



## **11<sup>TH</sup> Annual Report**

**2017-18**

**REGISTERED OFFICE**  
4<sup>TH</sup> FLOOR, NARAYAN CHAMBERS,  
B/H.PATANG HOTEL, ASHRAM ROAD,  
AHMEDABAD – 380009.



## **MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED**

### **ANNUAL REPORT 2017-2018**

**Corporate Identification No.** : U74900GJ2007PLC051383

**Registered Office** : 4<sup>th</sup> Floor, Narayan Chambers  
B/h. Patang Hotel, Ashram Road,  
Ahmedabad – 380 009.  
Gujarat.

**Board of Directors:**

Mr. Kamlesh Gandhi	:	Chairman & Managing Director
Mr. Mukesh Gandhi	:	Whole-Time Director & Chief Financial Officer
Mrs. Darshana Pandya	:	Director & Chief Operating Officer
Mr. Bala Bhaskaran	:	Independent Director
Mr. Chetan Shah	:	Independent Director
Mr. Subir Nag	:	Independent Director

**Company Secretary:**

Mr. Darshil Hiranandani

**Auditors:**

M/s. Rajpara Associates  
Chartered Accounts  
202/B, Shivalik-10, Opp. SBI Zonal Office,  
Nr. Snehkunj, S.M. Road, Ambawadi,  
Ahmedabad – 380 006

**Registrar & Share Transfer Agent:**

Karvy Computershare Pvt. Ltd  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500 032  
P: +91 40 6716 1602 | M: +91 9870495653

## NOTICE

**NOTICE** is hereby given that the Eleventh (11<sup>th</sup>) Annual General Meeting (AGM) of the members of MAS Rural Housing & Mortgage Finance Limited will be held at 09:00 A.M., on Wednesday, the 27<sup>th</sup> day of June, 2018 at 5<sup>th</sup> Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009 to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statement of the Company for the year ended March 31, 2018 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity and preference shares.
3. To appoint a Director in place of Mr. Mukesh Gandhi, (DIN 00187086), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.
4. To ratify the appointment of Auditors and to fix their remuneration and in this regards pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, the appointment of M/s. Rajpara Associates, Chartered Accountants, (Firm Registration No. 113428W), Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 12<sup>th</sup> Annual General Meeting be and is hereby ratified and their appointment be at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable GST and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit."

### SPECIAL BUSINESS:

5. To amend the object clause of the Memorandum of Association of the Company and in this regards pass with or without modification(s), the following resolution as an Special Resolution:

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

**"RESOLVED THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force), and the rules framed there under and the Observations received from the National Housing Board as per their letter (ND)/HFC/DRS/11216/2017 dated November 15, 2017, consent of the Members of the Company be and is hereby accorded, subject to the approval of the Registrar of Companies, Gujarat & Dadra Nagar Haveli to append following sub clause 6 and 26 of clause III (B) of the Memorandum of Association of Company:





6. To enter into any arrangement for sharing or pooling profits, amalgamations, union of interest, co-operation, joint venture, reciprocal concessions or to amalgamate with any person or company carrying on or engaged in or about to carry on or engaged in any business, undertaking or transactions which this company is authorised to carry on or engaged in any business, undertaking or transactions which may seem capable of being carried on or conducted, so as directly or indirectly, to benefit the company.
26. To refer or agree to refer any claims, demands, disputes or any other questions by or against company or in which the company is interested or concerned and whether between the Company and the member or members or his or their representatives or between the Company and third party to arbitration in India and to observe, perform and to do all acts, deeds, matters and things to carry out or enforce the awards.

**FURTHER RESOLVED THAT** for the purpose of giving effect to this resolution, any of the Director of the Company be and is hereby authorised, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary E-form with the Registrar of Companies, Gujarat and Dadra Nagar Haweli."

Place : Ahmedabad  
Date : May 2, 2018



By order of the Board

*Darshan Hiranandani*  
Darshan Hiranandani  
Company Secretary  
(A47986)

## NOTES:

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

**The proxy form, to be valid and effective, should be lodged at the registered office of the Company, duly completed and signed, not less than forty-eight hours before the commencement of the AGM.**

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carry 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 proxy and such person shall not act as a proxy for any other person or shareholder.**

The relative Explanatory Statement, pursuant to Section 102(2) of the Companies Act, 2013 in respect of the special business under item No. 5 is annexed hereto.

Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, May 23, 2018 to Friday, May 25, 2018, (both days inclusive) for determining the entitlement of the shareholders to the payment of dividend.

Subject to the provisions of Section 126 of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the AGM, will be dispatched/remitted commencing on or after June 27, 2018.

All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the AGM and other statutory registers shall be available for inspection by the Members at the registered office of the Company during office hours on all working days between 11.00 a.m. and 1.00 p.m. on all working days of the Company from the date hereof up to the date of ensuing annual general meeting.

In terms of the provisions of Section 124 of the Companies Act, 2013, the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Government.

In accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014 this Notice and the Annual Report of the Company for the financial year 2017-18 are being sent by e-mail to those Members who have registered their e-mail address with the Company (in respect of shares held in physical form) or





with their DP (in respect of shares held in electronic form and made available to the Company by the Depositories.

The Company requests those Members who have not yet registered their e-mail address, to register the same directly with their DP, in case shares are held in electronic form and to the Company, in case shares are held in physical form.

The Annual Report 2017-18 of the Company is also available on the Company's website at [www.mrhmfli.co.in](http://www.mrhmfli.co.in)

For Security reasons and for proper conduct of AGM, entry to the place of the AGM will be regulated by the Attendance Slip, which is annexed to this Notice. Members/ Proxies are requested to bring their Attendance Slip in all respects and signed at the place provided there at and hand it over at the entrance of the venue. The route map of the AGM venue is also annexed to this Notice.



## **ANNEXURE TO THE NOTICE:**

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013  
setting out material facts.

As required under Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 5 of the Notice.

### **Item No. 5**

Pursuant to the Observation Letter received from NHB vide NHB (ND)/HFC/DRS/11216/2017 dated November 15, 2017 they are of the opinion that the Company should amend the Object Clause of the Memorandum of Association of the Company.

According to their observation they have proposed to amend the MOA by deleting the word "Partnership" in the clause no. B (6) of the Memorandum of Association of the Company and revised the said clause as:

- To enter into any arrangement for sharing or pooling profits, amalgamations, union of interest, co-operation, joint venture, reciprocal concessions or to amalgamate with any person or company carrying on or engaged in or about to carry on or engaged in any business, undertaking or transactions which this company is authorised to carry on or engaged in any business, undertaking or transactions which may seem capable of being carried on or conducted, so as directly or indirectly, to benefit the company.

Further as per their letter they have proposed to amend clause no. B (26) by deletion of the words "or at any place outside India" and amend the said clause as the following:

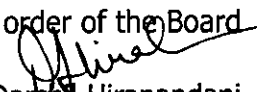
- To refer or agree to refer any claims, demands, disputes or any other questions by or against company or in which the company is interested or concerned and whether between the Company and the member or members or his or their representatives or between the Company and third party to arbitration in India and to observe, perform and to do all acts, deeds, matters and things to carry out or enforce the awards.

Your Board, accordingly, recommends passing of the resolution as set out at Item No. 5 of this Notice, for the approval of the Members.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

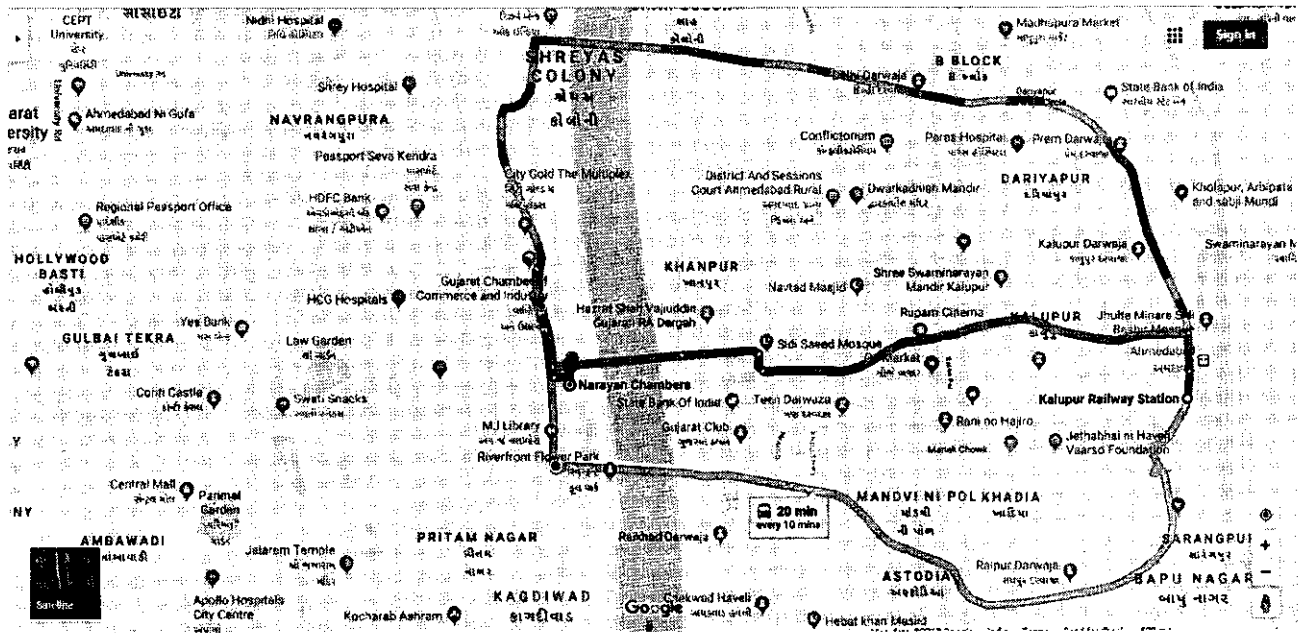
Place : Ahmedabad  
Date : May 2, 2018



By order of the Board  
  
Darshil Hiranandani  
Company Secretary  
(A47986)



## Route Map to the Venue of AGM:







## **DIRECTORS' REPORT**

To,  
The Members,  
**MAS Rural Housing & Mortgage Finance Limited**  
Ahmedabad.

Your Directors have pleasure to present the Eleventh (11<sup>th</sup>) Annual Report of your Company together with the Audited Statement of Accounts for the year ended on March 31, 2018.

The Company's financial performance for the year under review along with previous year's figures is given hereunder:

### **SUMMARISED FINANCIAL HIGHLIGHTS:**

**(Amount in Rs.)**

Particulars	March 31, 2018	March 31, 2017
Interest Income	25,53,66,027.00	21,62,66,959.00
Income from Operations & Other Sources	1,72,72,593.00	1,67,81,835.00
<b>Total Income</b>	<b>27,26,38,620.00</b>	<b>23,30,48,794.00</b>
<b>Total Expenditure</b>	<b>23,39,60,008.00</b>	<b>19,97,20,984.00</b>
Profit before Depreciation and Taxes	3,86,78,612.00	3,33,27,810.00
Depreciation and Amortization	43,78,994.00	41,53,889.00
<b>Profit before Taxes</b>	<b>3,42,99,618.00</b>	<b>2,91,73,921.00</b>
Provision for Taxation (including Deferred Tax)	93,12,875.00	97,04,451.00
<b>Profit after Taxes</b>	<b>2,49,86,743.00</b>	<b>1,94,69,470.00</b>
Profit brought forward from previous year	5,06,10,101.00	3,76,60,631.00
<b>Profit available for Appropriation</b>	<b>7,55,96,844.00</b>	<b>5,71,30,101.00</b>
<b>Appropriations</b>		
Reserves u/s. 29-C of the NHB Act, 1987 and Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961	78,30,000.00	65,20,000.00
Proposed Dividend (including Interim dividend)	40,18,458.00	-
Dividend Distribution Tax on Proposed Dividend	7,81,543.00	-
Surplus Balance carried to B/S	6,29,66,843.00	5,06,10,101.00





## **BUSINESS PERFORMANCE:**

The portfolio at the end of the year 2017-18 was INR 203.95 Cr., showing an increase of 15.60% as compared to the previous year. The quality of the portfolio remained robust during the period. Which has always remained the main plank of the company. The net NPA of the company improved to 0.28% as compared to 0.35% in the year 2016-17. This performance is withstanding the various macro headwinds during the year.

During the year under review the Interest Income of the Company is INR 25.54 Cr. in comparison to the previous year income of INR 21.63 Cr. showing an upward trend of 18.08%. Further, the total income of the Company has also increased at around 17% in comparison to the previous Financial Year.

The profit after taxes stands up to INR 2.49 Cr. during the year compared to the profits of INR 1.95 Cr. during the Previous Year which shows an increase of 28.34% profits compared to the Previous Year.

The Company continues to pursue the path of sustainable development and continues to remain confident to gain momentum in the coming years, given the Company's efforts at the ground level, accompanied by the encouraging response and the activity of the developers in the affordable housing space. The company's initiative to fund the affordable housing projects is expected to yield desired results in building up the quality portfolio. Numbers of new housing finance companies have entered the arena this year also; however the market size is too huge as the supply in the affordable housing space is increasing remarkably which creates an opportunity for various well managed Housing Finance Institutions to co-exist.

The government initiative of housing for all accompanied by providing subsidy is also the step in the right direction for the development of the sector.

The company is committed to deliver quality credit to this sector and is on the mission:

***"To be a very significant provider of efficient financial services in the housing loan segment, thereby being the catalyst in realizing the dreams of the millions of households, especially among the LIG and MIG class in semi urban and rural areas and create value on a very large scale."***

The Company continues to focus on creating quality assets, aware of the fact that, extending loans to the informal and the rural class of the society is in its nascent stage and hence it has its own set of challenges, which is being dealt very carefully and efficiently. As stated earlier, the Board has taken a conscious decision to build up the portfolio slowly during the initial years of operations and concentrate more on understanding the market we serve and setting the suitable credit evaluation process. "Extending credit where it is due." remains the basic plank and putting the same into practice requires abundance of perseverance and patience. The key positive of the same is





building up of quality assets.

### **RURAL INITIATIVE :**

The rural initiative continues to remain one of the major focuses of the Company. The company believes and practices the policy of adapting to the ground level realities as fast as possible. Rural housing finance is undoubtedly a huge market, characterized by number of challenges ranging from financial literacy to acceptable titles of the property. However we are confident of finding sustainable solutions to each of the challenges, we face during our journey.

We firmly believe that once the business cycle is set, regular business may be expected from all the areas of operations. The company follows the business model of serving such villages through dedicated relationship officers who are responsible to offer them customized housing financing solution. Based on the experience of these villages necessary change in the business model will be implemented to explore the latent potential of the segment.

### **SYSTEMS AND OPERATIONS:**

The current year also sharpened our learning curve to a considerable extent. The feedback from the customers, relationship officers and the vigilant analysis of the credit team enabled us to frame a well-articulated credit screens which we very firmly believe will be a major lever to serve the targeted segment effectively. The effectiveness of the credit screen is reflected in the quality of the portfolio. The company is now focusing to improve its turnaround time for disbursing the loans without compromising with the quality of credit. Various efforts are undertaken such as training the relationship officers, the branch credit officers, and the credit team at the central processing unit.

Adequate care is taken for providing efficient post disbursement services to the customers.

Various educative programs organized by NHB (National Housing Bank) gives us in depth insight of the housing finance activities, process, appraisal techniques and the focus of the government in this sector.

### **RESOURCES:**

The Net Owned Fund of the Company as on March 31, 2018 is Rs. 27.20 Cr. Number of institutions have shown keen interest in participating in the future debt and the capital requirement of the Company. Company is quite optimistic to tie up their financial requirement for the year 2018-19.

### **NATIONAL HOUSING BANK (NHB) COMPLIANCES:**

MRHMFL continues to comply with the guidelines issued by NHB regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, 'Know Your Customer'- (KYC), fair practices code and capital





market exposures. The National Housing Bank Act, 1987, empowers NHB to levy a penalty on Housing Finance Companies for contravention of the Act or any of its provisions. NHB has not levied any penalty on MRHMFL during the year.

### **HUMAN RESOURCE:**

We understand the importance of this very important resource and are always eager to harness the latent potentiality of our young team. Continuous training and motivational programs play an important role in their performance. The company throughout the year supported its team to excel.

### **DIVIDEND:**

Your Directors recommend a final dividend at a fixed rate of 8% p.a. to the preference shareholders amounting to Rs. 32,00,000/- (Rupees Thirty Two Lakh Only) and a final dividend at the rate of 0.24% to the equity shareholders amounting to Rs. 4,32,838/- (Rupees Four Lakh Thirty Two Thousand Eight Hundred and Thirty Eight Only) for the financial year ended on March 31, 2018.

### **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:**

During the year under review there were no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

### **STATUTORY AUDITORS:**

In terms of the transitional provisions applicable to Statutory Auditors under the Companies Act, 2013, Rajpara Associates, Chartered Accountants (Firm Registration No. 113428W), Ahmedabad were appointed as the statutory auditors of the Company for a period of 5 (five) years in the 10<sup>th</sup> Annual General Meeting (AGM) of the Company held on June 2, 2017.

Further, as per provisions of Section 139(1) of the Act, the appointment Rajpara Associates, Chartered Accountants (Firm Registration No. 113428W), Ahmedabad is subject to ratification by Members at every AGM. The certificate of eligibility under applicable provisions of the Companies Act, 2013 and corresponding Rules framed thereunder was furnished by them towards appointment of a 5 (Five) year term.

As required by the provisions of the Companies Act, 2013, their appointment should be ratified by members each year at the AGM. Rajpara Associates, Chartered Accountants (Firm Registration No.





113428W), Ahmedabad has confirmed that ratification of their appointment, if made at the ensuing AGM, shall be in accordance with the conditions specified in the Act. Accordingly, requisite resolution forms part of the Notice convening the Annual General Meeting.

**EXPLANATION OR COMMENTS BY BOARD ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS:**

There were no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report are not applicable to the Company.

**PUBLIC DEPOSITS:**

The Company is Housing Finance Company registered with NHB not accepting public deposits and is prohibited from accepting public deposits and therefore the Company has not accepted deposits from public during the year under review.

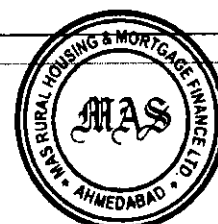
**EXTRACT OF ANNUAL RETURN AS PER SECTION 92(3) OF COMPANIES, ACT, 2013:**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 has been disseminated on the website of the Company viz. [www.mrhmf.co.in/annual-reports.html](http://www.mrhmf.co.in/annual-reports.html) as per the provisions of the Companies (Amendment) Bill, 2017 as an **Annexure A (MGT-9)**.

**INFORMATION OF BOARD OF DIRECTORS, AND ITS MEETINGS:**

• **Composition and Category of Directors on date of this report is:**

Name of the Director / Key Managerial Personnel	No. of other Directorships*	No. of Board Meetings attended during 2017-2018	Attendance at the AGM held on June 2, 2017
<b>Whole-time Directors</b>			
Mr. Kamlesh Gandhi Chairman & Managing Director DIN: 00044852	3	4	Yes
Mr. Mukesh Gandhi Whole-time Director & Chief Financial Officer DIN: 00187086	4	4	Yes





Mrs. Darshana Pandya Director & Chief Operating Officer DIN: 07610402	1	4	Yes
<b>Independent Directors</b>			
Mr. Bala Bhaskaran Independent Director DIN: 00393346	3	4	Yes
Mr. Chetan Shah Independent Director DIN: 02213542	1	4	Yes
Mr. Subir Nag Independent Director DIN: 02169915	Nil	4	Yes
<b>Key Managerial Personnel</b>			
Ms. Vrunda Patel** Company Secretary	Nil	4	Yes
Mr. Darshil Hiranandani Company Secretary^	Nil	Nil	N.A.

\* Excluding Directorship of MAS Rural Housing & Mortgage Finance Limited;

\*\* Resigned w.e.f. March 8, 2018

^ Appointed w.e.f. May 2, 2018

We believe that our Board needs to have an appropriate mix of Executive and Independent Directors to maintain its independence, and separate its functions of governance and management. Further, Mrs. Darshana Pandya, Director & Chief Operating Officer of the Company, is designated as Woman Director for the Company in terms of second proviso to the Section 149 (1) of the Companies Act, 2013. The Composition of Board fulfills the regulatory requirements.

- **Details of Directors or Key Managerial Personnel (KMP) who were appointed or have resigned during the year:**

Sr. No.	Name of the KMP or Director	Designation	Date of Appointment	Date of Cessation
1.	Ms. Vrunda Patel	Company Secretary	-	08/03/2018

- **Directors eligible for retirement by rotation:**

In accordance with the requirement of Companies Act, 2013 and pursuant to the applicable provisions of Articles of Association, Mr. Mukesh Gandhi, Whole-time Director of the Company is





eligible to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

During the year under review, Mrs. Darshana Pandya who was appointed as an Additional Director w.e.f. December 14, 2016, her appointment has been regularized as Director in the Tenth (10<sup>th</sup>) Annual General Meeting (AGM) of the Members of the Company held on June 2, 2017.

• **Board Meetings:**

Regular meetings of the Board are held at least once in a quarter to review the Quarterly Results and other items on the agenda, and also on the occasion of Annual General Meeting (AGM). Additional Board meetings are convened to discuss and decide on various business policies, strategies and other businesses. The Company Secretary drafts the Agenda for each meeting, along with explanatory notes, in consultation with the Directors, and distributes these in advance to the Directors.

The gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Act.

Every Board Member can suggest the inclusion of additional items in the agenda.

The Company had 4 Board Meetings during the financial year under review.

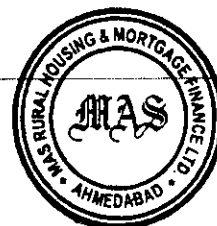
Sr. No.	Date of Meeting	Total Number of Directors as on the date of Meeting	Number of Directors attended
1.	10-May-17	6	6
2.	10-Aug-17	6	6
3.	06-Nov-17	6	6
4.	23-Jan-18	6	6

Ms. Vrunda Patel\*, Company Secretary and Compliance Officer acts as the Secretary to the Board.

\* Resigned w.e.f. March 8, 2018.

**Independent Directors and Evaluation of Directors and the Board :**

In terms of Section 149 of the Companies Act, 2013 and rules made there under, the Company has three Non-Promoter Independent Directors in line with the Companies Act, 2013. The Company has received necessary declaration from each independent director under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013.





With the objective of enhancing the effectiveness of the board, the Nomination and Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board and each director. The evaluation of the performance of the board is based on the approved criteria such as the board composition, strategic planning, role of the Chairman, non-executive directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the board and adherence to compliance and other regulatory issues.

A separate meeting of Independent Directors was held on January 23, 2018 to review the performance of Non-Independent Directors and Board as whole.

### **INFORMATION OF COMMITTEE AND ITS MEETINGS**

#### **• Audit Committee:**

Our Audit Committee comprised of 3 Directors as on March 31, 2018:

- a. Mr. Bala Bhaskaran - Chairman
- b. Mr. Chetan Shah - Member
- c. Mr. Mukesh Gandhi - Member

Ms. Vrunda Patel\*, Company Secretary and Compliance Officer acts as the Secretary to the Audit Committee.

\* Resigned w.e.f. March 8, 2018.

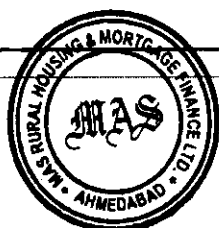
The composition of committee inter alia meets with the requirement of section 177 of the Companies Act, 2013.

The Scope of Audit Committee is enhanced in accordance with the Companies Act, 2013.

The Company has established a vigil mechanism and overseas through the Committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

The Company had 4 Audit Committee Meetings during the Financial Year under review:

Sr. No.	Date of Meeting	Total Number of Members as on the date of Meeting	Number of Members attended
1.	10-May-17	3	3
2.	10-Aug-17	3	3







3.	06-Nov-17	3	3
4.	23-Jan-18	3	3

• **Nomination and Remuneration Committee:**

The Company constituted its Remuneration Committee on 6<sup>th</sup> October, 2011 and the nomenclature of the Remuneration Committee was changed to "Nomination and Remuneration Committee" on 20<sup>th</sup> February, 2015 pursuant to section 178 of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 by way of resolution passed in accordance with, provisions of the Companies Act, 2013.

Our Nomination and Remuneration Committee comprised of 3 Directors as on March 31, 2018:

- a. Mr. Bala Bhaskaran - Chairman
- b. Mr. Chetan Shah - Member
- c. Mr. Subir Nag - Member

Ms. Vrunda Patel\*, Company Secretary and Compliance Officer acts as the Secretary to the Nomination and Remuneration Committee.

\* Resigned w.e.f. March 8, 2018.

The Company had 2 Nomination & Remuneration Committee Meetings during the Financial Year under review:

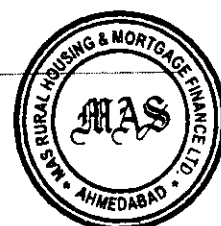
Sr. No.	Date of Meeting	Total Number of Members as on the date of Meeting	Number of Members attended
1.	10-May-17	3	3
2.	08-Mar-18	3	3

The composition of committee inter alia meets with the requirement of section 178 of the Companies Act, 2013.

The role and responsibilities, Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other related matters are in conformity with the requirements of the Companies Act, 2013.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:





- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- (c) 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.
- (d) The directors have prepared the annual accounts on a going concern basis.
- (e) The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively.

**STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:**

The Company has received declarations from each Independent Director of the Company under section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence as prescribed under sub section (6) of section 149 of the Companies Act, 2013.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

The Company being a Housing Finance Company registered with National Housing Bank with the principal business, inter alia, of Housing Finance, the provisions of Section 186 except sub-section (1) are not applicable to it. However, there are no investments made during the year in any Company in accordance with the provisions of Section 186(1) of the Companies Act, 2013 and hence no particulars thereof as envisaged under Section 134(3)(g) are covered in this Report.

**PARTICULARS CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188:**

The particulars of Contracts or Arrangements made with related parties pursuant to Section 188 during the year are furnished in **Annexure B** (Form AOC-2) and is attached to the report.





## **CAPITAL:**

### **1. AUTHORISED SHARE CAPITAL:**

During the year under review, there was no Change in the Authorised Share Capital of the Company.

*The Authorised Share Capital as on March 31, 2018 was:*

Rs. 30,00,00,000/- (Rupees Thirty Crores Only) divided into 3,00,00,000 (Three Crores) Shares of Rs. 10/- each, which is further divided as Rs. 23,00,00,000/- (Rupees Twenty Three Crores Only) divided into 2,30,00,000 [Two Crores Thirty Lakh] Equity shares of Rs. 10/- each and Rs. 7,00,00,000/- [Rupees Seven Crores Only] divided into 70,00,000 [Seventy Lakh] Preference Shares of Rs. 10/- each

### **2. PAID UP SHARE CAPITAL:**

During the year under review, there was no Change in the Paid Up Share Capital of the Company.

*The Paid Up Share Capital as on March 31, 2018 was:*

Rs. 22,03,49,200/- (Rupees Twenty Two Crore Three Lakh Forty Nine Thousand and Two Hundred Only) divided into 2,20,34,920 Shares of Rs. 10/- each which is further divided as Rs. 18,03,49,200/- divided into 1,80,34,920 Equity Shares of Rs. 10/- each and Rs. 4,00,00,000/- (Rupees Four Crore Only) divided into 40,00,000 8% optionally convertible Preference Shares of Rs. 10/- each.

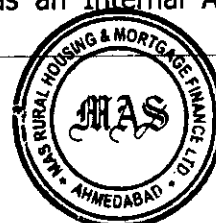
## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Since the Company is not engaged in any manufacturing activities, the particulars relating to Conservation of Energy and Technology Absorption are not applicable.

Also, the Company did not enter into any Foreign Exchange Transaction during the financial year; hence there is nothing to report on Foreign Exchange Earning and Outgo.

## **ADEQUACY OF INTERNAL FINANCIAL CONTROL:**

The Companies Act, 2013 read with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 re-emphasizes the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. The Company has devised proper system of internal financial control which is commensurate with size and nature of Business. Even, the Board has appointed M/s. MAAK & Associates, Chartered Accountants as an Internal Auditor of the





Company pursuant to provisions of Section 138 of the Companies Act, 2013 in order to ensure proper internal financial control.

### **RISK MANAGEMENT:**

Company's Risk Management framework provides the mechanism for risk assessment and mitigation. The Company has a risk management policy approved by the Board for identifying, evaluating, monitoring and minimizing the identifiable risks in the organization. The company also has Asset Liability Management Committee (ALCO) and Audit Committee for overseeing the risk management measures.

### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

The Company does not have any Subsidiary, Joint Venture and Associate Company.

### **PARTICULARS OF EMPLOYEES:**

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

### **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

The Company is committed to provide a safe and conducive work environment to its employees.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **GENERAL DISCLOSURE:**

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134(3) of the Act and Rule 8 of The Companies (Accounts) Rules, 2014 to the extent the transactions took place on those items during the year.

Your Directors further state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Details of Annual Report on Corporate Social Responsibility as Company is not falling within the criteria as prescribed u/s 135 of the Companies Act, 2013;
- Issue of Equity Shares with differential rights as to dividend, voting or otherwise;





- c. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and ESOS;
- d. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future

#### **ACKNOWLEDGEMENTS:**

Your Directors sincerely express their deep appreciation to employees at all levels, bankers, customers and shareholders for their sustained support and co-operation and hope that the same will continue in future.

For & On behalf of the Board of Directors of  
**MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED**



**KAMLESH C. GANDHI**  
**CHAIRMAN & MANAGING DIRECTOR**  
**DIN: 00044852**

**Date : May 2, 2018**  
**Place : Ahmedabad**

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **• Industry Structure and Developments:**

The wheels of change continued to roll in the country with the launch of the Goods and Services Tax (GST) and the Real Estate Development and Regulation Act (RERA). While the GST would be a long-term positive for the economy, it had its initial implementation issues and the overall economy bore the brunt of the changes with traders and Medium and Small Scale Enterprises (MSME) getting adversely affected.

The Reserve Bank of India (RBI) continued to keep an eye on the inflation and therefore did not lower the benchmark rates during the year. However, on account of the weak credit offtake, banks continued to aggressively price their lending products, putting pressure on incremental spreads for the lenders.

While the last quarter of the financial year under review witnessed some positive signs in terms of production, export growth and lower inflation, the rising Non Performing Assets (NPAs) levels and large scale financial scams in the banking sector dampened sentiments.

The government reviewed the urban housing shortage numbers and reduced the shortage projections from the earlier 18.76 million units to 10 million dwelling units. While the government has been promoting housing and has offered various sops for the industry to meet the shortage, the sluggish offtake of housing and low supply numbers could still impact the achievement of the target of Housing for All by 2022.

### **• Real Estate Industry**

The real estate market also witnessed the implementation of the RERA. While the implementation of RERA has been slow in many states, the provisions enshrined in the Act are definitely going to alter the landscape for real estate developers. RERA, however, would require higher disclosure and procedural requirements and could affect the viability of small scale developers. The immediate effects were witnessed in the industry with new project launches declining and demand continuing to remain sluggish. Even the drop in property prices in few pockets could not enthuse customers to make their purchase decision and unsold inventory levels continued to remain high.

The RBI in its recent policy has projected GDP growth to strengthen from 6.6 per cent during 2017-18 to 7.3 – 7.4 per cent in the first half and 7.3 – 7.6 per cent in the second half of FY18-19. It has kept the repo rate at 6.00 per cent, with inflation expected to be in the region of 4.4 per cent with- a variation band of 0.1 – 0.3 per cent.

### **• Market Scenario**

The Pradhan Mantri Awas Yojana (PMAY) and particularly the Credit Linked Subsidy Scheme (CLSS) besides the incentives offered to developers is expected to usher in the supply of affordable homes for the low income segment. However the slow pace of activity across all major cities clearly indicates that the desired supply in the low income segment has not come into the market. As a result, the growth in outstanding mortgages continues to be tepid.





While the Banks and Housing Finance Companies (HFCs) continued their aggressive pricing on home loans, the rising NPA levels in the market reflected the distress in the MSME and self-employed segments. The combined impact of compressed spreads and rising NPA could hurt the profitability of HFCs in the long run.

The lower demand for housing and pressure to grow the assets under management has also compelled lenders to opt for loan takeovers resulting in higher prepayments. The smaller HFCs have been more impacted by the prepayments further putting pressure on their viability and challenging their ability to sustain the price war.

Many of the lenders have opted for a change in the product mix and are offering higher yielding products such as Loan Against Property and inventory financing. However, the risks associated with such products are higher and the balance sheet strength would largely determine the ability of the lenders to take such risk.

While the industry has witnessed the entry of many new players, the rising NPAs and the inability to upscale has raised many challenges so far. Newer players would have to therefore factor in these challenges before entering this competitive landscape.

Overall, the year ahead looks challenging with the industry having to face the pressures of lower incremental spreads, higher prepayments and higher NPA levels. The continuing effects of GST on the MSME and self-employed segment are also a factor to be considered which could affect delinquencies. However, there is hope of the demand as well as the supply improving in the market going forward which should benefit the stronger and efficient players.

## **Overview**

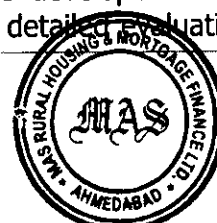
We, MAS Rural Housing & Mortgage Finance Limited ("MRHMFL") are a housing finance company registered with National housing Bank. MRHMFL has an endeavor to realize the dream of millions of Indian House Holds to "OWN A HOME". The focus is to serve the middle income segment of the society, which we reckon as one of the key drivers of the housing industry. This segment is largely characterized by the informal but credit worthy class. This class is spread across the length and breadth of the country, be it urban, semi-urban or rural.

Extending "Credit where it is due" remains the main plank, as far as credit delivery is concerned in consistent with the endeavor of the group since the last two decades of building quality assets.

Mission of MRHMFL is to be a very significant provider of efficient financial services in the housing loan segment, thereby being a catalyst in realizing the dreams of the millions of households, especially among the LIG and MIG class in semi urban and rural areas and create value on a very large scale.

## **• Loan Products**

MRHMFL's major focus has been to provide home loans to individuals and families for purchase, construction and extension and renovation. MRHMFL provides loans to individuals who are salaried, self-employed professionals, self-employed non-professionals and agriculturist. MRHMFL also provides construction finance to developers who are developing housing projects and commercial properties on the basis of detailed evaluation of the project.





Apart from home loans MRHMFL provides loan for purchase, construction of commercial property on non-agricultural land situated within municipal/local development authority limits.

MRHMFL also offers home loans under the Rural Housing Fund (RHF) scheme wherein loans are given in rural areas for following categories viz. Backward classes or Minority Community or Women owners or families having annual household income less than Rs. 3 lakh. Since NHB offers refinance at concessional rate of interest under the scheme, the ultimate rate of interest applicable on loans to beneficiaries is regulated with a cap on the spread.

MRHMFL has also signed an MOU with the NHB which is the Central Nodal Agency under the Pradhan Mantri Awas Yojana (PMAY) for the Credit Linked Subsidy Scheme (CLSS) for both EWS/LIG categories. The subsidy received from the Government through the Central Nodal Agency under this scheme, is being passed on to the beneficiaries by way of prepayment with a reduction in their instalments.

- **Marketing Efforts**

To ensure a deeper geographic reach, MRHMFL has been sourcing retail business through third party channels by appointment of MRHMFL Referral Associates. Referral Associates only source loans while MRHMFL retains control over the credit, legal and technical appraisals.

MRHMFL is operating in four states - Gujarat, Maharashtra, Madhya Pradesh and Rajasthan. MRHMFL has 69 offices across these four states.

MRHMFL conducts outreach programmes from its retail offices to potential taluka places. The outreach marketing programme also serves as collection centre for collecting instalments besides providing services of enquiry handling and file opening.

- **Disbursements**

MRHMFL disbursed Rs. 78.49 Crores during the year as against Rs. 82.38 Crores in the previous year. MRHMFL disbursed loans of Rs. 31.70 Crores (previous year Rs. 36.04 Crores) for home purchase and renovation.

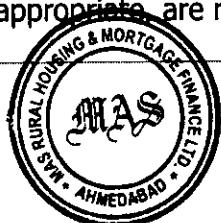
MRHMFL disbursed home loans to 451 families (previous year 628 families) and the average home loan to individuals was maintained at Rs. 0.07 Crores.

MRHMFL disbursed loans of Rs. 5.38 Crores (previous year Rs. 2.74 Crores) for purchase of Non Residential Property/Commercial Property and Rs. 41.41 Crores (previous year Rs. 43.60 Crores) to developers.

- **Loans**

The loan approval process at MRHMFL is decentralised with varying approval limits. Approvals of lending proposals are carried out by retail sanctioning committees/persons up to the limits delegated.

Approvals beyond certain limits are referred to the Committee of Management. Larger proposals, as appropriate, are referred to the committee of directors, set up by the Board.







During the year, MRHMFL's total outstanding loans increased to Rs. 203.95 Crores from Rs. 176.43 Crores and registered a growth of 15.60%.

MRHMFL's total outstanding home loans to individuals of Rs. 127.75 crores constitute 62.64% of the total outstanding loans. Loans to individuals for non-residential premises (NRP) of Rs. 11.87 Crores constituted 5.82% of the total outstanding loans. The outstanding loans to developers of Rs. 64.33 Crore constituted 31.54% of the total outstanding loans.

- **Provision for Standard Assets, NPAs and Contingencies**

As per the prudential norms prescribed by NHB for Standard Loan Assets, HFCs are required to carry a provision of 0.25% on individual Home Loans, 1% on individual NRP/Commercial Loans, 0.75% on developer loans for residential projects and 1% on developers loan for commercial projects.

Accordingly, MRHMFL has made a provision of Rs. 1.08 Crore towards Standard Loan Assets comprising individual home loans, individual NRP/Commercial Loans and developer loans aggregating to Rs. 200.35 Crore.

As per the prudential norms of NHB, MRHMFL has identified Non Performing Assets (NPAs) and made required provisions on such NPAs besides not recognising income in respect of such NPAs. An asset is NPA if the interest or principal instalment is overdue for 90 days.

MRHMFL's NPAs as at March 31, 2018 were Rs. 0.74 Crores on which MRHMFL has made a provision of Rs. 0.19 Crores as per NHB norms. MRHMFL therefore carries a total provision of Rs. 1.27 Crores on its total assets including standard assets and non-performing loans.

- **NHB Guidelines and Prudential Norms**

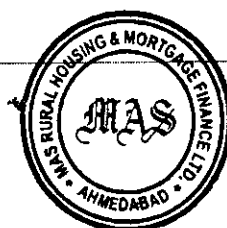
MRHMFL has complied with the guidelines issued by NHB regarding accounting guidelines, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, Know Your Customer (KYC) guidelines and Anti Money Laundering (AML) Standards, Fair Practices Code, grievance redressal mechanism, recovery of dues.

MRHMFL's total borrowings as at March 31, 2018 of Rs. 167.82 Crores were within the permissible limit of NHB Directions.

MRHMFL's CAR as at March 31, 2018 was 31.82% as against NHB's prescribed limit of 12%. The Capital Adequacy on account of Tier I Capital was 26.81% while the Capital Adequacy on account of the Tier II Capital was 5.01%.

- **Risks & Concerns**

Risk Management is the process by which the company identifies, measures, monitors and controls its risk exposure in order to ensure that risks are within the tolerance level set by the company and are clearly understood at relevant levels across the Company.



### **Asset Liability Management Committee [ALCO]**

For management of Market Risk, the Board has constituted the Asset Liability Management Committee (ALCO). It functions on the basis of a policy detailing the objectives & scope of Asset Liability Management in the company, duly approved by the Board. The role of ALCO is to:

- a. Review at periodic intervals the Liquidity Risk through Structural Liquidity and Dynamic Liquidity, Interest Rate Risk sensitivity.
- b. Review the pricing of various products of the company.
- c. Evaluate new business products, any variants of the existing products or any cost cutting measure, with particular focus on the pricing aspects, and make suitable recommendations to the company.

### **Credit Risk Management**

For management of credit risk, the board has constituted Credit Policy. Operational team functions on the basis of a policy detailing the objective and scope. The company has adopted mechanism of categorization of borrowers in different categories on the basis of their profile and risk attached.

The company has recognised following risk mitigants:

- Adjusting the cost of credit according to the credit strength of the borrower.
- Credit tightening, or reducing the amount of credit available to higher risk applicants;
- Diversification or increasing the portfolio mix of borrowers.
- Interest rate sensitivity analysis.

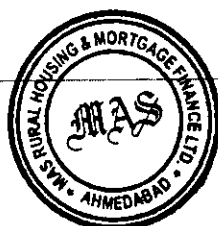
### **Operational Risk**

Operational Risk is the chances of loss associated with company's operations. Examples of such loss events are (I) external fraud, (ii) internal fraud, (iii) damage to physical assets, (iv) loss on account of faulty business practices and procedures, (v) business disruption and system failures (vi) Employment practices and workplace safety (vii) Execution Delivery and Process Management etc.

Operational Risk of the company is overseen by a Director & COO along with internal members of the company set up for the purpose. Internal control system would be set up led by Manager Operation which would report to Director & COO. Major discrepancies if any would be reported to audit committee by Director & COO.

The company has recognised following risk mitigants:

- **Task Segregation:** Effective segregation of tasks and duties reduces internal theft and risks related to fraud. This prevents one individual from taking advantage of the numerous aspects of transactions and business processes or practices.



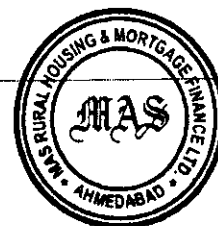


- **Curtailing complexities in business processes:** Reducing complexity in different business processes radically mitigates operational risks. Curtailing manual activities and the number of people and exceptions that rise during the implementation of business processes is important.
- **Reinforcing organizational ethics:** Creating a strong ethical compass within the organization is highly effective in mitigating operational risks management. Organizational ethics can be reinforced by combining personal values and principles of the workforce with the ideology of the organization.
- **The right people for the right job:** Having the right people in the right jobs can reduce issues pertaining to business process execution and skill and technology usage. This also results in appropriate workforce utilization, adherence to timelines, enhanced quality, and fewer errors and process breakdowns.
- **Monitoring and evaluations at regular intervals:** Business processes are more effective with well-designed performance indicators in place. Key Performance Indicators (KPIs) are critical for timely detection and mitigation of risks, provided they are continuously monitored and reviewed. This helps to identify discrepancies proactively and manage them accordingly.
- **Periodic risk assessment:** Periodic assessments of all facets of operational risks bring more relief to organizational management. It is imperative to be risk-ready by gauging regulatory obligations, IT assets, skills, competencies, processes and business decisions.
- **Look back and learn:** Risk incidents and various remedial activities employed in the past make way for some of the most effective strategies to counter future risks. Previous risk occurrences help to implementing a stronger, proactive operational risk management framework. It also supports real-time amendments that suit the current operating scenario.

### Market Risk

Market risk is the potential loss due to changes in market prices or values. It is also known as systematic risk or un-diversifiable or volatility risk. This type of risk is both unpredictable and impossible to completely avoid.

- Making adequate Loss provisions to cover expected losses.
- Screening alternative courses of action by performing a risk assessment, and enforcing a threshold criterion for acceptable risk. Alternatives that fail to meet the set criterion are rejected.
- Assessment of potential demands for liquidity during a stressful period relative to the potential sources of liquidity.
- Expanding the size and number of available sources, for example, the interbank market.



- **Central Registry**

The Government of India has set up the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) under section 21 of the SARFAESI Act, 2002 to have a central database of all mortgages created by lending institutions. The object of this registry is to compile and maintain data relating to all transactions secured by mortgages. All Banks & Housing Finance Companies (HFCs) which fall under the purview of SARFAESI Act are required to register with CERSAI and submit the data in respect of all properties mortgaged in its favour. The lending institutions are required to pay fees for uploading the data of mortgage.

- **Internal Audit and Control**

MRHMFL has an adequate system of internal control in place which has been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting. MRHMFL has documented procedures covering all financial and operating functions.

MRHMFL has robust internal audit programme, where the internal auditors, an independent firm of chartered accountants, conduct a risk-based audit with a view to not only test adherence to laid down policies and procedures but also to suggest improvements in processes and systems. Their audit program is agreed upon by the Audit Committee. Internal audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations.

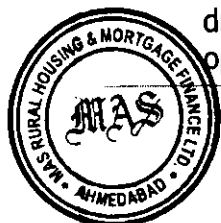
- **Statement of Profit and Loss**

Key elements of the statement of profit and loss for the year ended March 31, 2018 are:

- ❖ Profit before tax grew by 17.57% as against 31.72% in the previous year.
- ❖ Profit after tax grew by 28.34% as against 31.36% in the previous year.
- ❖ Current year income tax provision amounted to Rs. 0.86 Crore as compared to Rs. 0.83 Crore in the previous year. The effective income tax rate for the current year was 25.02% against 28.41% in the previous year.
- ❖ Pre-tax return on average assets was 1.80% in the current year as against 1.90% in the previous year. Post-tax return on average assets was 1.31% as against 1.27% in the previous year.
- ❖ The Earnings Per Share (Basic) was Rs. 1.18 for the current year against Rs. 1.08 for the previous year.

- **Human Resource**

The Company believes that the quality and dynamism of its human capital has enabled it to significantly enhance customer experience and stakeholder's value. In order to sustain its growth the company works relentlessly towards being customer-focused, performance-driven and ready for the future. The company provides employment and growth opportunities to more than 212 employees with the human resource strength growing with





the size and operation of the company. The talent management strategy of the Company strives to deliver its unique talent promise of 'building holistic business leaders. The enthusiasm of staff members continued to be high in sustaining positive growth of disbursements and in maintaining healthy recoveries. With the high level of commitment and loyalty by staff members, MRHMFL is confident to face the challenges of the tougher market conditions.

- **Cautionary Statement**

The statements made in this report describing the Company's objectives, estimations, expectations or projections, outlooks constitute forward-looking statements within the meaning of applicable securities laws and regulations. Actual results may differ from such expectations, projections, among others, whether express or implied. The statements are based on certain assumptions and future events over which the Company has no direct control. The Company assumes no responsibility to publicly amend, modify and revise any of the statements on the basis of any subsequent developments, information or events.

*(Source/References: 'Economic Times dated November 15, 2017; Economic Times dated April 5, 2017)*





## ANNEXURE A TO DIRECTORS' REPORT

### **MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED**

#### **FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on March 31, 2018**

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

#### **I. REGISTRATION AND OTHER DETAILS:**

1.	CIN	U74900GJ2007PLC051383
2.	Registration Date	24/07/2007
3.	Name of the Company	MAS Rural Housing & Mortgage Finance Limited
4.	Category / Sub-category of the Company	Company limited by shares
5.	Address of the Registered office & contact details	4 <sup>th</sup> Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad-380 009. Ph No. – 079 – 4110 6500 / 733 Website : <a href="http://www.mrhmf.co.in">www.mrhmf.co.in</a> E-Mail : <a href="mailto:mrhmf@mas.co.in">mrhmf@mas.co.in</a>
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 P: +91 40 6716 1602   M : +91 9870495653

#### **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.)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Activities of Housing Finance	65922	100.00%





### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

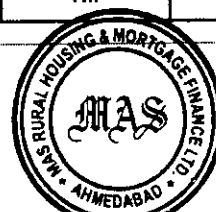
Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1.	MAS Financial Services Limited 6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road, Ahmedabad - 380 009.	U65910GJ1995PLC026064	Holding	59.61	Section 2(46) of Companies Act, 2013.

### IV. SHAREHOLDING PATTERN:

(Equity Share Capital Breakup as percentage of Total Equity)

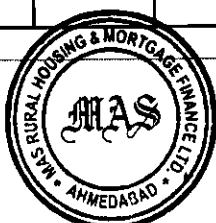
#### i) Category-Wise Shareholding:

Category of Shareholders	No. of Shares held as on April 1, 2017.				No. of Shares held as on March 31, 2018.				% change during the year
A. PROMOTERS	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(1) Indian</b>									
a) Individual / HUF	7284620	Nil	7284620	40.39	7284620	Nil	7284620	40.39	Nil
b) Central Govt. Or State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corporate	10750000	Nil	10750000	59.61	10750000	Nil	10750000	59.61	Nil
d) Bank / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>SUB TOTAL: (A) (1)</b>	18034620	Nil	18034620	100.00	18034620	Nil	18034620	100.00	Nil
<b>(2) Foreign</b>									
a) NRI- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil





d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>SUB TOTAL: (A)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL SHAREHOLDING OF PROMOTER (A)= (A)(1)+(A)(2)</b>	18034620	Nil	18034620	100.00	18034620	Nil	18034620	100.00	Nil
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>SUB TOTAL (B)(1):</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>(2) Non Institutions</b>									
a) Bodies corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders	300	Nil	Nil	*0.00	300	Nil	Nil	*0.00	Nil





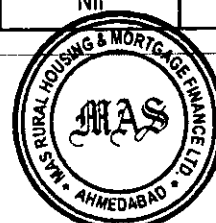


holding nominal share capital upto Rs. 1 lakhs									
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>SUB TOTAL (B)(2):</b>	300	Nil	Nil	*0.00	300	Nil	Nil	*0.00	Nil
<b>TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)</b>	300	Nil	Nil	*0.00	300	Nil	Nil	*0.00	Nil
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>GRAND TOTAL (A+B+C)</b>	18034920	Nil	18034920	100	18034920	Nil	18034920	100	Nil

\* Insignificant Shareholding.

## ii) Share Holding of Promoters:

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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	Mr. Mukesh C. Gandhi	3402310	18.87	Nil	3402310	18.87	Nil	Nil
2	Mr. Kamlesh C. Gandhi	2060980	11.43	Nil	2060980	11.43	Nil	Nil
3	Ms. Shweta Kamlesh Gandhi	1821330	10.1	Nil	1821330	10.1	Nil	Nil
4	M/s. <b>MAS</b>	10750000	59.61	Nil	10750000	59.61	Nil	Nil

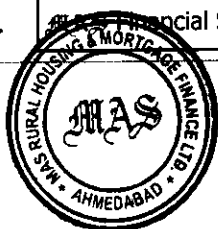




Financial Services Limited							
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**iii) Change In Promoters' Shareholding ( Specify, if there is no change):**

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1.	Mr. Kamlesh Gandhi				
	As at 01/04/2017	2060980	11.43	2060980	11.43
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	No change			
	As at 31/03/2018	2060980	11.43	2060980	11.43
2.	Mr. Mukesh Gandhi				
	As at 01/04/2017	3402310	18.87	3402310	18.87
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	No change			
	As at 31/03/2018	3402310	18.87	3402310	18.87
3.	Ms. Shweta Gandhi				
	As at 01/04/2017	1821330	10.1	1821330	10.1
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	No change			
	As at 31/03/2018	1821330	10.1	1821330	10.1
4.	MAS Financial Services Limited	No. of Shares	% of total	No of shares	% of total





			shares of the company		shares of the company
	As at 01/04/2017	10750000	59.61	10750000	59.61
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	No change			
	As at 31/03/2018	10750000	59.61	10750000	59.61

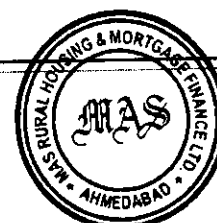
**iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & Holders of GDRS & ADRS):**

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.	Mr. Saumil Pandya				
	As at 01/04/2017	100	*0.00	100	*0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	100	*0.00	100	*0.00

\* Insignificant Shareholding.

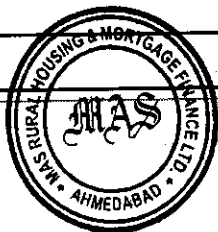
**v) Shareholding of Directors & KMP:**

Sl. No.	Particulars	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Kamlesh Gandhi – Chairman & Managing Director				
	As at 01/04/2017	2060980	11.43	2060980	11.43
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			





	equity etc)				
	As at 31/03/2018	2060980	11.43	2060980	11.43
2.	Mr. Mukesh Gandhi – Whole-Time Director & CFO				
	As at 01/04/2017	3402310	18.87	3402310	18.87
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	3402310	18.87	3402310	18.87
3.	Mrs. Darshana Pandya – Director & COO				
	As at 01/04/2017	100	*0.00	100	*0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	100	*0.00	100	*0.00
4	Mr. Chetan Shah – Independent Director				
	As at 01/04/2017	—	—	—	—
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	—	—	—	—
5	Mr. Subir Nag – Independent Director				
	As at 01/04/2017	—	—	—	—
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	—	—	—	—
6	Mr. Bala Bhaskaran – Independent Director				
	As at 01/04/2017	100	*0.00	100	*0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	100	*0.00	100	*0.00





Ms. Vrunda Patel – Company Secretary**				
As at 01/04/2017	—	—	—	—
7 Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
As at 31/03/2018	—	—	—	—

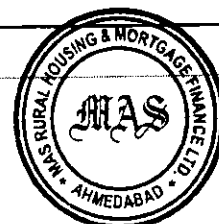
\* Insignificant Shareholding.

\*\* Resigned w.e.f. March 8, 2018.

### (Preference Share Capital Breakup as percentage of Total Preference)

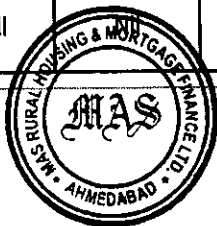
#### i) Category-Wise Shareholding:

Category of Shareholders	No. of Shares held as on April 1, 2017.				No. of Shares held as on March 31, 2018.				% change during the year
A. PROMOTERS	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1) Indian									
a) Individual / HUF	4000000	Nil	4000000	100.00	4000000	Nil	4000000	100.00	Nil
b) Central Govt. Or State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bank / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL: (A) (1)	4000000	Nil	4000000	100.00	4000000	Nil	4000000	100.00	Nil
(2) Foreign									
a) NRI- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.									
d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil





<b>SUB TOTAL: (A)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL SHAREHOLDING OF PROMOTER (A)= (A)(1)+(A)(2)</b>	4000000	Nil	4000000	100.00	4000000	Nil	4000000	100.00	Nil
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>SUB TOTAL (B)(1):</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>(2) Non Institutions</b>									
a) Bodies corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individuals shareholders	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil





holding nominal share capital in excess of Rs. 1 lakhs									
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>SUB TOTAL (B)(2):</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>GRAND TOTAL (A+B+C)</b>	4000000	Nil	4000000	100.00	4000000	Nil	4000000	100.00	Nil

## ii) Share Holding of Promoters:

SI No.	Shareholders 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	Mr. Mukesh C. Gandhi	2000000	50.00	Nil	2000000	50.00	Nil	Nil
2	Mr. Kamlesh C. Gandhi	1000000	25.00	Nil	1000000	25.00	Nil	Nil
3	Ms. Shweta Kamlesh Gandhi	1000000	25.00	Nil	1000000	25.00	Nil	Nil



**iii) Change In Promoters' Shareholding (Specify, if there is no change):**

Sl. No.	Shareholders Name	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	Mr. Kamlesh Gandhi				
	As at 01/04/2017	1000000	25.00	1000000	25.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	No change			
	As at 31/03/2018	1000000	25.00	1000000	25.00
2	Mr. Mukesh Gandhi				
	As at 01/04/2017	2000000	50.00	2000000	50.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	No change			
	As at 31/03/2018	2000000	50.00	2000000	50.00
3	Mrs. Shweta Gandhi				
	As at 01/04/2017	1000000	25.00	1000000	25.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	No change			
	As at 31/03/2018	1000000	25.00	1000000	25.00





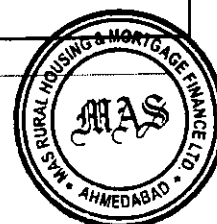


**iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & Holders of GDRS & ADRS):**

Not Applicable

**v) Shareholding of Directors & KMP:**

Sl. No.	Particulars	Shareholding		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Kamlesh Gandhi – Chairman & Managing Director				
	As at 01/04/2017	1000000	25.00	1000000	25.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	1000000	25.00	1000000	25.00
2	Mr. Mukesh Gandhi – Whole-Time Director & CFO				
	As at 01/04/2017	2000000	50.00	2000000	50.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	2000000	50.00	2000000	50.00
3	Mrs. Darshana Pandya – Director & COO				
	As at 01/04/2017	—	—	—	—
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	—	—	—	—
4	Mr. Chetan Shah – Independent Director				
	As at 01/04/2017	—	—	—	—
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			



	As at 31/03/2018	—	—	—	—
	Mr. Subir Nag – Independent Director				
	As at 01/04/2017	—	—	—	—
5	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	—	—	—	—
	Mr. Bala Bhaskaran – Independent Director				
	As at 01/04/2017	—	—	—	—
6	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	—	—	—	—
	Ms. Vrunda Patel – Company Secretary**				
	As at 01/04/2017	—	—	—	—
7	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2018	—	—	—	—

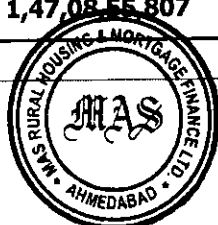
\*\* Resigned w.e.f. March 8, 2018.

## V. INDEBTEDNESS:

**Indebtedness of the Company including interest outstanding / accrued but not due for payment:**

(Amount In Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	1,46,91,39,597	Nil	7,71,86,665	1,54,63,26,262
ii. Interest due but not paid	Nil	Nil	Nil	Nil
iii. Interest accrued but not due	17,16,210	Nil	25,78,527	42,94,737
<b>Total (i+ii+iii)</b>	<b>1,47,08,55,807</b>	<b>Nil</b>	<b>7,97,65,192</b>	<b>1,55,06,20,999</b>





Change in Indebtedness during the financial year				
• Net Addition / (Reduction)	20,94,72,464	-	5,60,20,010	26,54,92,474
Indebtedness at the end of the financial year				
i. Principal Amount	1,67,81,82,417	Nil	12,84,72,150	1,80,66,54,567
ii. Interest due but not paid	Nil	Nil	Nil	Nil
iii. Interest accrued but not due	21,06,706	Nil	73,13,052	94,19,758
<b>Total (i+ii+iii)</b>	<b>1,68,02,89,123</b>	<b>Nil</b>	<b>13,57,85,202</b>	<b>1,81,60,74,325</b>

**Note:** All the deposits are security deposits received from customers for loan.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole time director and/or Manager:

(Amount In Rs.)

Sl No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Mr. Kamlesh Gandhi Chairman & Managing Director	Mr. Mukesh Gandhi Whole-time Director & Chief Financial Officer	Mrs. Darshana Pandya – Director & Chief Operating Officer	
1.	Gross salary				
	a. Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	19,20,000	19,20,000	9,78,000	48,18,000
	b. Value of perquisites u/s 17(2) of the Income tax Act, 1961	Nil	Nil	Nil	Nil
	c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission				





	- as % of profit	Nil	Nil	Nil	Nil
	- others (specify)	Nil	Nil	Nil	Nil
5.	Others, please specify (Electricity Charges Reimbursement)	Nil	Nil	Nil	Nil
<b>Total A</b>		<b>19,20,000</b>	<b>19,20,000</b>	<b>9,78,000</b>	<b>48,18,000</b>

## B. Remuneration to other directors:

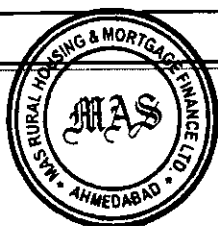
(Amount In Rs.)

Sl. No.	Particulars Remuneration	of	Name of Directors			Total Amount
			Mr. Bala Bhaskaran	Mr. Chetan Shah	Mr. Subir Nag	
1	Independent Directors					
	a. Fee for attending board committee meetings	1,05,000	85,000	45,000	2,35,000	
	b. Commission	Nil	Nil	Nil	Nil	
	c. Others, please specify.	Nil	Nil	Nil	Nil	
	Total (1)	1,05,000	85,000	45,000	2,35,000	
2	Other Non Executive Directors					
	a. Fee for attending board committee meetings	Nil	Nil	Nil	Nil	
	b. Commission	Nil	Nil	Nil	Nil	
	c. Others, please specify.	Nil	Nil	Nil	Nil	
	Total (2)	Nil	Nil	Nil	Nil	
	Total (B)=(1+2)	1,05,000	85,000	45,000	2,35,000	

## C. Remuneration To Key Managerial Personnel other than MD / Manager / WTD:

(Amount In Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		<b>Company Secretary</b>	
1.	<b>Gross Salary</b> a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 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	4,13,059	4,13,059
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil





4.	Commission - as % of profit - others (specify)	Nil Nil	Nil Nil
5.	Others, please specify	Nil	Nil
Total		4,13,059	4,13,059

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

**NONE**

For & On behalf of the Board of Directors of  
**MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED**



**KAMLESH C. GANDHI**  
**CHAIRMAN & MANAGING DIRECTOR**  
**DIN: 00044852**

**Date : May 2, 2018**  
**Place : Ahmedabad**



## ANNEXURE B TO DIRECTORS' REPORT

### **MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED**

#### **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.

**I. Details of Contracts or Arrangements or Transactions at Arms length basis for the year ended March 31, 2018.**

Sl No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MAS Financial Services Limited (MFSL)
b.	Nature of contracts / arrangements / transaction	Availing of Services
c.	Duration of the contracts / arrangements / transaction	One Year
d.	Salient terms of the contracts or arrangements or transaction including the value, if any.	MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities- Usage of commercial premises of MFSL, furnitures & fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly.
e.	Justification for entering into such contracts or arrangements or transactions.	MRHMFL is in requirement of the premises, assets and infrastructure which is available with MFSL. So, to fully utilise the premises, MRHMFL has requested MFSL to provide several amenities, services, facilities- Usage of commercial premises for carrying on business smoothly.
f.	Date of approval by the Board	10/08/2017
g.	Amount paid as advances, if any	No such amount was paid as advances.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A





**II. Details of Contracts or Arrangements or Transactions not at Arms length basis.**

Sl No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	N.A.
b.	Nature of contracts/arrangements/transaction	N.A.
c.	Duration of the contracts/arrangements/transaction	N.A.
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A.
e.	Justification for entering into such contracts or arrangements or transactions.	N.A.
f.	Date of approval by the Board	N.A.
g.	Amount paid as advances, if any	N.A.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

For & On behalf of the Board of Directors of  
**MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED**



*Kamlesh C. Gandhi*

**KAMLESH C. GANDHI**  
**CHAIRMAN & MANAGING DIRECTOR**  
**DIN: 00044852**

**Date : May 2, 2018**  
**Place : Ahmedabad**



## ANNEXURE C

### POLICY ON RELATED PARTY TRANSACTIONS

#### 1) Prelude

The Company is a Housing Finance Company registered with the National Housing Bank, and is engaged in providing home loans rural, semi-urban and urban areas.

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

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

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

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

As per the requirements of Notification No. NHB. HFC. CG-DIR.1/MD&CEO/2016 issued by the National Housing Bank (NHB) vide which the NHB notified the Housing Finance Companies- Corporate Governance (National Housing Bank) Directions, 2016, the company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

#### 2) Objective of the Policy

The objective of this policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, and any other laws and regulations as may be applicable to the Company; and (c) lay down guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the company and any of its related parties in the best interest of the Company.

#### 3) Applicability and Legal Framework

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







#### **4) Definitions**

**"Arm's length transaction ('ALP')"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**"Related Party"**, with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013.

**"Related Party Transaction" (RPT)** means – for the purpose of Companies Act, 2013, specified transactions mentioned in clause (a) to (g) of sub-section 1 of Section 188 of the Act.

#### **5) Policy on Related Party Transactions:**

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

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

#### **6) Identification of potential related parties and transactions**

Identification of related parties shall be as prescribed under section 2(76) of the Companies Act, 2013 and identification of related party transactions shall be as prescribed under section 188 of the Companies Act, 2013.

#### **7) Approval of Related Party Transactions**

##### **a) Prior Approval of Audit Committee**

All Related Party Transactions of the Company as prescribed under the Act shall require prior approval of Audit Committee, whether at a meeting or by way of a Resolution by circulation.

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

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

- a) The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy on Related





Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

- b) The criteria for making omnibus approval shall include the following which shall be approved by the Board:-
- Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.
  - The maximum value per transaction which can be allowed.
  - Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
  - Review, at such interval as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each of the omnibus approval made.
  - Transactions which cannot be subject to the omnibus approval by the Audit Committee.

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

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

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

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

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

Such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

#### **b) Approval of the Board of Directors of the Company:**

For the provisions of Section 188 of the Act, all kinds of transactions specified under the





said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval. In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

1. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
2. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
3. Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.

**c) Approval of the Shareholders of the Company:**

All kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

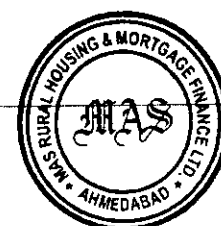
**8) Disclosures**

MRHMFL shall disclose, in the Board's report, transactions prescribed in section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

**9) Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate. In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

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### **Independent Auditor's Report**

**To the Members of  
MAS Rural Housing and Mortgage Finance Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **MAS Rural Housing and Mortgage Finance Limited** which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, 2018, and its profit and its Cash Flow for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



- c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



Place: Ahmedabad

Date: 02 MAY 2018

For RAJPARA ASSOCIATES  
Chartered Accountants  
FRN 113428W

Jay Soni  
M. No. 174165  
Partner

## **ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

### **(i) In respect of its fixed assets:**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) No immovable property is held by the company and accordingly, the provisions of clause 3 (i) (c) of the Order are not applicable to the Company and hence not commented upon.

(ii) The company being a Non-Banking Financial Company has no inventory. Accordingly, the provisions of clauses 3(ii) of the Order are not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the provisions of clauses 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

(v) According to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder.

(vi) In respect of the activities of the Company, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

(vii) According to information and explanations given to us, in respect of statutory dues:



- (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it as on balance sheet.
- (b) According to the records of the company, there are no disputed statutory dues for income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or Government. The Company has not issued any debentures.
- (ix) In our opinion and according to information and explanations given to us, term loans have been applied for the purposes for which they were obtained. Company has not raised moneys by way of initial public offer or further public offer.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has made preferential allotment of preference shares during the year under review and the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.





(xvi) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.



Place: Ahmedabad

Date: 02 MAY 2018

**For RAJPARA ASSOCIATES**  
**Chartered Accountants**  
**FRN 113428W**

**Jay Soni**  
**Partner**  
**M. No. 174165**

## **ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in clause (f) of paragraph 2 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of **MAS Rural Housing and Mortgage Finance Limited** as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, 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 we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to 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 our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

**For RAJPARA ASSOCIATES**

**Chartered Accountants**

**FRN 113428W**

*Jaym Soni*

**Jay Soni**

**Partner**

**M. No. 174165**



Place: Ahmedabad

Date: **02 MAY 2018**

**RAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**
**BALANCE SHEET AS AT 31ST MARCH 2018**

	Notes	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	220,349,200	220,349,200
Reserves and Surplus	4	99,746,508	79,559,766
		<b>320,095,708</b>	<b>299,908,966</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liability	5	6,378,546	5,648,606
Long-term Borrowings	6	1,147,180,148	1,078,483,565
Long-term Provisions	7	9,633,479	7,176,052
Other Long Term Liabilities	8	101,523,565	65,356,625
		<b>1,264,715,738</b>	<b>1,156,664,848</b>
<b>Current Liabilities</b>			
Short-term Borrowings	9	652,637	920,887
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 36)		3,879,561	2,006,246
Total outstanding dues of creditors other than micro enterprises and small enterprises	10	571,218,994	408,518,973
Other Current Liabilities	11	3,881,194	4,359,740
Short-Term Provisions		<b>579,632,386</b>	<b>415,805,846</b>
<b>TOTAL</b>		<b>2,164,443,832</b>	<b>1,872,379,660</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	12		
Tangible Assets		12,229,406	15,755,426
Intangible Assets		167,539	63,653
		<b>12,396,945</b>	<b>15,819,079</b>
Long-Term Loans and Advances	13	1,652,093,425	1,163,131,385
Other Non-Current Assets	14	5,796,467	3,472,587
		<b>1,657,889,892</b>	<b>1,166,603,972</b>
<b>Current Assets</b>			
Cash and Bank Balances	15	114,550,913	106,904,899
Short-term Loans and Advances	13	365,208,520	570,027,497
Other Current Assets	16	14,397,562	13,024,213
		<b>494,156,995</b>	<b>689,956,609</b>
<b>TOTAL</b>		<b>2,164,443,832</b>	<b>1,872,379,660</b>
See accompanying notes forming part of the financial statements			

In terms of our report attached

**For Rajpara Associates**  
Chartered Accountants  
Firm's Registration Number:113428W

*Jaym Soni*

Jay Soni  
Partner  
Membership No.174165



Place : Ahmedabad  
Date : 02 MAY 2018

For and on behalf of the Board of Directors

*Darshana S. Pandya*  
Darshana S. Pandya  
(Director & Chief Operating Officer)  
(DIN - 07610402)

*Darshan Hiranandani*  
Darshan Hiranandani  
(Company Secretary)  
(Membership No.A47986)

*Kamlesh C. Gandhi*  
Kamlesh C. Gandhi  
(Chairman & Managing Director)  
(DIN - 00044852)

*Mukesh C. Gandhi*  
Mukesh C. Gandhi  
(Whole Time Director & Chief Financial Officer)  
(DIN - 00187086)

Place : Ahmedabad  
Date : 02 MAY 2018

**RAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018**

	Notes	Year ended 31st March 2018 Rupees	Year ended 31st March 2017 Rupees
<b>INCOME</b>			
Revenue From Operations	17	268,316,089	231,147,682
Other Income	18	4,322,531	1,901,112
<b>Total Income</b>		<b>272,638,620</b>	<b>233,048,794</b>
<b>EXPENDITURE</b>			
Employee Benefits Expense	19	42,760,261	31,469,090
Finance Costs	20	154,429,122	129,796,959
Depreciation and Amortisation Expenses	21	4,378,994	4,153,889
Provisions and Loan Losses	22	8,251,516	4,873,790
Other Expenses	23	28,519,109	33,581,145
<b>Total Expenses</b>		<b>238,339,002</b>	<b>203,874,873</b>
<b>Profit Before Tax</b>		<b>34,299,618</b>	<b>29,173,921</b>
<b>Tax Expense:</b>			
Current Tax		8,640,000	8,610,000
Short / (Excess) Provision For Tax Relating to Prior Years		(57,065)	(321,659)
<b>Net Current Tax Expense</b>		<b>8,582,935</b>	<b>8,288,341</b>
Deferred Tax		729,940	1,416,110
<b>Net Tax Expense</b>		<b>9,312,875</b>	<b>9,704,451</b>
<b>Profit For The Year</b>		<b>24,986,743</b>	<b>19,469,470</b>
<b>Earnings Per Equity Share (of face value Rs. 10 each):</b>	24		
Basic		1.18	1.08
Diluted		1.18	1.08
See accompanying notes forming part of the financial statements			

In terms of our report attached

**For Rajpara Associates**

Chartered Accountants

Firm's Registration Number:113428W

*Jaym Soni*

Jay Soni  
Partner  
Membership No.174165



Place : Ahmedabad

Date : 02 MAY 2018

**For and on behalf of the Board of Directors**

*Kamlesh C. Gandhi*

Kamlesh C. Gandhi  
(Chairman & Managing Director)  
(DIN - 00044852)

*Darshana S. Pandya*

Darshana S. Pandya  
(Director & Chief Operating Officer)  
(DIN - 07610402)

*Darshan Hiranandani*

Darshan Hiranandani  
(Company Secretary)  
(Membership No.A47986)

*Mukesh C. Gandhi*

Mukesh C. Gandhi  
(Whole Time Director & Chief Financial Officer)  
(DIN - 00187086)

Place : Ahmedabad

Date : 02 MAY 2018

**RAJPARA RURAL HOUSING AND MORTGAGE FINANCE LIMITED**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

	Year Ended 31st March 2018		Year Ended 31st March 2017	
	Rupees		Rupees	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax		34,299,618		29,173,921
Adjustments for :				
Depreciation & Amortisation	4,378,994		4,153,889	
Finance Costs	154,429,122		129,796,959	
Contingent Provision against Standard Assets	1,276,133		2,272,324	
Contingent Provision against Sub Standard Assets	587,340		910,214	
Loss Assets Written Off	6,388,043		1,691,252	
Interest Income	(255,366,027)		(216,266,959)	
Interest Income from Bank Deposits	(4,173,418)	(92,479,813)	(1,748,707)	(79,191,028)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		(58,180,195)		(50,017,107)
Changes in Working Capital:				
(Increase) / Decrease in Loans & Advances	(287,596,945)		(390,529,502)	
(Increase) / Decrease in Other Assets	(166,944)		(155,671)	
Increase / (Decrease) in Trade Payables	1,873,315		898,388	
Increase / (Decrease) in Short-term Provisions	115,407		184,858	
Increase / (Decrease) in Advances from Borrowers	1,672,132		188,575	
Increase/(Decrease) in Security Deposits	51,285,485		60,749,850	
Increase / (Decrease) in Other Current Liabilities	169,836	(232,647,714)	514,099	(328,149,403)
<b>CASH GENERATED FROM / (USED IN) OPERATIONS</b>		(290,827,909)		(378,166,510)
Finance Costs	(152,504,897)		(127,092,601)	
Interest Income Received	254,869,594		211,791,102	
Income Tax Paid	(11,517,094)	90,847,603	(7,434,494)	77,264,008
<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES [A]</b>		(199,980,306)		(300,902,502)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital expenditure on fixed assets	(956,861)		(1,987,225)	
Fixed Deposits Placed	(768,800,000)		(471,000,000)	
Fixed Deposits Matured	772,973,418		472,748,707	
<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES [B]</b>		3,216,557		(238,518)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Dividends paid including Dividend Distribution Tax	(4,800,001)		(481,219)	
Proceeds from Issue of Optionally Convertible Preference Shares	-		20,000,000	
Net Increase / (Decrease) in Working Capital Borrowings	(268,250)		913,107	
Term Loans Received	630,400,000		575,000,000	
Term Loans Repaid	(421,088,930)		(250,765,333)	
<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES [C]</b>		204,242,819		344,666,555
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		7,479,070		43,525,535
Cash and Cash Equivalents at the beginning of the year		106,749,228		63,223,693
Cash and Cash Equivalents at the end of the year		<b>114,228,298</b>		<b>106,749,228</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

**Notes:**

1 Cash and cash equivalents at the end of the period comprises:

- (a) Cash on Hand
- (b) Balances with banks  
In Current Accounts

As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
1,055,184	815,397
113,173,114	105,933,831
<b>114,228,298</b>	<b>106,749,228</b>

2 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

3 Previous year's figures have been regrouped / reclassified wherever necessary.

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Rajpara Associates**

Chartered Accountants  
Firm's Registration Number:113428W

*Jaym Soni*

Jay Soni  
Partner  
Membership No.174165



Place : Ahmedabad  
Date : 02 MAY 2018

**For and on behalf of the Board of Directors**

*Darshana S. Pandya*

Darshana S. Pandya  
(Director & Chief Operating Officer)  
(DIN - 07610402)

*Kamlesh C. Gandhi*

Kamlesh C. Gandhi  
(Chairman & Managing Director)  
(DIN - 00044852)

*Datta Hiranandani*

Datta Hiranandani  
(Company Secretary)  
(Membership No.A47986)

*Mukesh C. Gandhi*

Mukesh C. Gandhi  
(Whole Time Director & Chief Financial Officer)  
(DIN - 00187086)

Place : Ahmedabad  
Date : 02 MAY 2018

## **MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

### **NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2018**

#### **Note-1 CORPORATE INFORMATION**

MAS Rural Housing & Mortgage Finance Limited is a public company incorporated under the provisions of Companies Act, 1956. It is registered as a Non Deposit taking Housing Finance Company with the National Housing Bank. The Company provides housing loans, commercial loans and project loans for real estate projects to customers especially in the segment of Affordable Housing in Rural & Urban areas. The activities of the company are spread all over Gujarat, Maharashtra, Madhya Pradesh & Rajasthan.

#### **Note-2 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

##### **A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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 notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable, and guidelines issued by the National Housing Bank. The financial statements have been prepared on accrual basis under the historical cost convention. Further, the Company follows the prudential norms for income recognition and provisioning as prescribed by the National Housing Bank. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year

##### **B. USE OF ESTIMATES**

The preparation of Financial Statements requires the management to make estimates and assumption in the reported amounts of assets and liabilities (including current liabilities) as of the financial statement and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statement as prudent and reasonable. Future result could differ from these estimates.

##### **C. FIXED ASSETS**

Fixed assets are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on fixed assets after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

##### **D. DEPRECIATION / AMORTISATION**

Depreciable amount for assets is the cost of an asset less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act. In respect of fixed assets purchased or put to use during the period, depreciation is provided on a pro-rata basis from the date on which such asset is purchased or put to use.

Intangible Assets are stated at cost and are amortised equally over a period of three years from the year of purchase. Assets costing less than Rs.5000 are fully depreciated in the year of acquisition.

##### **E. INFLATION**

Assets and liabilities are recorded at historical cost to the company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

##### **F. INTEREST ON LOANS AND OTHER OPERATING INCOME**

Repayment of housing loans is by way of Equated Monthly Installments (EMI) comprising Principal and Interest. Interest on loans is computed either on an annual rest or on a monthly rest basis. EMIs commence once the entire loan is disbursed. Pending commencements of EMIs, Pre EMI Interest is payable every month. Service Charges, Processing Fees, OBC Charges and documentation charges are booked at the commencement of the loan agreement.

##### **G. INCOME FROM INVESTMENTS**

Income from investment is accounted on an accrual basis.

##### **H. REVENUE RECOGNITION**

The Company follows accrual basis of accounting for its income and expenditure except income on assets classified as non-performing assets, which in accordance with the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies, is recognised on receipt basis.





## **RAJPAR RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

### **NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2018**

#### **Income from Loans**

Interest income on loan transactions is accounted for over the period of the contract by applying the interest rate implicit in such contracts.

Service charges and stamp and documentation charges are recognised as income at the commencement of the contract.

#### **Income from Assignment of receivables**

In case of assignment of receivables "at par", the assets are de-recognised since all the rights, title and future receivable principal are assigned to the purchaser. The interest spread arising on assignment is accounted over the residual tenor of the underlying assets.

### **I. EMPLOYEE BENEFITS**

#### **Defined contribution plans**

The Company's contribution to provident fund, and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### **Defined benefit plans**

For defined benefit plan in the form of gratuity the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

#### **Short-term employee benefits**

The undiscounted amounts of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. The amount includes liability on account of accumulated leave balances of employees which is provided for on actual basis when employees render the services that increase their entitlement of future compensated absences.

### **J. EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares, if determinable. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### **K. TAXES ON INCOME**

The accounting treatment for the Income Tax in respect of the Company's income is based on the Accounting Standard on "Accounting for Taxes on Income" (AS - 22) notified by the Companies (Accounting Standards) Rules, 2006. The provision made for Income Tax in accounts comprises both, the current tax and deferred tax.

Deferred Tax is recognized for all timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or subsequently enacted as on the Balance Sheet date. The carrying amount of deferred tax asset/liability is reviewed at each Balance Sheet date and consequential adjustments are carried out.

### **L. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax 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.



## **RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

### **NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2018**

#### **M. LEASES**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

#### **N. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimate of the obligation.

The Company collects processing fees from applicants of housing/mortgage finance. Those applications, as on Balance Sheet date, which may not have been approved and are subsequently rejected, are eligible for refund of such processing fees. The Company, as a policy, books the amount when received towards processing fees as income and treats the same as expenditure on refund of such processing fees. As per management representation, figure of such refund due to applicants cannot be ascertained since the approval/rejection of these cases cannot be ascertained as on the Balance Sheet date.

Contingent assets are not recognised in the financial statements.



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
<b>Note 3. Share Capital</b>		
<b>Authorized</b>		
23,000,000 Equity Shares of Rs. 10/- each (Previous Year 23,000,000 shares of Rs 10/- each)	230,000,000	230,000,000
7,000,000 Preference Shares of Rs.10/- each (Previous Year 7,000,000 of Rs.10/- each)	70,000,000	70,000,000
	<b>300,000,000</b>	<b>300,000,000</b>
<b>Issued, Subscribed and Fully Paid-Up:</b>		
18,034,920 Equity Shares of Rs.10 each fully paid-up (Previous Year 18,034,920 shares of Rs 10/- each)	180,349,200	180,349,200
4,000,000 8% Optionally Convertible Preference Shares of Rs.10/-each fully paid-up (Previous Year 4,000,000 of Rs.10/- each)	40,000,000	40,000,000
	<b>220,349,200</b>	<b>220,349,200</b>

**3.1 Details of Shares held by Holding Company, Subsidiary or Associates:**

Particulars	As at 31st March 2018		As at 31st March 2017	
	No. of Shares	Amount Rupees	No. of Shares	Amount Rupees
<b>Equity Shares held by:</b>				
MAS Financial Services Ltd. - Holding Company	10,750,000	107,500,000	10,750,000	107,500,000
	<b>10,750,000</b>	<b>107,500,000</b>	<b>10,750,000</b>	<b>107,500,000</b>

**3.2 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	As at 31st March 2018		As at 31st March 2017	
	No. of Shares	Amount Rupees	No. of Shares	Amount Rupees
<b>Equity Shares</b>				
Outstanding at the beginning of the period	18,034,920	180,349,200	18,034,920	180,349,200
Add :Issued during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>18,034,920</b>	<b>180,349,200</b>	<b>18,034,920</b>	<b>180,349,200</b>
<b>Preference Shares #</b>				
Outstanding at the beginning of the period	4,000,000	40,000,000	2,000,000	20,000,000
Add :Issued during the period	-	-	2,000,000	20,000,000
<b>Outstanding at the end of the period</b>	<b>4,000,000</b>	<b>40,000,000</b>	<b>4,000,000</b>	<b>40,000,000</b>

# Preference Shares have preferential right over existing equity share capital of the company for dividends & winding up.

**3.3 Details of shares held by each shareholder holding more than 5% shares:**

Class of shares / Name of shareholder	As at 31st March 2018		As at 31st March 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity Shares</b>				
MAS Financial Services Limited (Holding Co.)	10,750,000	59.61%	10,750,000	59.61%
Mukesh C. Gandhi	3,402,310	18.87%	3,402,310	18.87%
Kamlesh C. Gandhi	2,060,980	11.43%	2,060,980	11.43%
Sweta K. Gandhi	1,821,330	10.10%	1,821,330	10.10%
<b>8% Optionally Convertible Preference Shares</b>				
Mukesh C. Gandhi	2,000,000	50.00%	2,000,000	50.00%
Kamlesh C. Gandhi	1,000,000	25.00%	1,000,000	25.00%
Shweta K. Gandhi	1,000,000	25.00%	1,000,000	25.00%



**3.4 Rights, preferences and restrictions attaching to each class of shares and terms of preference shares convertible into equity along with the earliest date of conversion**
**(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 share held. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

The total equity dividend appropriation for the year ended 31st March 2018 amounted to Rs. 1,077,125 including dividend distribution tax of Rs.175,379.

The total equity dividend appropriation for the year ended 31st March 2017 amounted to Rs.NIL.

**(b) Optionally Convertible Preference Shares (OCPS)**

The Company has 4,000,000 OCPS outstanding having a par value of Rs. 10 each per share. These OCPS carry a right to be paid fixed preferential dividend at the rate of 8% per annum free of income-tax.

The total dividend appropriation on the 8% OCPS for the year ended 31st March 2018 is Rs.3,722,876 including dividend distribution tax of Rs.606,164.

The total dividend appropriation on the 8% OCPS for the year ended 31st March 2017 is Rs.NIL.

The preference shares shall be optionally converted into equity shares at a price to be determined at the time of conversion. The Conversion/Redemption option is to be exercised for 33.33% of the shares in the 5th year, for 33.33% of the shares in the 6th year and for remaining 33.33% of the shares in the 7th year from the date of issue of those shares.

The holder of the preference share capital shall, in respect of such capital, have a right to vote only on resolutions placed before the Company which directly affect the rights attached to his preference shares.

	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
<b>Note 4. Reserves and Surplus</b>		
<b>Securities Premium Reserve</b>		
Opening Balance	3,150,800	3,150,800
Additions during the year	-	-
Closing Balance	3,150,800	3,150,800
<b>Reserve fund u/s. 29-C of NHB Act,1987:</b>		
Opening Balance		
a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	302,481	302,481
b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	25,496,384	18,976,384
c. Total	25,798,865	19,278,865
<b>Addition / Appropriation / Withdrawal during the year</b>		
Add:		
a. Amount transferred u/s 29C of the National Housing Bank Act, 1987	-	-
b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	7,830,000	6,520,000
Less:		
a. Amount appropriated u/s 29C of the National Housing Bank Act, 1987	-	-
b. Amount withdrawn from Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	-	-
Closing Balance		
a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	302,481	302,481
b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	33,326,384	25,496,384
c. Total	33,628,865	25,798,865
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	50,610,101	37,660,631
Add: Profit for the year	24,986,743	19,469,470
	75,596,844	57,130,101
Less : Appropriations		
Reserve u/s.29-C of NHB Act,1987 & Special Reserve U/s 36(1)(viii) of Income Tax Act,1961	7,830,000	6,520,000
Dividend on Equity Shares	901,746	-
Dividend on Preference Shares	3,116,712	-
Dividend Distribution Tax on Equity Dividend	175,379	-
Dividend Distribution Tax on Preference Dividend	606,164	-
Total Appropriations	12,630,001	6,520,000
Net Surplus in Statement of Profit and Loss	62,966,843	50,610,101
<b>Total Reserves and Surplus</b>	<b>99,746,508</b>	<b>79,559,766</b>

Note 4.1 Special Reserve has been created in terms of Section 36(1) (viii) of the income Tax Act,1961 out of the distributable profits of the company. As per Section 29C of NHB Act, 1987, the company is required to transfer at least 20% of its net profits prior to distribution of dividend every year to a reserve. For this purpose any Special Reserve created by the company in terms of Section 36(1) (viii) of the income Tax Act, 1961 is considered an eligible transfer.

**RAJPARA RURAL HOUSING AND MORTGAGE FINANCE LIMITED**
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

		As at 31st March 2018 Rupees	As at 31st March 2017 Rupees	
<b>Note 5. Deferred Tax Liability</b>				
<b>Tax effect of items constituting Deferred Tax Liability</b>				
1. Difference between book depreciation and depreciation under Income-tax Act, 1961		(674,756)	(1,032,814)	
2. Transfer to Special Reserves		(2,157,361)	(2,155,708)	
3. Balance in Special Reserves		(7,108,232)	(6,274,162)	
<b>Total Deferred Tax Liability</b>		(9,940,349)	(9,462,684)	
<b>Tax effect of items constituting Deferred Tax Assets</b>				
1. Contingent Provision for Standard Assets		2,978,646	3,152,447	
2. Provision for Sub Standard Assets		348,384	418,061	
3. Provision for Leave Encashment		234,773	243,570	
<b>Total Deferred Tax Assets</b>		3,561,803	3,814,078	
<b>Deferred Tax (Liability) / Asset</b>		(6,378,546)	(5,648,606)	
	<b>Non Current</b>	<b>Current</b>		
	<b>As at 31st March 2018 Rupees</b>	<b>As at 31st March 2017 Rupees</b>	<b>As at 31st March 2018 Rupees</b>	<b>As at 31st March 2017 Rupees</b>
<b>Note 6. Long Term Borrowings</b>				
<b>Term Loans</b>				
<b>(Refer Note No. 6.1)</b>				
<b>Secured</b>				
i. From National Housing Bank	154,957,000	145,370,000	22,542,000	13,920,000
ii. From Banks	871,469,378	933,113,565	444,512,102	375,815,145
iii. From Financial Institutions	120,753,770	-	63,295,530	-
<b>Total</b>	<b>1,147,180,148</b>	<b>1,078,483,565</b>	<b>530,349,632</b>	<b>389,735,145</b>



**6.1 Details of terms of redemption/repayment and security provided in respect of long-term borrowings:**

	Amount Non Current Rs.	Amount Current Rs.	Terms of Redemption/ Repayment	Security
<b>Term Loans</b>				
Term Loan - I	-	6,250,201	Repayable in 28 Quarterly installments from 24/03/2011. Rate of interest: One Year MCLR+Spread Maturity Period: < 1 years Remaining No. of Installments due: 4	Loan is secured by Hypothecation on receivables. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - II	32,142,857	14,285,753	Repayment in 28 Quarterly Installment from 30/04/2014 Rate of interest: One Year MCLR+Spread p.a. Maturity Period: 3-4 years Remaining No. of Installments due: 14	Loan is secured by Hypothecation on receivables. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - III	25,000,000	8,333,328	Repayment in 24 Quarterly Installments beginning from 30.06.2016 Rate of Interest One Year MCLR+Spread Maturity Period: 4 years Remaining No. of Installments due: 16	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - IV	54,166,667	16,666,665	Repayment in 24 Quarterly Installments beginning from 31.07.2016 Rate of Interest One Year MCLR+Spread Maturity Period: 4-5 years Remaining No. of Installments due: 17	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - V	33,333,333	8,333,330	Repayment in 24 Quarterly Installments starting from 30.06.2017 Rate of Interest One Year MCLR+Spread Maturity Period: 5 years Remaining No. of Installments due: 20	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - VI	66,666,672	16,666,660	Repayment in 24 Quarterly Installments starting from 30.06.2017 Rate of Interest One Year MCLR+Spread Maturity Period: 5 years Remaining No. of Installments due: 20	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.



	Amount Non Current Rs.	Amount Current Rs.	Terms of Redemption/ Repayment	Security
Term Loan - VII	18,750,000	25,000,000	Repayable in 24 Quarterly installments from 28/02/2014. Rate of interest: One Year MCLR + Spread Maturity Period: 1-2 years Remaining No. of Installments due: 7	Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - VIII	42,113,079	33,690,493	Repayment in 24 Quarterly Installments starting from 01/09/2014 Rate of Interest: One Year MCLR+Spread Maturity Period: 2-3 years Remaining No. of Installments due: 9	Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - IX	62,499,997	16,666,669	Repayment in 24 Quarterly Installments starting from 31/03/2017 Rate of Interest: One Year MCLR+Spread Maturity Period: 4-5 years Remaining No. of Installments due: 19	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - X	842,000	2,238,000	Repayable in 27 Quarterly installments from 01/07/2013. Rate of interest: Fixed Maturity Period: 1-2 years Remaining No. of Installments due: 5	A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of MAS Financial Services Ltd.
Term Loan - XI	31,457,000	3,096,000	Repayment in 51 Quarterly Installment from 01/07/2014 Rate of interest: Fixed Maturity Period: 9-10 years Remaining No. of Installments due: 36	A first exclusive mortgage andf or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of MAS Financial Services Ltd.
Term Loan - XII	35,090,000	3,195,000	Repayment in 47 Quarterly Installment from 01/10/2015 Rate of interest: Fixed Maturity Period: 9-10 years Remaining No. of Installments due: 37	A first exclusive mortgage andf or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of MAS Financial Services Ltd.
Term Loan - XIII	87,568,000	14,013,000	Repayment in 39 Quarterly Installment from 01/07/2017 Rate of interest: Fixed Maturity Period: 9-10 years Remaining No. of Installments due: 36	A first exclusive mortgage andf or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.



	Amount Non Current Rs.	Amount Current Rs.	Terms of Redemption/ Repayment	Security
Term Loan - XIV	-	38,049,484	Repayment in 8 Quarterly Installments from 07/01/2017 Rate of Interest: One year MCLR+Spread Maturity Period: < 1 year Remaining No. of Installments due: 3	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - XV	32,078,995	11,668,005	Repayment in 24 Quarterly Installment from 19/03/2016. Rate of interest: BBR+Spread Maturity Period: 3-4 years Remaining No. of Installments due: 15	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. & Mrs. Sweta K. Gandhi.
Term Loan - XVI	13,750,000	5,000,000	Repayment in 24 Quarterly Installment from 19/03/2016. Rate of interest: BBR+Spread Maturity Period: 3-4 years Remaining No. of Installments due: 15	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. & Mrs. Sweta K. Gandhi.
Term Loan - XVII	8,750,000	5,000,000	Repayment in 20 Quarterly Installment from 31/03/2016 Rate of interest: BBR+ Spread Maturity Period: 2-3 years Remaining No. of Installments due: 11	Hypothecation of the Receivables arising out of onward lending of Rupee Term loan extended by the Bank. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - XVIII	-	694,067	Repayable in 36 monthly installments. Rate of interest: Fixed No. of Installments due: 4	Secured by hypothecation of the vehicle financed.
Term Loan - XIX	79,166,667	19,095,004	Repayment in 24 Quarterly Installment from 31/03/2018. Rate of interest: One year MCLR+Spread Maturity Period: 5-6 years Remaining No. of Installments due: 23	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - XX	66,666,667	33,333,333	Repayment in 12 Quarterly Installment from 30/06/2018. Rate of interest: One year MCLR+Spread Maturity Period: 3-4 years Remaining No. of Installments due: 12	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.





	Amount Non Current Rs.	Amount Current Rs.	Terms of Redemption/ Repayment	Security
XXI	75,000,000	45,000,000	Repayment in 8 Quarterly Installment from 11/11/2018. Rate of interest: One year MCLR+Spread Maturity Period: 2-3 years Remaining No. of Installments due: 8	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
XXII	133,541,662	35,000,006	Repayment in 24 Quarterly Installments starting from 31/03/2017 Rate of Interest: One Year MCLR +Spread Maturity Period: 4-5 years Remaining No. of Installments due: 19	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
XXIII	44,509,449	89,112,438	Repayment in 8 Quarterly Installments starting from 07/10/2017 Rate of Interest: One Year MCLR+Spread Maturity Period: 1-2 years Remaining No. of Installments due: 6	Loan is secured by First & exclusive Hypothecation of Specific Receivables which are not more than 30 days overdue. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
XXIV	48,026,500	36,022,800	Repayment in 36 Monthly Installments starting from 15/08/2017 Rate of Interest: LTLR-Spread Maturity Period: 2-3 years Remaining No. of Installments due: 28	Loan is secured by hypothecation of book debts created out of the loan availed.
XXV	72,727,270	27,272,730	Repayment in 11 Quarterly Installments starting from 30/09/2018 Rate of Interest: BBR-Spread Maturity Period: 2-3 years Remaining No. of Installments due: 11	The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan installments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
XXVI	83,333,333	16,666,667	Repayment in 24 Quarterly Installments starting from 31/01/2019 Rate of Interest: One Year MCLR+ Spread Maturity Period: 6-7 years Remaining No. of Installments due: 24	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets). Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
<b>Total Term Loans</b>	<b>1,147,180,148</b>	<b>530,349,633</b>		



# **MAAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

	Non-Current	
	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
<b>Note 7. Long-term Provisions</b>		
Contingent Provision against Standard Assets	8,237,825	6,405,114
Provision for Non-Performing Assets	1,395,654	770,938
	<b>9,633,479</b>	<b>7,176,052</b>

The company has complied with the norms prescribed under Housing Finance Companies (NHB) Directions, 2010 and Notifications issued by NHB from time to time for recognizing Provision against standard assets, sub-standard assets and doubtful assets in preparation of accounts. Pursuant to such norms a minimum provision of 0.25% on total portfolio of housing loans, 1% on Non Housing loans (including Project Finance for Non-Housing Projects) & 0.75% on Project Finance for Housing Projects has been provided for against standard assets. As per Notification No. NHB.HFC.DIR.18/MD&CEO/2017 dated 02nd August, 2017, the provisions held at 0.40% as on the date of circular towards Standard Assets in respect of Individual Housing Loans is not reversed.

The Company has also complied with the norms prescribed for recognising Non-Performing Assets (NPAs) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of 90 days overdue. A minimum provision of 15% for Sub Standard Assets and 25% on Doubtful assets (period upto 1 year - Category-I) has been made as per the prudential norms.

	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
<b>Note 7.1 Contingent Provision against Standard Assets</b>		
	<b>Housing</b>	
Total Outstanding Amount	1,242,982,327	1,085,235,447
Provision Made	4,424,112	4,340,942
	<b>Non Housing</b>	
Total Outstanding Amount	118,700,678	76,036,406
Provision Made	1,187,007	760,364
	<b>Project Funding for Housing</b>	
Total Outstanding Amount	487,248,179	474,139,292
Provision Made	3,654,361	3,556,045
	<b>Project Funding for Non-Housing</b>	
Total Outstanding Amount	154,532,141	87,731,692
Provision Made	1,545,321	877,317
<b>Total Provision for Standard Assets</b>	<b>10,810,801</b>	<b>9,534,668</b>
Of which:		
Current	2,572,976	3,129,554
Non-current	8,237,825	6,405,114
	<b>10,810,801</b>	<b>9,534,668</b>

	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
<b>Note 7.2 Provision for Sub Standard Assets</b>		
	<b>Housing</b>	
Total Outstanding Amount	5,881,807	2,740,865
Provision Made	1,470,452	411,130
	<b>Non Housing</b>	
Total Outstanding Amount	17,163	31,455
Provision Made	4,291	4,718
	<b>Project Funding for Housing</b>	
Total Outstanding Amount	-	2,708,080
Provision Made	-	406,212
	<b>Project Funding for Non-Housing</b>	
Total Outstanding Amount	-	-
Provision Made	-	-
<b>Total Provision for Sub Standard Assets</b>	<b>1,474,743</b>	<b>822,060</b>
Of which:		
Current	79,089	444,026
Non-current	1,395,654	378,034
	<b>1,474,743</b>	<b>822,060</b>



# **RAJ RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
<b>Note 7.3 Provision for Doubtful Assets</b>		
	<b>Housing</b>	
Total Outstanding Amount	-	1,769,510
Provision Made	-	442,378
	<b>Non Housing</b>	
Total Outstanding Amount	-	-
Provision Made	-	-
	<b>Project Funding for Housing</b>	
Total Outstanding Amount	1,508,143	-
Provision Made	377,036	-
	<b>Project Funding for Non-Housing</b>	
Total Outstanding Amount	-	-
Provision Made	-	-
<b>Total Provision for Doubtful Assets</b>	<b>377,036</b>	<b>442,378</b>
Of which:		
Current	377,036	49,474
Non-current	-	392,904
	<b>377,036</b>	<b>442,378</b>
Note : All doubtful assets are doubtful upto one year (Category - I)		
	<b>Non Current</b>	
	<b>As at 31st March 2018 Rupees</b>	<b>As at 31st March 2017 Rupees</b>
		<b>Current</b>
	<b>As at 31st March 2018 Rupees</b>	<b>As at 31st March 2017 Rupees</b>
<b>Note 8. Other Long Term liabilities</b>		
Security Deposits Received from Customers	97,058,554	63,592,865
Interest accrued but not due on security deposits	4,465,011	1,763,760
	<b>101,523,565</b>	<b>65,356,625</b>
	<b>34,261,637</b>	<b>14,408,567</b>
8.1 The security deposit is additional collateral received from customers apart from primary security. The said security deposit would be used as a cash collateral to secure the repayment of credit facility and can be used if circumstances demand.		
	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
<b>Note 9. Short-term borrowings</b>		
<b>Secured</b>		
Loans repayable on demand:		
From Banks:		
Cash Credit	652,637	920,887
	<b>652,637</b>	<b>920,887</b>
9.1 Cash Credit from Bank is secured by exclusive hypothecation of book debts created out of this facility and it is also guaranteed by personal guarantee of directors.		
<b>Note 10. Other Current Liabilities</b>		
Current Maturities of long-term debt ( Refer Note Nos. 6 & 6.1 )	530,349,632	389,735,145
Interest accrued but not due on borrowings	2,106,706	1,716,210
Interest accrued but not due on security deposits ( Refer Note No. 8 )	2,848,041	814,767
Other Payables:		
Statutory remittances (Contributions to PF and ESIC, Service Tax, etc.)	1,169,585	1,006,677
Dues to Assignees towards Collections from Assigned Receivables	414,086	407,158
Security Deposits Received from Customers ( Refer Note No. 8 )	31,413,596	13,593,800
Advance payments received	2,917,348	1,245,216
	<b>571,218,994</b>	<b>408,518,973</b>
<b>Note 11. Short-term Provisions</b>		
Compensated Absences	852,093	736,686
Contingent Provision against Standard Assets	2,572,976	3,129,554
Provision for Non-Performing Assets	456,125	493,500
	<b>3,881,194</b>	<b>4,359,740</b>



**RAJPARA ASSOCIATES**
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**
**Note 12. Fixed Assets**

NATURE OF ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK	
	As on 1st April 2017 Rupees	Additions during the year Rupees	Deductions during the year Rupees	As on 31st March 2018 Rupees	As on 1st April 2017 Rupees	For the year Rupees	As on 31st March 2018 Rupees	As on 31st March 2018 Rupees	As on 31st March 2017 Rupees
<b>Tangible assets</b>									
Computer	7,760,545	84,378	-	7,844,923	3,512,172	2,430,132	5,942,304	1,902,619	4,248,374
Franking Machine	189,000	-	-	189,000	75,606	14,059	89,665	99,335	113,394
Furniture & Fixture	1,284,205	416,222	-	1,700,427	189,646	129,467	319,113	1,381,314	1,094,559
Office Equipments	236,275	266,261	-	502,536	174,262	90,392	264,654	237,882	62,013
Vehicle (Car)	13,030,641	-	-	13,030,641	2,793,555	1,628,830	4,422,385	8,608,256	10,237,086
<b>Total</b>	<b>22,500,666</b>	<b>766,861</b>	<b>-</b>	<b>23,267,527</b>	<b>6,745,241</b>	<b>4,292,880</b>	<b>11,038,121</b>	<b>12,229,406</b>	<b>15,755,426</b>
Previous Period	20,598,441	1,902,225	-	22,500,666	2,612,699	4,132,542	6,745,241	15,755,425	
<b>Intangible assets</b>									
Computer Software	85,000	190,000	-	275,000	21,347	86,114	107,461	167,539	63,653
<b>Total</b>	<b>85,000</b>	<b>190,000</b>	<b>-</b>	<b>275,000</b>	<b>21,347</b>	<b>86,114</b>	<b>107,461</b>	<b>167,539</b>	<b>63,653</b>
Previous Period	-	85,000	-	85,000	-	21,347	21,347	63,653	
<b>Grand Total</b>	<b>22,585,666</b>	<b>956,861</b>	<b>-</b>	<b>23,542,527</b>	<b>6,766,588</b>	<b>4,378,994</b>	<b>11,145,582</b>	<b>12,396,945</b>	<b>15,819,079</b>
Previous Period	20,598,441	1,987,225	-	22,585,666	2,612,699	4,153,889	6,766,588	15,819,078	



**RAJPARA ASSOCIATES RURAL HOUSING AND MORTGAGE FINANCE LIMITED**
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

	Non Current		Current	
	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
<b>Note 13. Loans and advances</b>				
<b>(A) Loans to Customers (Secured)</b>				
Housing Loan	1,175,164,159	1,032,494,319	70,357,966	54,898,070
Non Housing Loan	110,028,024	69,312,400	8,527,232	6,711,951
Project Funding for Housing	260,006,913	56,183,100	226,073,095	417,956,192
Project Funding for Non-Housing	102,473,376	3,659,541	52,058,765	84,072,151
Installment & Other Dues from Borrowers	-	-	6,180,909	5,105,023
	1,647,672,472	1,161,649,360	363,197,967	568,743,387
<b>Of the above:</b>				
Considered Good	1,647,672,472	1,161,649,360	361,689,824	566,973,877
Considered Doubtful	-	-	1,508,143	1,769,510
<b>Total Loans to Customers (A)</b>	<b>1,647,672,472</b>	<b>1,161,649,360</b>	<b>363,197,967</b>	<b>568,743,387</b>

**Notes:**

13.1 Loans granted by the Company are secured or partly secured by Registered / Equitable mortgage of property, other Securities, assignments of Life Insurance policies and /or Company guarantees and/or Personal guarantees and /or Undertaking to create a security and/ or Cash Collateral.

	Non Current		Current	
	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
13.2 Percentage of loans against gold to total assets	0.00%	0.00%	0.00%	0.00%
13.3 The Company has advanced loans to its officers. Principal amount of such loans outstanding is:	2,189,945	2,348,503	158,558	141,061
<b>(B) Other Loans and Advances</b>				
(i) Security deposits				
Unsecured, considered good	7,000	573,300	1,199,555	381,029
(ii) Prepaid expenses	5,969	-	69,449	175,186
(iii) Advances recoverable in cash or kind				
Unsecured, considered good	565,098	-	722,497	722,752
(iv) Balance with Government Authorities	2,144,188	-	19,052	5,143
(iv) Advance Tax and TDS (Net of provisions)				
Unsecured, considered good	1,698,698	908,725	-	-
<b>Total Other Loans and Advances (B)</b>	<b>4,420,953</b>	<b>1,482,025</b>	<b>2,010,553</b>	<b>1,284,110</b>
<b>Total Loans and Advances (A) + (B)</b>	<b>1,652,093,425</b>	<b>1,163,131,385</b>	<b>365,208,520</b>	<b>570,027,497</b>



**RAJPARA RURAL HOUSING AND MORTGAGE FINANCE LIMITED**
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

	<b>Non-Current</b>	
	<b>As at 31st March 2018 Rupees</b>	<b>As at 31st March 2017 Rupees</b>
<b>Note 14. Other Non-Current Assets</b>		
Unamortised Borrowing Costs	5,796,467	3,472,587
	<b>5,796,467</b>	<b>3,472,587</b>
	<b>Current</b>	
	<b>As at 31st March 2018 Rupees</b>	<b>As at 31st March 2017 Rupees</b>
<b>Note 15. Cash and Bank Balances</b>		
<b>(A) Cash and Cash Equivalents</b>		
Cash on Hand	1,055,184	815,397
Balances with Banks:		
In Current Accounts	113,173,114	105,933,831
<b>Total Cash and Cash Equivalents (As per AS3 Cash Flow Statements)</b>	<b>114,228,298</b>	<b>106,749,228</b>
<b>(B) Other Bank Balances</b>		
In Current Accounts (Refer Note No. 15.1 below)	322,615	155,671
<b>Total Cash and Cash Equivalents (A + B)</b>	<b>114,550,913</b>	<b>106,904,899</b>
<b>Note:</b>		
15.1 Balance represents balance with banks in earmarked account i.e. "Collection and Payout Account".		
<b>Note 16. Other Current Assets</b>		
Unamortised Borrowing Costs	2,115,956	1,239,040
Interest Accrued On Loans and Advances	12,281,606	11,785,173
	<b>14,397,562</b>	<b>13,024,213</b>



# RAJPAR RURAL HOUSING AND MORTGAGE FINANCE LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

	Year ended 31st March 2018 Rupees	Year ended 31st March 2017 Rupees
<b>Note 17. Revenue from operations</b>		
Income from Financing Activity		
i) Interest Income		
Housing Loan	148,281,550	127,333,282
Non Housing Loan	10,304,742	9,034,694
Project Funding for Housing	76,780,382	62,931,671
Project Funding for Non-Housing	19,999,353	16,967,312
ii) Other Operating Revenue		
Service Charges, OBC Charges, etc.	12,950,062	14,880,723
	<b>268,316,089</b>	<b>231,147,682</b>
<b>Note 18. Other Income</b>		
Interest Income:		
from Bank Deposits	4,173,418	1,748,707
Interest on IT refund	149,113	152,405
	<b>4,322,531</b>	<b>1,901,112</b>
<b>Note 19. Employee Benefits Expense</b>		
Salaries, Bonus and Allowances	40,531,677	29,391,072
Contributions to Provident & Other Funds	1,539,546	1,456,689
Staff Welfare Expenses	689,038	621,329
	<b>42,760,261</b>	<b>31,469,090</b>
<b>Note 20. Finance Costs</b>		
Interest:		
On Bank Borrowings	145,347,035	125,235,810
On Others	6,901,644	2,962,382
	<b>152,248,679</b>	<b>128,198,192</b>
Other Borrowing Costs	2,180,443	1,598,767
	<b>154,429,122</b>	<b>129,796,959</b>



# RAJ RURAL HOUSING AND MORTGAGE FINANCE LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

	Year ended 31st March 2018 Rupees	Year ended 31st March 2017 Rupees
<b>Note 21. Depreciation and Amortisation</b>		
Depreciation on tangible assets	4,292,880	4,132,542
Amortisation of intangible assets	86,114	21,347
	<b>4,378,994</b>	<b>4,153,889</b>
<b>Note 22. Provisions</b>		
Contingent Provision against Standard Assets	1,276,133	2,272,324
Provision for Non-Performing Assets	587,340	910,214
Loss Assets Written Off	6,388,043	1,691,252
	<b>8,251,516</b>	<b>4,873,790</b>
<b>Note 23. Other Expenses</b>		
Rent	4,909,092	4,614,402
Rates & Taxes	1,265,078	818,828
Stationery & Printing	407,299	436,948
Telephone & Internet	1,317,803	1,804,116
Electricity	337,901	190,313
Postage & Courier	143,400	115,006
Insurance	331,728	270,035
Conveyance	1,863,605	1,661,493
Travelling	954,089	1,187,615
Repairs & Maintenance	229,553	266,470
Professional Fees (Refer Note 23.1 below)	5,917,823	4,780,899
Director's Sitting Fees	235,000	235,000
Bank Charges	407,553	226,557
Commission	7,234,216	14,450,484
Advertisement Expenses	814,670	787,613
Sales Promotion Expenses	98,247	106,897
Recovery Contract Charges	1,261,848	639,993
Miscellaneous Expenses	790,204	988,476
	<b>28,519,109</b>	<b>33,581,145</b>
<b>Note 23.1</b>		
<b>Professional fee includes Payment to Statutory Auditors</b>		
As Auditors:		
Statutory Audit Fees	162,500	85,000
Other Services	120,500	89,250
	<b>283,000</b>	<b>174,250</b>





**RAJPARA RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

	Year ended 31st March 2018 Rupees	Year ended 31st March 2017 Rupees
<b>Note 24. Earnings Per Share</b>		
<b>Computation of Profit (Numerator)</b>		
Net Profit for the year attributable to Equity Shareholders	24,986,743	19,469,470
Less : Preference Share Dividend including Dividend Distribution Tax thereon	3,722,876	-
<b>Net Profit for the year attributable to Equity Shareholders</b>	<b>21,263,867</b>	<b>19,469,470</b>
<b>Computation of Weighted Average Number of Shares (Denominator)</b>	<b>Nos.</b>	<b>Nos.</b>
Weighted average number of Equity Shares of Rs. 10 each used for calculation of basic Earnings per Share	18,034,920	18,034,920
Basic Earnings per Share of face value of Rs. 10 each (in Rs.)	1.18	1.08
Diluted Earnings per Share of face value of Rs. 10 each (in Rs.)	1.18	1.08
<b>Note:</b> Since the number of equity shares issuable on conversion of Optionally Convertible Preference Shares is not determinable at present, the weighted average number of equity shares for computing diluted earnings per share is not ascertainable. Under the circumstances, its consequential effect on dilution of earnings per share has not been considered.		



# RAJPARA RURAL HOUSING AND MORTGAGE FINANCE LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

### 25 . Additional Information to the Financial Statements:

- A. Expenditure in Foreign Currency – Nil
- B. Earning in Foreign Currency – Nil
- C. Disclosure as required in terms of Paragraph 5 of National Housing Bank Circular No. NHB/ND/DRS/PoI-No. 35/2010-11 dated October 11, 2010 and notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 are given in Annexure A forming part of these Financial Statements.

### 26 . Disclosures for operating leases under Accounting Standard 19 – “Accounting for Leases” prescribed by Companies (Accounting Standards) Rules, 2006

The Company has entered into leave & license agreements for taking office premises along with furniture & fixtures as applicable and godown premises on rental basis for a period ranging from 11 to 72 months. The specified disclosure in respect of these agreements is given below:

Particulars	Year ended 31st March 2018 Rupees	Year ended 31st March 2017 Rupees
1. Lease payments recognised in the Statement of Profit and Loss	4,909,092	4,614,402

**Note:-** i. The company has given refundable, interest free security deposits under certain Agreements.  
ii. Certain agreements contain a provision for their renewal.

### 27 . In accordance with Accounting Standard (AS) - 13 "Accounting for Investments", Company has made following investments:

Sr. No.	Name of The Bank / Company	Investment Amount (Rs.)
1	FD With State Bank of India	768,800,000

The company has earned Interest on FD Rs. 4,173,418/- (Previous year Rs. 1,748,707) which is classified as "Other Income". The investments are matured / liquidated before the end of the financial year and none of them are long term investments by the company.

### 28 . Employee Benefits

Disclosures as required as per Accounting Standard AS-15 (revised) – “Employee Benefits” specified under Section 133 of the Companies Act, 2013, in respect of Gratuity are as under:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

Particulars	Year ended 31st March 2018 Rupees	Year ended 31st March 2017 Rupees
<b>A. Net liability /(assets) recognised in the Balance Sheet as at</b>		
Present value of funded obligation	863,151	701,015
Fair value of plan assets	(1,417,568)	(824,596)
Present value of unfunded obligation	-	-
Unrecognized past service cost	(19,028)	-
Net liability/(assets)	(573,445)	(123,581)
<b>B. Expense recognised in the profit and loss account for the period</b>		
Current service cost	384,307	267,977
Interest on obligation	50,615	27,980
Expected return on plan assets	(73,506)	(38,859)
Net actuarial losses /(gains) recognised in the period	(252,932)	128,461
Expenses deducted from the fund	-	-
Prior Year Charge	-	8,219
Total Charge to Profit & Loss	108,484	393,778



# **MAAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

Particulars		Year ended 31st March 2018 Rupees	Year ended 31st March 2017 Rupees		
<b>C. Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:</b>					
Opening defined benefit obligation		701,015	348,119		
Service Cost		384,307	267,977		
Interest Cost		50,615	27,980		
Actuarial losses /(gains)		(291,814)	110,881		
Past Service Cost		19,028	-		
Benefits paid		-	(53,942)		
Closing defined benefit obligation		863,151	701,015		
<b>D. Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof:</b>					
Opening balance of fair value of plan assets		824,596	611,040		
Transfer in/(out) plan assets		-	-		
Expense deducted from the fund		-	-		
Expected return		73,506	38,859		
Actuarial gains / (losses)		(38,882)	(17,580)		
Contributions by Employer		558,348	246,219		
Benefits paid		-	(53,942)		
Closing balance of fair value of plan assets		1,417,568	824,596		
<b>E. Major categories of plan assets as a percentage of total plan assets:</b>					
Qualifying insurance policy with LIC		100.00%	100.00%		
<b>F. Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):</b>					
Discount rate (Refer note 1(b) below)		7.70%	7.25%		
Expected return on plan assets		7.70%	7.25%		
Annual increase in salary costs (Refer note 1(a) below)		7.00%	7.00%		
<b>(i) Notes:</b>					
(a) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.					
(b) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations					
<b>(ii) Defined Contribution Plans</b>		<b>Year ended 31st March 2018 Rupees</b>	<b>Year ended 31st March 2017 Rupees</b>		
Amount recognized as an expense and included in Note 19 of Statement of Profit & Loss					
Provident Fund		1,104,737	912,999		
E.S.I.C.		351,779	146,643		
<b>Total :</b>		<b>1,456,516</b>	<b>1,059,642</b>		
<b>(iii) Experience Adjustments:</b>		<b>As at 31st March, 2018 Rupees</b>	<b>As at 31st March, 2017 Rupees</b>	<b>As at 31st March, 2016 Rupees</b>	<b>As at 31st March, 2015 Rupees</b>
Present value of the defined benefit Obligation		863,151	701,015	348,119	72,666
Fair value of the plan assets		1,417,568	824,596	611,040	204,476
Deficit/(Surplus) in the plan		(554,417)	(123,581)	(262,921)	(131,810)
Experience (gain) / loss adjustments on plan liabilities		(232,671)	(92,987)	37,848	(30,847)
Experience (gain) / loss adjustments on plan assets		38,882	17,580	(1,371)	1,632
<b>(iv) Overall expected rate of return on assets taken is the rate declared by LIC.</b>					



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018****29 . Segment Reporting**

The Company is engaged primarily in the business of Financing and accordingly there are no separate reportable segments as per Accounting Standard 17 – "Segment Reporting" prescribed by Companies (Accounting Standards) Rules, 2006

**30 . Related Party Disclosures**

Related party disclosures as required by Accounting Standard 18, "Related Party Disclosures", prescribed by Companies (Accounting Standards) Rules, 2006.

**List of related parties and relationships:**

(A) Holding Company	MAS Financial Services Limited
(B) Key Management Personnel	Mr. Kamlesh C. Gandhi (Chairman & Managing Director)
	Mr. Mukesh C. Gandhi (Whole-time Director)
	Mrs. Darshana S. Pandya (Director & Chief Operating Officer) (w.e.f. December 14, 2016)
(C) Relatives of Key Management Personnel	Mrs. Shweta K. Gandhi
	Mr. Saumil D. Pandya (w.e.f. December 14, 2016)
(D) Enterprise over which Key Management Personnel has significant influence	Mukesh C. Gandhi (HUF) (upto March 15, 2017)

**Related party transactions :**

Sr. No.	Nature of transactions	Year ended 31st March 2018 Rupees	Year ended 31st March 2017 Rupees
1	<b>Dividend Paid</b> MAS Financial Services Limited Mr. Kamlesh C. Gandhi Mr. Mukesh C. Gandhi Mrs. Shweta K. Gandhi	537,500 882,227 1,728,471 870,245	- 33,880 67,759 33,880
2	<b>Rent Expense:</b> MAS Financial Services Limited	1,200,000	1,200,000
3	<b>Recovery Contract Charges:</b> MAS Financial Services Limited	240,000	240,000
4	<b>Expenditure reimbursed to:</b> MAS Financial Services Limited	2,660,344	11,678,777
5	<b>Reimbursement of Collection Received on behalf of the Company from:</b> MAS Financial Services Limited	941,292	516,126
6	<b>Remuneration Paid (Including Bonus):</b> Mr. Kamlesh C. Gandhi Mr. Mukesh C. Gandhi Mrs. Darshana S. Pandya Mr. Saumil D. Pandya	1,920,000 1,920,000 978,000 1,303,336	1,920,000 1,920,000 322,449 276,757



# MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

	Balance outstanding at the end of the period:	As at 31st March 2018 Rupees	As at 31st March 2017 Rupees
7	Loan to Mrs. Darshana S. Pandya	2,348,503	2,489,564
8	Optionally Convertible Preference Shares:		
	Mr. Kamlesh C. Gandhi	10,000,000	10,000,000
	Mr. Mukesh C. Gandhi	20,000,000	20,000,000
	Mrs. Shweta K. Gandhi	10,000,000	10,000,000
9	Remuneration payable:		
	Mr. Kamlesh C. Gandhi	25,000	38,330
	Mr. Mukesh C. Gandhi	25,000	38,330
	Mrs. Darshana S. Pandya	13,583	15,375
	Mr. Saumil D. Pandya	18,667	17,622
10	Guarantee outstanding as at Year end: MAS Financial Services Limited	261,900,382	375,034,267

### 31. Dividends Proposed

The Board of Directors of the Company at its meeting held on May 2nd 2018 proposed an equity dividend of Rs.0.024 per share. Dividend on 8% Optionally Convertible Preference Shares is also proposed in the meeting. The amounts of dividend and dividend distribution tax are as follows:

(Amount In Rs.)			
Particulars	Dividend Proposed	Dividend Distribution Tax	Total
Equity Shares	432,838	90,571	523,409
8% Optionally Convertible Preference Shares	3,200,000	669,595	3,869,595

### 32 . Details of Non-Performing Assets (NPA) and % of Assets Under Management (AUM) are as follows:

(Rs. in Lakhs)		
Particulars	As at 31st March 2018	As at 31st March 2017
AUM	20,395.38	17,642.51
Gross NPA on AUM	74.07	72.50
Net NPA on AUM	55.55	59.85
Gross NPA as % of AUM	0.36%	0.41%
Net NPA as % of AUM	0.27%	0.34%

- 33 . The company has sanctioned but undisbursed amount of loans amounting to Rs 473.36 lacs as on the date of balance sheet which are to be disbursed during the normal course of business.
- 34 . In the opinion of the Board, the assets of the company have a value on realization in the ordinary course of business at least equal to the amount at which they stated, net of contingency provisions
- 35 . Total amount of assigned assets outstanding as per books of the company (excluding accrued interest) as on 31st March 2018 is Rs. 28,667,559/-. Dues to assignees towards collections from assigned receivables as on 31st March, 2018 is Rs.414,086/-.
- 36 . The Company has not received any intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. In view of this, information required under section 22 of MSMED Act, 2006 to that extent is not given.



**RAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

37. Balances of trade payables and loans and advances are subject to confirmation. Adjustments, if any required, will be made on settlement of the account of the parties.

**38. Previous Year's Figures**

Previous year figures have been regrouped / reclassified to conform to the current year's classification

In terms of our report attached

For and on behalf of the Board of Directors

**For Rajpara Associates**

Chartered Accountants

Firm's Registration Number:113428W

*Jaym Soni*



**Jay Soni**  
Partner

Membership No.174165

*Parshana S. Pandya*

**Parshana S. Pandya**  
(Director & Chief Operating Officer)  
(DIN - 07610402)

*Kamlesh C. Gandhi*

**Kamlesh C. Gandhi**  
(Chairman & Managing Director)  
(DIN - 00044852)

Place: Ahmedabad

Date:

02 MAY 2018

*Darshan Hiranandani*

**Darshan Hiranandani**  
(Company Secretary)  
(Membership No.A47986 )

*Mukesh C. Gandhi*

**Mukesh C. Gandhi**  
(Whole Time) Director & Chief Financial Officer  
(DIN - 00187086)

**ANNEXURE A: (FORMING PART OF THE FINANCIAL STATEMENTS)**

Disclosure as required in terms of Paragraph 5 of National Housing Bank Circular No.NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010 and notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017.

**I Capital to Risk Assets Ratio as on 31<sup>st</sup> March 2018**

Sr. No.	Item	Current Year	Previous Year
1	CRAR (%)	31.82%	34.04%
2	CRAR – Tier I Capital (%)	26.81%	28.51%
3	CRAR – Tier II Capital (%)	5.01%	5.53%
4	Amount of subordinated debt raised as Tier- II Capital	-	-
5	Amount raised by issue of Perpetual Debt Instruments	-	-

**II INVESTMENT**

The company does not have any outstanding investments at the beginning or at the end of the year.

**III DERIVATIVE**

The Company has not entered into any Derivative transactions.

**IV SECURITIZATION****(a) For Securitization Transaction**

(Rs. In Crores)

Sr. No.	Particulars	Current Year	Previous Year
1	No of SPVs sponsored by the company for securitization transactions	Nil	Nil
2	Total amount of securitised assets as per books of the SPVs sponsored by the company	Nil	Nil
3	Total amount of exposures retained by the company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures	Nil	Nil
	• First loss	Nil	Nil
	• Others		
	b) On-balance sheet exposures	Nil	Nil
	• First loss	Nil	Nil
	• Others		
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	ii) Exposure to third party securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	ii) Exposure to third party securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil



**(b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

(Rs. In Crores)

Particulars	Current Year	Previous Year
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book Value	Nil	Nil

**(c) Details of Assignment transactions undertaken by HFCs**

(Rs. In Crores)

Particulars	Current Year	Previous Year
(i) No. of accounts	NIL	82
(ii) Aggregate value (net of provisions) of accounts assigned	NIL	4.46
(iii) Aggregate consideration	NIL	4.46
(iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
(v) Aggregate gain / loss over net book Value	NIL	NIL

**(d) Details of non-performing financial assets purchased / sold**

**(i) Details of non-performing financial assets purchased:**

(Rs. In Crores)

Particulars	Current Year	Previous Year
1 (a) No. of accounts purchased during	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2 (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

**(ii) Details of Non-performing Financial Assets sold:**

(Amount in Rs. crore)

Particulars	Current Year	Previous Year
1. No. of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil





**V Assets Liability Management (Maturity Pattern of Certain Items of Assets Liabilities)**

 As at 31<sup>st</sup> March 2018

(Rs. In Crores)

	1 day to 15 days	16 to 30- 31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
<b>Liabilities</b>												
Deposits												
Borrowings from banks/FI	3.51	1.22	1.02	5.82	8.89	32.58	79.91	26.10	5.23	3.48	-	167.75
Market Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>												
Advances (Net of Security Deposits)	4.28	0.12	2.84	2.77	8.01	15.15	43.44	20.34	21.99	33.67	35.62	188.24
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-

 As at 31<sup>st</sup> March 2017:

(Rs. In Crores)

	1 day to 15 days	16 to 30- 31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
<b>Liabilities</b>												
Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks/FI	1.24	0.95	0.71	5.13	9.14	21.80	56.86	32.70	13.68	4.51	0.10	146.82
Market Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>												
Advances (Net of Security Deposits)	3.42	0.23	3.39	3.34	9.16	35.98	15.19	15.27	18.31	28.65	32.38	165.32
Investment	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-



## VI Exposure

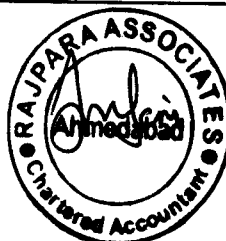
### (a) Exposure to Real Estate Sector:

(Rs. In Crores)

Category			Current Year	Previous Year
a)	Direct Exposures			
	(i)	<b>Residential Mortgages –</b>  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)  -Individual Housing Loan up to Rs. 15 Lakh  -Individual Housing Loan more than Rs. 15 Lakh	115.05  9.84	100.61  8.36
	(ii)	<b>Commercial Real Estate –</b> Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) Limits; -Individual Commercial Loan up to Rs. 15 Lakh -Individual Commercial Loan more than Rs. 15 Lakh -Builders	9.81 2.06 64.33	6.76 0.85 56.45
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
		A Residential	Nil	Nil
		B Commercial Real Estate	Nil	Nil
b)	Indirect Exposures			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies		Nil	Nil

### (b) Exposure to Capital Market

Category	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;	Nil	Nil
(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;	Nil	Nil
(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;	Nil	Nil
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil



(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising	Nil	Nil
(vii) bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
<b>Total Exposure to Capital Market</b>	<b>Nil</b>	<b>Nil</b>

**(c) Details of financing of parent company products**

Not Applicable

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

The Company has not exceeded the prudential exposure limits during the year.

**(e) Unsecured Advances**

- Refer Note no. 13 to the financial statements.
- The Company has not granted any advances against intangible securities.

**VII. Disclosure of Penalties imposed by NHB and other regulators**

During the financial year 2017-18 no penalties have been imposed by NHB and other regulators.

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

**By India Ratings::**

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities (Cash Credit/Term Loan)	Rs. 500.00 Crore	IND A (Stable)	First time rating

**By ICRA:**

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities (Cash Credit/Term Loan)	Rs. 150.00 Crore	[ICRA]A(stable)	[ICRA]A-(Positive)

**By CRISIL:**

INSTRUMENT	AMOUNT	RATING ACTION	PREVIOUS RATING
Long term bank facilities (Cash Credit/Term Loan)	Rs 24.77 Crore	CRISIL A-/Stable	CRISIL BBB+/Stable

**IX Provisions and Contingencies**

(Rs. In Crores)

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	NIL	NIL
2. Provision made towards Income tax	0.94	1.12
3. Provision towards NPA	0.06	0.09
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH, etc.)		
i) Individual Housing	0.01	0.08
ii) Commercial Real Estate (CRE)	0.11	0.03
iii) Commercial Real Estate - Residential Housing (CRE-RH)	0.01	0.13
Provision for Employee Benefits	0.12	0.10



**X Draw Down from Reserves**

There has not been any draw down from reserves during FY 17-18.

**XI Concentration of Public Deposits, Advances, Exposures and NPAs****XI.I Concentration of Public Deposits (for Public Deposit taking / holding HFCs)**

Not Applicable

**XI.II Concentration of Loans & Advances**

(Rs. In Crores)

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest Borrowers	43.47	45.56
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	21.62%	26.33%

**XI.III Concentration of all Exposure (including off-balance sheet exposure)**

(Rs. In Crores)

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest Borrowers	43.47	46.59
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	21.56%	26.07%

**XI.IV Concentration of NPAs**

(Rs. In Crores)

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	0.74	0.72

**XI.V Sector-wise NPAs**

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
<b>A. Housing Loans:</b>		
1	Individuals	0.47%
2	Builders/Project Loans	0.31%
3	Corporates	-
4	Others (specify)	-
<b>B. Non-Housing Loans:</b>		
1	Individuals	0.01%
2	Builders/Project Loans	-
3	Corporates	-
4	Others (specify)	-



**XII Movement of NPAs**

(Rs. In Crores)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	0.28%	0.35%
(II) Movement of NPAs (Gross)		
a) Opening balance	0.72	0.24
b) Additions during the year	0.96	0.70
c) Reductions during the year	0.94	0.21
d) Closing balance	0.74	0.72
(III) Movement of Net NPAs		
a) Opening balance	0.60	0.20
b) Additions during the year	0.76	0.57
c) Reductions during the year	0.80	0.17
d) Closing balance	0.56	0.60
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	0.13	0.04
b) Additions during the year	0.20	0.13
c) Reductions during the year	0.15	0.04
d) Closing balance	0.19	0.13

**XIII Overseas Assets**

(Rs. In Crores)

Particulars	Current Year	Previous Year
	NIL	NIL

**XIV Off Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)**

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

**XV Disclosure of Complaints**

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	1	0
b) No. of complaints received during the year	3	8
c) No. of complaints redressed during the year	3	7
d) No. of complaints pending at the end of the year	1	1





**ATTENDANCE SLIP – 11<sup>th</sup> AGM**  
**(To be handed over at the entrance of Meeting Hall)**

Regd. Folio /DP ID & Client ID	
Name and Address of the Shareholder(s)	
Joint Holder 1	
Joint Holder 2	
No. of Shares	

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the ELEVENTH ANNUAL GENERAL MEETING of the Company at Wednesday, 27<sup>th</sup> Day of June at the 5<sup>th</sup> Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009 of the Company at 09.00 A.M..

Full name of the Member/Proxy attending the Meeting	
Member's/Proxy's Signature	

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.  
Shareholders attending the meeting are requested to bring their copies of the Annual Report with them.



**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 of ~~MAS~~ Rural Housing & Mortgage Finance Limited, holding \_\_\_\_\_ shares, hereby appoint

- |                  |                                  |
|------------------|----------------------------------|
| 1. Name: _____   | Address: _____                   |
| E-mail Id: _____ | Signature: _____ or failing him; |
| 2. Name: _____   | Address: _____                   |
| E-mail Id: _____ | Signature: _____ or failing him; |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 11<sup>th</sup> Annual General Meeting of members of the Company, to be held on Wednesday, 27<sup>th</sup> Day of June at 5<sup>th</sup> Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009 of the Company at 09.00 A.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Brief details of the Resolution	Optional*		
		For	Against	Abstain
1.	Adoption of the Audited Financial Statement and Reports of the Board of Directors and the Auditors thereon for the year ended March 31, 2018.			
2.	To declare dividend on equity and preference shares.			
3.	Appointment of Mr. Mukesh Gandhi, (DIN 00187086), who retires by rotation and being eligible, offers himself for re-appointment.			
4.	Ratification of Appointment of M/s. Rajpara Associates, (FRN 113428W) as Auditors and fixing their remuneration.			
5.	To amend the object clause of the Memorandum of Association of the Company.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Signature of Shareholder:

Signature of Proxy holder(s):

Affix  
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. **A proxy need not be a member of the Company.**
3. \*For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 11th Annual General Meeting.

It is optional to put a "√" in the appropriate column against the Resolutions indicated in the box. If you leave the "For", "Against" or "Abstain" column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/ she thinks appropriate.

