB + Outlook stable

There were no changes in any of the ratings during the year.

Remuneration of Directors:

Details of Remuneration of Directors are disclosed as part of the Directors Report.

Management:
MANAGEMENT DISCUSSION AND ANALYSIS ON HOUSING SECTOR AND FINANCIAL PERFORMANCE

Housing Finance Sector which happens to be one important part of overall financial sector with its forward and backward linkages to over 250 ancillary industries forms an important component of domestic economy.

a. Industry Structure

Housing Finance Industry comprises Banks and Housing Finance Companies which complement each other. Banks are capable of lending to the housing sector at very competitive rates of interest as they have low cost funds at their disposal in the form of current account deposits and savings bank deposits. Housing Finance Companies do not have such access to low cost funds. In spite of this, NHB registered housing finance companies numbering over sixty in the country play a significant role in financing housing sector including Pradhan Mantri Awas Yojana and credit linked subsidy schemes as applicable to Economically Weaker Section (EWS), Low Income Group (LIG) and Middle Income Group (MIG) etc.

b. Opportunities & Challenges

There is huge shortage of housing units in India to-day both in the urban and rural sector in relation to the requirement. The launch of the housing for all by 2022 mission by the Union Government and the Smart City Programme and other recent urban housing initiatives will generate abundant opportunities for banks and HFCs for lending to the housing sector.

The RERA Act, 2016 which has come into force from 01.05.2016 will go a long way in putting in place necessary operational rules and in creating required institutional infrastructure for protecting the interests of consumers and promoting the growth of real estate sector in an environment of trust and confidence. This Act will also help ensure completion of projects in a time bound manner.

All the same, housing sector may have to face several challenges in the days and years ahead. Absence of a level playing field with banks, absence of access to low cost funds, very low loan limit of Rs.10 Lakhs for indirect housing loans for being reckoned as priority sector loans, etc., are the issues which require to be addressed. In addition, there are local issues at municipal authority level such as inordinate delays in granting necessary permission for house construction, approval of plan issue of e-khata, etc. The twin issues of affordability and accessibility need to be addressed on a sustainable basis.

c. Financial Performance

The year 2018-19 that has rolled by has been a year of satisfactory performance for MHFSL.

The salient aspects of performance in key areas are brought out here below :

(Rs. in Crores)

Product-wise Performance	Previous Year	Current Year	Increase in %
Housing/Mortgage Loans	385.38	422.91	10.97
Other loans	39.06	48.99	12.54
Financial Performance:			
YEAR ENDED AS ON	31.03.2018	31.03.2019	
Interest Income	47.24	50.99	
Other Income	0.24	0.53	
Total Income	47.48	51.52	
Interest Expended	30.76	33.86	
Net Interest Income	16.48	17.13	
Operating Expenses	4.83	5.51	
Provisions	1.06	0	
PBT	10.57	11.79	
PAT	7.57	8.60	
Total Loans outstanding (Net)	424.44	471.90	
Tangible Net worth	56.71	64.79	

Product-wise Performance	Previous Year	Current Year	Increase in %
Capital Employed	427.42	472.52	
Housing/Mortgage Loans	385.38	422.91	
Jewel Loans	37.61	48.92	
Total assets	439.18	487.65	
Key Ratios %			
Net Interest Margin	3.94	3.70	
Yield on Advances (%)	11.70	11.38	
Interest/Borrowed funds (%)	8.72	8.73	
Interest Spread (%)	2.98	2.65	
Operating expenses/Avg capital employed (%)	1.19	1.22	
PAT Margin (%)	15.92	16.68	
RONW (%)	14.21	14.14	
ROTA (%)	1.81	1.85	
Overall Debt/Equity Ratio (Times)	6.86	6.80	
Interest Coverage Ratio (Times)	1.25	1.25	
Capital Adequacy Ratio (CAR) (%)	19.63	20.27	
Tier 1 CAR	18.70	19.41	
Gross NPA (%)	1.38	1.25	
Net NPA (%)	0.54	0.61	
Net NPA/Net Worth (%)	0.25	0.96	

d. Future Outlook

The long term growth prospects of the Indian economy still remains positive because of several favourable factors such as young population, healthy savings and investment rates, low inflation, accommodative monetary policy stance recently adopted by RBI and the anticipated further rate cuts in the days to come.

e. Risks & Concerns

However, there is a risk of increase in crude oil prices, may cause upside risks to inflation. Global factors may also cause disruption in the market. With several steps and new initiatives expected by the present Government in the coming days and particularly with the measures and policy initiatives to be announced in the forthcoming budget, the Indian economy may register faster growth. As a result there will be emergence of newer and better opportunities for housing finance companies like ours for lending and business expansion in the days to come.

f. Internal Control System

MHFSL has put in place proper internal control system. There is a system of internal audit which is undertaken on an on-going basis by a firm of Chartered Accountants. The internal audit covers all aspects of functioning and all transactions and accounts relating to loans, deposits, expenditure, purchases, fees, interest on deposits, borrowings from banks, investments, etc. Loan documents are verified by an experienced retired bank officer who had long credit exposure in a bank.

Branches are inspected by a team of officers every quarter. Prompt action is taken to rectify the observations made by internal auditors and inspectors. Audit Committee of the Board verifies the observations/items of findings which are pending for rectification in its quarterly meetings.

The present system of internal control is considered adequate having regard to the size of the Company and volume of business. The Company engages M/s. N. P. Pai & Co., Chartered Accountants, Udupi, (Firm Registration No.115271W / Membership No.039351) as its Internal Auditor.

g. Human Capital

Human Capital refers to the employees' competencies, talents, knowledge, expertise, experience, commitment and loyalty and capability to utilise the same for fulfilling the needs and expectations of stake holders. It also covers training programmes and development programmes organised for the benefit of employees. The function of management of human capital is carried on by the HO personnel department. The Company has 125 employees as on 31.03.2019. There is cordial employee and industrial relation in the Company. MHFS Ltd. provides adequate training opportunities to staff at various levels including deputation to NHB training programmes.

Net profit or loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's profit and loss.

Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

Accounting Standard 21 – Consolidated Financial Statements (CFS)

It is not applicable since there is no subsidiary to MHFSL.

Additional Disclosures:

Provisions and Contingencies

(Rs. in Crore)

Break-up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
1. Provisions for depreciation on investment	–	–
2. Provision made towards Income tax	2.70	2.65
3. Provision towards NPA	0.0	0.67
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	0.12	0.39
5. Other Provision and Contingencies (with details)		

(Rs. in Crore)

Break-up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount	339.03	310.15	126.96	108.43
b) Provisions made	1.28	1.28	0.98	0.85
Sub-Standard Assets				
a) Total Outstanding Amount	1.62	0.99	0.00	0.05
b) Provisions made	0.24	0.15	0.00	0.01
Doubtful Assets – Category-I				
a) Total Outstanding Amount	0.94	1.26	0.05	0
b) Provisions made	0.23	0.32	0.01	0
Doubtful Assets – Category-II				
a) Total Outstanding Amount	1.59	1.09	0.00	0.07
b) Provisions made	0.84	0.68	0.00	0.03

Doubtful Assets – Category-III				
a) Total Outstanding Amount	1.64	2.40	0.07	0
b) Provisions made	1.64	2.40	0.07	0
Loss Assets				
a) Total Outstanding Amount	0	0	0	0
b) Provisions made	0	0	0	0
TOTAL				
a) Total Outstanding Amount	344.82	315.89	127.08	108.55
b) Provisions made	4.23	4.83	1.06	0.89

Draw Down from Reserves

During Financial Year there was no draw down from Reserves.

Concentration of Public Deposits, Advances, Exposures and NPAs
Concentration of Public Deposits

(Rs. in Crore)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	20.66	18.59
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	98%	97%

Concentration of Loans and Advances

(Rs. in Crore)

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	96.16	88.78
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	20.12%	20.64%

Concentration of all Exposure (Including off-balance sheet exposure)

(Rs. in Crore)

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/customers	96.16	88.78
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	20.12%	20.64%

Concentration of NPAs

(Rs. in Crore)

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	2.19	2.00

Sector-wise NPAs

(Rs. in Crore)

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector
A. Housings Loans:		
1.	Individuals	1.23
2.	Builders/Project Loans	0
3.	Corporates	0
4.	Others (specify)	0
B. Non-Housing Loans:		
1.	Individuals	0.02
2.	Builders/Project Loans	0
3.	Corporates	0
4.	Others (specify)	0

Movements of NPAs:

(Rs. in Crore)

Particulars	Current Year	Previous Year
(i) Net NPAs to Net Advances (%)	0.61	0.54
(ii) Movement of NPAs (Gross)		
a) Opening balance	5.86	5.07
b) Additions during the year	1.62	1.04
c) Reductions during the year	1.58	0.25
d) Closing balance	5.90	5.86
(iii) Movement of NPAs		
a) Opening balance	0.14	0.42
b) Additions during the year	0.48	0.00
c) Reductions during the year	0.00	0.28
d) Closing balance	0.62	0.14
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	3.58	2.91
b) Provisions made during the year	0.00	0.67
c) Write-off/write-back of excess provisions	0.55	-
d) Closing balance	3.03	3.58

Overseas Assets

The Company did not have any overseas assets at any point of time during the year.

Off-balance Sheet SPVs sponsored

There were no Off-balance Sheet SPVs sponsored during the year.

Customers Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	0	0
b) No. of complaints received during the year	0	2
c) No. of complaints redressed during the year	0	2
d) No. of complaints pending at the end to the year	0	0



MANIPAL HOUSING FINANCE SYNDICATE LIMITED
REGISTERED OFFICE: MANIPAL HOUSE, MANIPAL – 576 104 (UDUPI)

FORM NO. MGT-11
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 of the Member(s)

Registered Address

E-mail Id Folio No./Client ID DP ID

I/We, being the member(s) of shares of the above named Company. Hereby appoint

Name : E-mail Id:

Address:

Signature, or failing him.....

Name : E-mail Id:

Address:

Signature, or failing him.....

Name : E-mail Id:

Address:

Signature, or failing him.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Wednesday, the 21st August, 2019 at 4.00 p.m. at Regd. Office: "Manipal House", Manipal – 576 104 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution(s)	Vote	
		For	Against
1.	Adoption of statement of Profit & Loss, Balance Sheet, report of Director's and Auditor's for the financial year 31 st March, 2019.		
2.	To confirm the payment of interim dividend on Cumulative Redeemable Preference Shares and to declare dividend on the Equity Shares for the Financial Year ended March 31, 2019.		
3.	To appoint a Director in place of Sri B. Ganapathi Pai, who retires by rotation, and being eligible offers himself for re-appointment.		
4.	Re-appointment of M/s A. Krishna Kumar & Co., Chartered Accountants, Mangalore as Statutory Auditors & fixing their remuneration.		

* Applicable for investors holding shares in Electronic form.

Signed this _____ day of _____ 2019

Affix
Revenue
Stamp

Signature of Shareholder

Signature of Proxy holder

Signature of the shareholder
across Revenue Stamp

- Note:** 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2) The proxy need not be a member of the Company.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

33rd Annual General Meeting on Wednesday, the 21st August, 2019 at 4.00 p.m.

Full name of the members attending

(In block capitals)

Ledger Folio No./Client ID No. No. of shares held:

Name of Proxy

(To be filled in, if the proxy attends instead of the member)

I hereby record my presence at the 33rd Annual General Meeting of the Company held on Wednesday, the 21st August, 2019 at 4.00 p.m.

(Member's/Proxy's Signature)

- Note:** 1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
2) The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
3) A Proxy need not be a member of the Company.
4) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
5) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.

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Printed Matter – BOOK-POST

33rd
ANNUAL REPORT, 2018–19

If undelivered, please return to:

Manipal Housing Finance Syndicate Ltd.
Registered Office : Manipal House
MANIPAL – 576 104