INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To
The Members of KIFS Housing Finance Limited

Report on the financial statements

Opinion

We have audited the accompanying financial statements of **KIFS Housing Finance Limited** ('the Company'), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as 'the financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below to be the Key Audit Matters to be communicated in the Report:

Sr. No.	Key Audit Matters	How was the matter addressed in our audit
1.	**<u>Impairment of Loans as at Balance Sheet Date (Expected Credit Losses): (Refer Note No. 7 & 39 to the financial statements)</u>** Ind AS 109 requires the Company to provide for impairment of its loans designated at amortised cost using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on loans receivable over their life, considering reasonable and supportable information about past events, current conditions and forecast of future economic conditions which could impact the credit quality of the Company's loan receivables. In the process, significant degree of judgment has been applied by the management for; (a) Staging of the loan receivable (i.e., classification in significant increase in credit risk ("SICR") and default categories) (b) Grouping of borrowers based on category of loans. (c) Estimation of life of loans under various stages for each category, recoverable amounts in case of defaults etc. (d) Determining macro-economic factors impacting the credit quality of loans	We have performed following audit procedures: (a) Assessed Company's accounting policies for impairment of loans and their compliance with Ind AS. (b) Assessed Company's policies with respect to moratorium pursuant to the Reserve Bank of India circular dated 27th March, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers. (c) Evaluated reasonableness of management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. (d) Assessed the criteria for staging of financial assets based on their past-due status to check compliance with the requirement of Ind AS 109. Tested a sample of stage 1 assets to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 and stage 3. (e) Tested the ECL model, including assumptions and underlying computation. Assessed the floor / minimum rates of provisioning applied by the Company for loans receivable with inadequate historical defaults. (f) Assessed the additional considerations applied by the

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	(e) Estimation of losses for loans receivable with no / minimal historical defaults. (f) Determination of whether restructuring of principal / interest to a borrower under regulatory directions resulting in restructuring conclusion under Ind AS is subject to interpretation / judgment. In financial year 2021-22, the Company has continued additional floating provision made in financial year 2020-21 on account of Covid-19 amounting to Rs 36.35 lakhs. Since the loan receivable form major portion of Company's assets and due to the significance of judgments used in classifying loans into various stages as stipulated in Ind AS 109 and determining related impairment provision requirements as accentuated by Covid-19 pandemic, this is considered to be area of key focus of overall Company audit and thus a key audit matter.	management for staging of loans as SICR or default categories in view of factors caused by Covid-19. (g) Tested a sample of exposures, the appropriateness of determining exposure at default ("EAD"), calculation of probability of default ("PD") and Loss given default ("LGD") in calculation.

Information Other than the financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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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 Act, with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financials Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraphs 3 and 4 of the order, to the extent applicable.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the director is disqualified as on 31st March, 2022 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 the requirements of section 197(16) of the Act, as amended, we report that, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) 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, as amended 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 can have an impact on its financial position in its financial statements.

(ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There are no such amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

iv) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever

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by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under h (iv) (a) and (b) above, contain any material misstatement.

(v) During the current year, the Company has neither declared nor paid any dividend.

FOR MANUBHAI & SHAH LLP
CHARTERED ACCOUNTANTS
FRN: 106041W/ W100136

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Mumbai, 27th May, 2022

CA. LAXMINARAYAN YEKKALI
PARTNER
Membership No.: 114753
UDIN: 22114753AJSZXZ5071

ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT

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

(i) (a) i. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets;

ii. The Company has maintained proper records showing full particulars of Intangible Assets.

(b) The Company has a program of verification to cover all items of property, plant and equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In our opinion, and according to the information and explanations given to us, no material discrepancies have been noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records, the Company does not have any immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in Property, Plant and Equipment.

(d) The company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate, from banks or financial institutions on the basis of security of Loans. Based on our examination of the records of the Company, the quarterly returns/ statements filed by the Company with the said banks / financial institutions are in agreement with books of accounts maintained.

(iii)

(a) The Company is primarily engaged in lending activities and hence reporting under clause 3(iii)(a), of the Order is not applicable to the Company.

(b) The Company being a Non-Banking Financial Company ('NBFC'), registered under RBI, Act 1934., in our opinion and according to the information and explanations given to us, the investments made, security given and the terms and condition of the grants of loans and advances in the

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nature of loans, during the year are prima facie not prejudicial to the interest of the Company. The Company has not provided any guarantees during the year.

(c) In respect of loans given and advances in the nature of loans, the Company has stipulated the schedule of repayment of principal and payment of interest. However, given the nature of business of the Company being NBFC, there are some cases during the year and as at March 31, 2022 wherein the amounts were overdue vis-a- vis stipulated terms.

(d) In respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount for more than ninety days as at March 31, 2022 except for the following cases:

Rs. in Lakhs

Number of Cases	Principal Amount overdue	Interest amount overdue	Total Amount due
62	528.59	42.66	571.25

According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery of the principal and interest.

(e) The Company is primarily engaged in lending activities and hence reporting under clause 3(iii)(e), of the Order is not applicable to the Company.

(f) Based on the information and explanations provided to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the provisions of section 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified.

(vi) We are informed that maintenance of cost records prescribed by the Central Government of India under section 148(1) of the Act, is not applicable in respect of Company's business.

(vii) (a) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Excise Duty, Custom Duty, Goods and Service Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities.

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(b) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Excise Duty, Custom Duty, Goods and Service Tax, Cess and other material statutory dues, as applicable were in arrears as at 31st March 2022 for a period of more than six months from the date they became payable.

(g) According to the information and explanations given to us and based on the records of the Company examined by us, there are no dues of Income Tax, Service Tax, Sales Tax, Excise Duty, Custom Duty, Value Added Tax, Goods and Service Tax, Cess and other statutory dues as at 31st March 2022 which have not been deposited on accounts of any disputes.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans and interest on loans from financial institution, bank, and dues to debenture holders.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the term loans obtained from banks during the year for the purposes for which they were obtained, other than temporary deployment pending application of proceeds.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis do not seem to have used during the year for long term purposes.

(e) The Company does not have any subsidiaries, associates, or joint ventures. Accordingly, reporting requirements of clause 3 (ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiaries, associates, or joint ventures. Accordingly, reporting requirements of clause 3 (ix)(f) of the Order is not applicable to the Company.

(x) (a) In our opinion, and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xi) (a) To the best of our knowledge, no material fraud on or by the Company has been noticed or reported during the year nor have we been informed of any such case by the Management.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report

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(c) As represented by the management, there are no whistle blower complaints received by the company during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting as per clause 3 (xii) of the Order is not required.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

(xiv) (a) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company, in determining nature, timing and extent of our audit procedure.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, reporting as per clause 3 (xv) of the Order is not required.

(xvi) (a) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, hence reporting requirement of clause 3(xvi) (a) of the Order is not applicable to the Company.

(b) The Company is a registered Housing Finance Company (HFC) and holds a valid Certificate of Registration from National Housing Bank and hence reporting under clause 3(xvi) (b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence reporting under clause 3(xvi) (c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us, there is no CIC in the group.

(xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on

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the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act.

(b) According to the information and explanation given to us, no amount is remaining unspent towards Corporate Social Responsibility (CSR) ongoing project, which was required to be transferred to special account in compliance with provision of sub- section (6) of Section 135 of the said Act.

FOR MANUBHAI & SHAH LLP
CHARTERED ACCOUNTANTS
FRN: 106041W/ W100136

Mumbai, 27th May, 2022

CA. LAXMINARAYAN YEKKALI
PARTNER
Membership No.: 114753
UDIN: 22114753AJSZXZ5071

ANNEXURE – B TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 2(f) 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 ("the Act")

We have audited the internal financial controls over financial reporting of **KIFS Housing Finance Limited** ("the Company") as of 31st March, 2022 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 Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include 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.

Auditor's 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 issued by ICAI (the "Guidance Note") and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 judgment, 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.

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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 31st March, 2022, 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 MANUBHAI & SHAH LLP
CHARTERED ACCOUNTANTS
FRN: 106041W/ W100136

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS MUMBAI 400 020

Mumbai, 27th May, 2022

CA. LAXMINARAYAN YEKKALI
PARTNER
Membership No.: 114753
UDIN: 22114753AJSZXZ5071

INDEPENDENT AUDITOR'S REPORT

Report on Compliance with the Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021

To
The Board of Directors of
KIFS HOUSING FINANCE LIMITED

Background

Pursuant to the Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 ("the Directions") which became effective from February 17, 2021, we have examined the matters specified in the Paragraph 70 of the said directions in respect of KIFS Housing Finance Limited (the "Company") for the year ended 31st March 2022.

Management's Responsibility

The Management is responsible for the design and implementation of the internal procedures, systems, processes and controls to ensure compliance with the Directions on an ongoing basis. This responsibility also includes reporting non-compliances, if any, to the National Housing Bank ("the Bank"), Board of the Company and its Audit Committee.

Auditors' Responsibility

Our responsibility is to report on the matters specified in Paragraph 70 of the Directions based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those involves performing procedures to obtain audit evidence about the compliance with the Directions. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the information and records, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's compliance with the Directions in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our report. We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates issued for Special Purpose by the Institute of Chartered Accountants of India.

Conclusion

Based on our examination of the books and records of the Company as produced for our examination and the information and explanations provided to us, we report that:

(1) The Company had applied for registration as required under Section 29A of the National Housing Bank Act, 1987 and has been granted the certificate of

MANUBHAI & SHAH LLP MUMBAI 400 020 CHARTERED ACCOUNTANTS

registration dated October 27, 2016. In Financial Year 2019-20, the Company has been converted from private limited to public limited (through revised certificate of incorporation dated 24th February, 2020) and thus, it has applied to Reserve Bank of India for fresh certificate of registration vide their application letter dated 27th February, 2020. The fresh certificate of registration is received dated 12th August, 2020.

(2) The Company is meeting the required Net Owned Fund as prescribed under Section 29A of the National Housing Bank Act, 1987.

(3) The Company has complied with Section 29C of the National Housing Bank Act, 1987.

(4) The total borrowings of the Company are within the limits prescribed under paragraph 27.2 of the Directions.

(5) The Company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in the balance sheet, investment in real estate, exposure to capital market, engagement of brokers and concentration of credit/ investments as specified in the Directions.

(6) The capital adequacy ratio as disclosed in the return submitted to the National Housing Bank has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the Directions.

(7) The Company has furnished to the Bank within stipulated period the schedule II return for the half year ended on 30th September, 2021 as specified in Directions. The Company has furnished provisional Schedule II return to the Bank for the half year ended on 31st March, 2022 as at the date of our report.

(8) The Company has furnished to the National Housing Bank within stipulated period the schedule III returns on Statutory Liquid Assets as specified in the Directions.

(9) The Company has complied with the requirements relating to opening of new branches / offices or closure of existing branches / offices as specified in the Directions.

(10) The Company has not given any loans against security of shares, loans against security of single product (Gold / Jewellery) and loans against Company's own shares.

(11) The Board of Directors of the Company has passed a resolution for non-acceptance of any public deposits.

(12) The Company has not accepted any public deposits during the year ended and as at 31st March 2022.

MANUBHAI & SHAH LLP * CHARTERED ACCOUNTANTS * MUMBAI 400 020

Restriction of use

This report is issued pursuant to the requirement as per Paragraph 70 of the Directions and should not be used by any other person or for any other purpose. We neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

FOR MANUBHAI & SHAH LLP
CHARTERED ACCOUNTANTS
FRN: 106041W/ W100136

MANUBHAI & SHAH LLP MUMBAI 400 020 CHARTERED ACCOUNTANTS

Mumbai, 27th May, 2022

CA. LAXMINARAYAN YEKKALI
PARTNER
Membership No.: 114753

UDIN: 22114753AJTANO7505

KIFS Housing Finance Limited
Balance Sheet as at March 31, 2022

Rs. In Lakhs

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	4	19.35	7.32
(b) Bank balance other than (a) above	5	4,045.79	3,793.58
(c) Derivative financial instruments		-	-
(d) Receivables			
(i) Trade receivables	6	-	-
(ii) Other receivables	6.1	3.88	103.72
(e) Loans	7	48,254.26	44,392.96
(f) Investments	8	7,799.03	11,413.65
(g) Other financial assets	9	125.44	96.75
Total Financial Assets		60,247.75	59,807.98
(2) Non-Financial Assets			
(a) Current tax assets (Net)		94.70	-
(b) Deferred tax assets (Net)		365.19	313.49
(c) Property, Plant and Equipment	10	893.45	385.32
(d) Other intangible assets	11	30.41	2.52
(e) Intangible assets under development	11.1	33.08	22.23
(f) Other non-financial assets	12	120.10	120.38
Total Non-Financial Assets		1,536.93	843.94
Total Assets		61,784.68	60,651.92
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Payables			
Trade Payables	13		
i) total outstanding dues to micro enterprises and small enterprises		1.03	-
ii) total outstanding dues to creditors other than micro enterprises and small enterprises		183.71	316.16
Other Payables	13.1		
i) total outstanding dues to micro enterprises and small enterprises		-	-
ii) total outstanding dues to creditors other than micro enterprises and small enterprises		4.29	4.63
(b) Debt securities	14	3,899.55	4,715.48
(c) Borrowings (other than debt securities)	15	26,144.08	25,058.65
(d) Subordinated liabilities		-	-
(e) Other financial liabilities	16	1,229.25	1,578.58
Total Financial Liabilities		31,461.91	31,673.50
(2) Non-Financial Liabilities			
(a) Current tax liabilities (Net)		-	14.03
(b) Provisions	17	98.13	114.34
(c) Other non - financial liabilities	18	374.82	305.57
Total Non-Financial Liabilities		472.95	433.94
(3) Equity			
(a) Equity share capital	19	24,951.14	24,951.14
(b) Other equity	20	4,898.68	3,593.34
Total Equity		29,849.82	28,544.48
Total Liabilities and Equity		61,784.68	60,651.92

The accompanying notes form an integral part of the Financial Statements 1 to 98

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Reg.No. 106041W/W100136

MANUBHAI & SHAH LLP MUMBAI 400 020 CHARTERED ACCOUNTANTS

CA. Laxminarayan P. Yekkali
Partner
M. No. 114753

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors of
KIFS Housing Finance Limited

Rajesh P. Khandwala
Chairman and Managing Director
DIN: 00477673

Padmanabh Vora
Director
DIN: 00003192

Tejal Gala
Company Secretary
M. No. ACS-54456

Place: Mumbai
Date: May 27, 2022

KIFS Housing Finance Limited
Statement of Profit and Loss for the year ended March 31, 2022

Rs. In Lakhs

	Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
	Revenue from operations			
	(i) Interest Income	21	5,761.19	5,100.49
	(ii) Fees and commission income	22	67.73	159.03
	(iii) Net gain on fair value changes	23	285.10	131.25
	(iv) Net gain on derecognition of financial instruments under amortised cost category		-	-
	(v) Other operating revenue	24	421.19	425.45
(I)	**Total Revenue from Operations**		**6,535.21**	**5,816.22**
(II)	**Other Income**		-	-
(III)	**Total Income (I+II)**		**6,535.21**	**5,816.22**
	Expenses :			
	(i) Finance cost	25	1,926.91	1,355.15
	(ii) Impairment on financial instruments under amortised cost	26	526.19	339.97
	(iii) Employee benefits expense	27	1,851.00	1,473.72
	(iv) Depreciation and amortisation expenses	10,11	186.75	119.88
	(v) Other expenses	28	424.98	314.23
(IV)	**Total expenses**		**4,915.83**	**3,602.95**
(V)	**Profit before tax (III - IV)**		**1,619.38**	**2,213.27**
	Tax Expense :			
	Current tax		397.69	525.00
	Excess provision of tax for earlier year		(2.10)	-
	Deferred tax		(59.22)	(80.00)
(VI)	**Total tax expense**		**336.37**	**445.00**
(VII)	**Profit for the Year (V - VI)**		**1,283.01**	**1,768.27**
(VIII)	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss		29.84	1.15
	Income tax relating to items that will not be reclassified to profit or loss		(7.51)	(0.29)
	Items that will be reclassified to profit or loss		-	-
	Income tax relating to items that will be reclassified to profit or loss		-	-
(IX)	**Total Comprehensive Income (VII + VIII)**		**1,305.34**	**1,769.13**
(X)	**Earnings per Equity Share (for continuing operations):**	30		
	Basic (Rs.)		0.51	0.71
	Diluted (Rs.)		0.51	0.71

The accompanying notes form an integral part of the Financial Statements — 1 to 98

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Reg.No. 106041W/W100136

MANUBHAI & SHAH LLP * CHARTERED ACCOUNTANTS * MUMBAI 400 020

CA. Laxminarayan P. Yekkali
Partner
M. No. 114753

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors of
KIFS Housing Finance Limited

Rajesh P. Khandwala
Chairman and Managing Director
DIN: 00477673

Padmanabh Vora
Director
DIN: 00003192

Tejal Gala
Company Secretary
M. No. ACS-54456

Place: Mumbai
Date: May 27, 2022

KIFS Housing Finance Limited
Statement of Changes in Equity for the year ended March 31, 2022

A Equity Share Capital

Rs. In Lakhs

Particulars	Balance as at 01 April 2021	Changes in Equity Share Capital due to Prior Period errors	Restated balance as at 01 April 2021	Changes in Equity Share Capital during the current year	Balance as at 31 March 2022
Equity Share Capital	24,951.14	-	-	-	**24,951.14**

Rs. In Lakhs

Particulars	Balance as at 01 April 2020	Changes in Equity Share Capital due to Prior Period errors	Restated balance as at 01 April 2020	Changes in Equity Share Capital during the current year	Balance as at 31 March 2021
Equity Share Capital	24,951.14	-	-	-	**24,951.14**

B Other Equity

Rs. In Lakhs

Particulars	Reserves and Surplus		Items of OCI	Total
	Statutory reserve	Retained earnings	Other comprehensive income (OCI)	
Balance as at April 1, 2020	573.08	1,251.13	-	1,824.20
Profit for the year	-	1,768.27	-	1,768.27
Transfer from retained earnings	437.10	(437.10)	-	-
Remeasurement benefit of defined benefit plans	-	-	0.86	0.86
Balance as at March 31, 2021	**1,010.18**	**2,582.30**	**0.86**	**3,593.34**
Profit for the year	-	1,283.01		1,283.01
Transfer from retained earnings	297.55	(297.55)		-
Remeasurement benefit of defined benefit plans			22.33	22.33
Balance as at March 31, 2022	**1,307.73**	**3,567.76**	**23.19**	**4,898.68**

Retained earnings
This represents surplus in profit and loss account after appropriations.

Statutory Reserve
As required by section 45-IC of the RBI Act 1934, the company maintains a reserve fund and transfers there in a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. The company cannot appropriate any sum from the reserve fund except for the purpose specified by Reserve Bank of India from time to time. Till date RBI has not specified any purpose for appropriation of Reserve fund maintained under section 45-IC of RBI Act,1984.

Other comprehensive income - Employee benefits
This represents remeasurement gain/(loss) on post employement benefit obligations.

The accompanying notes form an integral part of the Financial Statements (Note No. 1 to 98)

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Reg.No. 106041W/W100136

MANUBHAI & SHAH LLP MUMBAI 400 020 CHARTERED ACCOUNTANTS

CA. Laxminarayan P. Yekkali
Partner
M. No. 114753

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors of
KIFS Housing Finance Limited

Rajesh P. Khandwala
Chairman and Managing Director
DIN: 00477673

Padmanabh Vora
Director
DIN: 00003192

Tejal Gala
Company Secretary
M. No. ACS-54456

Place: Mumbai
Date: May 27, 2022

KIFS Housing Finance Limited
Cash Flow Statement for the year ended March 31, 2022

Rs. In Lakhs

	Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
A	**Cash flow from operating activities**		
	Profit before tax	1,619.38	2,213.27
	Adjustments for :		
	Depreciation and amortisation	186.75	119.88
	Net gain on fair value changes	(285.10)	(131.25)
	Interest income on loans	(5,761.19)	(5,100.49)
	Interest expenses on borrowings	1,926.91	1,355.15
	Impairment on financial instruments	526.19	339.97
	Operating profit before working capital changes	**(1,787.05)**	**(1,203.47)**
	Movement in working capital :		
	Increase/(decrease) in other financial liabilities	(730.24)	435.82
	Increase/(decrease) in provisions	(16.21)	47.12
	Increase/(decrease) in other non-financial liabilities	99.09	136.36
	Increase/(decrease) in trade payables	(131.76)	281.07
	(Increase)/decrease in trade receivables	99.84	148.66
	(Increase)/decrease in loans	(4,361.33)	(11,484.52)
	(Increase)/decrease in other financial assets	(28.69)	(3.64)
	(Increase)/decrease in other non-financial assets	0.28	(50.13)
	Movement in working capital - total	**(5,069.02)**	**(10,489.27)**
	Interest income on loan received	5,735.03	5,038.61
	Interest expenses on borrowings paid	(1,978.58)	(1,086.77)
	Cash used in operations	**(3,099.62)**	**(7,740.90)**
	Direct taxes paid (net of refunds)	(504.33)	(547.98)
	Net cash used in operating activities (A)	**(3,603.95)**	**(8,288.89)**
B	**Cash flow from investing activities :**		
	Purchase of PPE (Net)	(198.17)	(24.82)
	Proceeds from / (Purchase of) Mutual Funds (Net)	3,899.70	(9,372.34)
	Fixed Deposits matured / (placed) (Net)	(252.21)	(1,086.08)
	Net cash generated from / (used in) investing activities (B)	**3,449.32**	**(10,483.25)**
C	**Cash flow from financing activities :**		
	(Repayment) / proceeds from issuance of Debt Securities	(815.93)	4,715.48
	Proceeds from Other Borrowings	1,085.43	13,904.15
	Repayment of lease liabilities	(102.85)	-
	Net cash generated from financing activities (C)	**166.65**	**18,619.63**
	Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	12.03	(152.50)
	Cash and cash equivalents as at the beginning of the year	7.32	159.83
	Cash and cash equivalents as at end of the year	**19.35**	**7.32**

Notes:

(i)	**Components of cash & cash equivalents at the year end**	**March 31, 2022**	**March 31,2021**
	Cash on hand	6.80	7.17
	Balance with banks in current accounts	12.55	0.15
	Deposits with maturity less than 3 months	-	-
	Total	**19.35**	**7.32**

(ii) Cash Flow Statement has been prepared using Indirect Method prescribed under Ind AS 7.

(iii) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities are as below :

Rs. In Lakhs

	As at March 31, 2021	Cash flow	Fair Value Charges	Current / Non-Current Classification	As at March 31, 2022
Borrowings - Non Current	20,703.63	1,085.43	-	-	21,789.06
Borrowings - Current	9,070.50	(815.93)	-	-	8,254.57

The accompanying notes form an integral part of the Financial Statements (Note No. 1 to 98)

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Reg.No. 106041W/W100136

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS MUMBAI 400 020

CA. Laxminarayan P. Yekkali
Partner
M. No. 114753

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors of
KIFS Housing Finance Limited

Rajesh P. Khandwala
Chairman and Managing Director
DIN: 00477673

Padmanabh Vora
Director
DIN: 00003192

Tejal Gala
Company Secretary
M. No. ACS-54456

Place: Mumbai
Date: May 27, 2022

Notes forming part of Financial Statements for the year ended on March 31, 2022

1. Corporate Information

KIFS Housing Finance Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act. The Company is a non-deposit taking Housing Finance Company registered with the National Housing Bank (NHB) and is governed by the regulatory framework for Housing Finance Companies (HFCs) as issued by Reserve Bank of India (RBI) and other directions, regulations and circulars issued by NHB. The Company's registered office is at B-81, Pariseema Complex, C.G. Road, Ellisbridge, Ahmedabad, India. The principal place of business of the Company is at C-902, Lotus Corporate Park, Graham Firth Compound, Western Express Highway, Goregaon (East), Mumbai. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The Company also provides loans for specified purposes against the security of immovable property. The Board of Directors approved the financial statements on May 27, 2022.

2. Basis of Preparation & Presentation of Financial Statements

2.1 Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) as notified under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 and amendments issued thereafter and the provisions of the RBI on the historical cost basis except for certain financial instruments that are measured at fair values. The financial statements have been prepared on a going concern basis.

Effective April 1, 2020, the Company adopted Ind AS and the adoption was carried out in accordance with Ind AS 101, 'First-time Adoption of Indian Accounting Standards', with April 1, 2019 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended (IGAAP).

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows is prepared and presented as per the requirements of Ind AS 7 'Statement of Cash Flows'.

The Company presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 29.

Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

2.2 Functional and presentation currency

The Company prepares its financial statements in Indian rupees (Rs) which is the functional and presentation currency. The Company presents its balance sheet in the order of liquidity. Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places.

2.3 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS MUMBAI 400 020

KIFS Housing Finance Limited Mumbai

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly or indirectly.
- Level 3 – where unobservable inputs are used for the valuation of assets or liabilities.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Revisions to accounting estimates are recognised prospectively. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements are:

- Valuation of financial instruments
- Measurement of expected credit loss
- Provisions and contingencies
- Income tax and deferred tax
- Useful lives of property, plant and equipment and intangible assets
- Measurement of defined employee benefit obligations

3. Significant Accounting Policies

3.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, the revenue can be reliably measured, and there exists reasonable certainty of its recovery.

3.1.1. Interest income

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR') applicable. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Penal Interest/late payment interest and cheque bounce charges are recognized on receipt basis.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at Fair Value through Profit and Loss ("FVTPL"), transaction costs are recognised in the statement of profit and loss at initial recognition.

The Company calculates interest income by applying EIR to gross carrying amount of financial assets other than credit-impaired assets. For credit impaired financial assets, the Company calculates interest income by applying the EIR to the amortized cost (i.e. gross carrying amount less allowance for expected credit losses)

MANUBHAI & SHAH LLP MUMBAI 400 020 CHARTERED ACCOUNTANTS

KIFS Housing Finance Limited Mumbai

of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

3.1.2 Dividend

Dividend income is recognised when the Company's right to receive the dividend is established.

3.1.3 Fee and Commission Income

Fee and commission income include fees other than those that are an integral part of EIR. The Company recognises the fee and commission income in accordance with the terms of the relevant contracts/ agreement and when it is probable that the Company will collect the consideration.

3.1.4 Other Income

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

3.2 Property, plant and equipment

Property, plant and equipment (PPE) is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Company and the cost of the item can be measured reliably. PPEs are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price (net of trade discounts and tax/duty credits availed) and directly attributable cost of bringing the asset to its working condition for its intended use. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

PPEs not ready for the intended use on reporting date are disclosed as "Capital work-in-progress".

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of PPE is determined as the difference between the sales proceeds and its carrying amount and is recognised in the statement of profit and loss.

3.3 Intangible assets

An intangible asset is recognised, only where it is probable that future economic benefits attributable to the asset will accrue to the Company and the cost can be measured reliably. Intangible assets are stated at cost, less accumulated amortisation and impairment losses, if any. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on reporting date are disclosed as 'Intangible Assets under Development'.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Any gain or loss arising on the disposal or retirement of intangible asset is determined as the difference between the sales proceeds and its carrying amount and is recognised in the statement of profit and loss.

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Kifs Housing Finance Limited Mumbai

3.4 Depreciation and amortization

Depreciation on PPE is recognised on straight-line basis over the useful life prescribed under Schedule II to the Companies Act, 2013. Depreciation for additions/deductions during the year is calculated pro-rata to the period of use. Assets costing up to ₹ 5000 each is depreciated fully in the year of purchase. The residual value and useful life and method of depreciation are reviewed at each financial year-end with the effect of changes recognised prospectively.

Improvements of immovable nature at the leasehold properties are depreciated over the initial lease period.

Intangible assets are amortized over the expected duration of benefit on a straight-line basis. Amortisation for additions/deductions during the year is calculated pro-rata to the period of use. Software cost related to computers is capitalized and amortised using the straight-line method over a period of three years. The residual value and useful live and method of amortisation are reviewed at each financial year-end with the effect of changes recognised prospectively.

3.5 Impairment of PPE/Intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in the statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

3.6 Cash and cash equivalent

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank (including demand deposits) and in hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.7 Statement of cash flow

Statement of Cash flows is reported using indirect method whereby profit for the period is adjusted for the effects of the transactions of non-cash items, such as depreciation, amortisation, provisions, unrealised gains and losses, any deferrals or accruals of past or future operating cash receipts and payments and items of income or expenses associated with investing and financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3.8 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where the result would be anti-dilutive.

3.9 Borrowing costs

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost. The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

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3.10 Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

3.11 Income taxes

Current Tax

Current tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred Tax

Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively. Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rules and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognised deferred tax assets are re-assessed at each reporting date, and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

3.12 Employee Benefits

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits includes performance incentive and compensated absence that are expected to be settled wholly within 12 months after the end of the reporting period in which employees render the related service.

Long-term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. All employees of the Company are entitled to receive benefits under the Provident Fund. The Company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Gratuity

The costs of providing benefits under the plan is determined based on actuarial valuation at each year-end. Independent actuary using the projected unit credit method carries out valuation at the end of each reporting

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date. Re-measurement are recognised in other comprehensive income and is reclassified to profit or loss in a subsequent period. 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 planned assets.

3.13 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the company has a present obligation as a result of past event and 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 of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and if the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only be occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements.

3.14 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) Loans sanctioned but not disbursed and undisbursed amount of sanctioned loans;
a) Estimated amount of contracts remaining to be executed on capital account and not provided for;
b) Uncalled liability on shares and other investments partly paid;
d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

3.15 Segment Reporting

The Company's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes. The Company operates with in India only. All other activities of the Company revolve around the main business. This in the context of 'Ind AS 108 – Operating Segments' reporting is considered to constitute one reportable segment.

3.16 Foreign currencies

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

3.17 Lease

The Company has various lease arrangement for many assets including properties. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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At the commencement of the lease, the Company recognises a Right-of-Use (ROU) asset and a corresponding lease liability for all lease arrangements, except for leases with a term of twelve months or less (short-term leases) and low value leases. As a lessee, the company recognises a right-of-use asset and a lease liability at the lease commencement date. The ROU is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset/site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments, discounted using the incremental borrowing cost. Lease payments included in the measurement of the lease liability comprise the Fixed payments, including in-substance fixed payments. The lease liability is measured at amortised cost using the effective interest method.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The company presents right-of-use assets as part of PPE and lease liabilities as part of 'other financial liabilities' in the balance sheet.

Short-term leases and leases of low-value assets

For low-value assets and short-term leases, lease rentals are recognised in the statement of profit and loss on accrual basis.

3.18 Financial Instruments

3.18.1 Recognition and initial measurements

Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Company recognises debt securities, deposits and borrowings when funds are received by the Company. The company recognizes all other financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs and revenue that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to or deducted from the fair value of financial assets or financial liabilities on initial recognition. Transaction costs and revenue directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the statement of profit and loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be recognised in the statement of profit and loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

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3.18.2 Classification and subsequent measurement of Financial Assets and Liabilities

3.18.2.1 Financial Assets

The Company classifies and measures all its financial assets based on the business model for managing the assets and the asset's contractual terms, either at:

- Amortised cost
- Fair Value through Other Comprehensive Income
- Fair Value through Profit and Loss

3.18.2.1.1 Amortized cost

The Company classifies and measures Cash and Bank balances, Loans, Trade Receivable and other financial assets at amortised cost if

- these are held within a business model whose objective is to hold the asset in order to collect contractual cash flows and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest.

3.18.2.1.2 Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

3.18.2.1.3 Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are

- Assets with contractual cash flows that are not SPPI; and/or
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in the statement of profit and loss.

3.18.2.1.4 Business Model Test

The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Company reassesses it's business model at each reporting period to determine whether the business model has changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business model.

3.18.2.1.5 Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding

For an asset to be classified and measured at amortised cost or at FVOCI, its contractual terms should give rise to cash flows that meet SPPI test. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial

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asset is denominated. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

3.18.2.1.6 Subsequent Measurement and Gain and Losses

Financial Assets at Amortised Cost

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

Debt Instrument at FVOCI

These assets are subsequently measured at fair value. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Equity Instrument at FVOCI

Gains and losses on equity instruments at FVOCI are never recycled to the statement of profit and loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment. Profit or loss on sale of investments is determined on First in First out (FIFO) basis.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gain and losses, including any interest or dividend income, are recognised in statement of profit and loss. Profit or loss on sale of investments is determined on First in First out (FIFO) basis.

3.18.2.1.7 Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

3.18.2.2 Financial liabilities and equity instruments

The Company classifies these instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the face value and proceeds received in excess of the face value are recognised as securities premium.

Financial liabilities

The Company's borrowings include debentures, borrowings from banks, etc. Borrowings are initially measured at fair value plus directly attributable transaction costs and subsequently measured at their amortised cost using the effective interest rate method.

3.18.3 Impairment and write-off

The Company recognises loss allowances for Expected Credit Losses (ECL) on the financial instruments that are not measured at FVTPL. ECL is required to be measured through a loss allowance at an amount equal to:

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- 12-month ECL, i.e. loss allowance on default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL is measured at an amount equal to the 12-month ECL.

The Company has established policy to perform an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments .The Company applies a three-stage approach to measure ECL.

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized. Exposures with days past due (DPD) less than or equal to 30 days are classified as stage 1.

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized. Exposures with DPD greater than 30 days but less than or equal to 90 days are classified as stage 2.

Stage 3: Lifetime ECL – credit impaired

Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial asset that have become credit impaired, a lifetime ECL is recognized on principal outstanding as at period end. Exposures with DPD more than 90 days are classified as stage 3.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Methodology for calculating ECL

The Company determines ECL based on a probability-weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12- month or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) - It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) - It represents an estimate of the loss expected to be incurred when the event of default occurs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

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ECL is recognized on EAD as at period end. If the terms of a financial asset are renegotiated or modified due to financial difficulties of the borrower, then such asset is moved to stage 3, lifetime ECL under stage 3 on the outstanding amount is applied.

The Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

Quantitative test: Accounts that are more than 30 days past due move to Stage 2 automatically. Accounts that are more than 90 days past due move to Stage 3 automatically.

Reversal in Stages: Exposures will move back to Stage 2 or Stage 1 respectively, once they no longer meet the quantitative criteria set out above. For exposures classified using the qualitative test, when they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met.

The definition of default for the purpose of determining ECLs has been aligned to the Reserve Bank of India definition of default, which considers indicators that the debtor is unlikely to pay and is no later than when the exposure is more than 90 days past due.

The measurement of all expected credit losses for financial assets held at the reporting date are based on historical experience, current conditions and reasonable and supportable forecasts. The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives and estimation of EAD and assessing significant increases in credit risk.

Considering the prudence, the Company recognizes impairment on financial asset on higher of the provision required as per the directions issued by Reserve Bank of India or using expected credit loss (ECL) model as prescribed in Ind AS for the financial assets which are not fair valued. The expected credit losses (ECLs) is recognized based on forward-looking information for all financial assets at amortized cost, no impairment loss is applicable on equity investments.

At the reporting date, an allowance is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 1), an allowance (or provision) should be recognized for the lifetime ECLs for financial instruments for which the credit risk has increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3).

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the RBI, inflation, etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PG, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Write off

Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. A write-off constitutes a de-recognition event. The Company has a right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the income statement.

3.18.4 Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable

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efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness).

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires.

3.18.5 Collateral Valuation and Repossession

The Company physically repossess properties and engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale.

3.18.6 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

3.19 Off-setting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when the company currently has a legally enforceable right to offset the recognised amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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Notes to the Financial Statements for the year ended March 31, 2022

Rs. In Lakhs

Note no.	Particulars	As at March 31, 2022	March 31, 2021
4	**Cash and cash equivalents**		
4.1	**Cash on hand**	6.80	7.17
4.2	**Balances with banks**		
	In current accounts	12.55	0.15
	In term deposit accounts with original maturity of 3 months or less	-	-
		12.55	**0.15**
	Total	**19.35**	**7.32**
5	**Bank balance other than cash and cash equivalent**		
	Balance with banks in fixed deposits held as margin money (Refer Note 5.1)	4,045.79	3,793.58
	Total	**4,045.79**	**3,793.58**

5.1 Represents margin money placed against term loans from banks and others.

6	**Trade Receivables**		
	Receivables considered good - Unsecured	-	-
	Less - Provision for expected credit loss	-	-
	Total	-	-
6.1	**Other Receivables**		
	Receivables considered good - Unsecured	3.88	103.72
	Less - Provision for expected credit loss	-	-
	Total	**3.88**	**103.72**

6.2 There are no dues from directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

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Notes to the Financial Statements for the year ended March 31, 2022

6.3 Other Receivables Ageing Schedule

Other Receivables (for F.Y 2021-22)	Not Due	Outstanding for following periods from due date of Payment					Rs. In Lakhs
		Less than 6 Months	6 Months - 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
(i) Undisputed Other Receivables - considered good	-	3.88	-	-	-	-	3.88
(ii) Undisputed Other Receivables - which have significant increase in credit Risk	-	-	-	-	-	-	-
(iii) Undisputed Other Receivables - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Other Receivables - Considered Good	-	-	-	-	-	-	-
(v) Disputed Other Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Other Receivables - credit impaired	-	-	-	-	-	-	-
Total	-	3.88	-	-	-	-	3.88

Other Receivables (for F.Y 2020-21)	Not Due	Outstanding for following periods from due date of Payment					Rs. In Lakhs
		Less than 6 Months	6 Months - 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
(i) Undisputed Other Receivables - considered good	-	103.72	-	-	-	-	103.72
(ii) Undisputed Other Receivables - which have significant increase in credit Risk	-	-	-	-	-	-	-
(iii) Undisputed Other Receivables - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Other Receivables - Considered Good	-	-	-	-	-	-	-
(v) Disputed Other Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Other Receivables - credit impaired	-	-	-	-	-	-	-
Total	-	103.72	-	-	-	-	103.72

7 Loans

Rs. In Lakhs

Note no.	Particluars	As at March 31, 2022	As at March 31, 2021
	At amortised cost		
	Individual Loans	49,131.48	45,122.48
	Corporate bodies	-	-
	Total - Gross (A)	**49,131.48**	**45,122.48**
	Less: Impairment loss allowance (Expected Credit Loss)	(877.22)	(729.52)
	Total - Net (A)	**48,254.26**	**44,392.96**
	Secured by tangible assets	49,131.48	45,122.48
	Secured by intangible assets	-	-
	Covered by bank / Government gurantees	-	-
	Unsecured	-	-
	Total (B) - Gross	**49,131.48**	**45,122.48**
	Less: Impairment loss allowance (Expected Credit Loss)	(877.22)	(729.52)
	Total (B) - Net	**48,254.26**	**44,392.96**
	Loans in India		
	Public Sector	-	-
	Other than public sector	49,131.48	45,122.48
	Total (C - I) - Gross	49,131.48	45,122.48
	Less: Impairment loss allowance (Expected Credit Loss)	(877.22)	(729.52)
	Total (C - I) - Net	**48,254.26**	**44,392.96**
	Loans outside India (C - II)	-	-
	Total C (I+II)	48,254.26	44,392.96

7.1 Loans granted by the Company are secured by registered/equitable mortgage of property and non disposal undertakings in respect of life insurance policies.

8 Investments

Rs. In Lakhs

Note no.	Particluars	As at March 31, 2022	As at March 31, 2021
A	**Fair value through profit or loss**		
	Mutual funds	7,799.03	11,413.65
	Total (A) - Gross	**7,799.03**	**11,413.65**
B			
	Investments in India	7,799.03	11,413.65
	Investment outside India	-	-
	Total (B) - Gross	**7,799.03**	**11,413.65**
	Less: Allowance for impairment loss (C)	-	-
	Total - Net D = (B) - (C)	**7,799.03**	**11,413.65**

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9 Other financial assets

Rs. In Lakhs

Note no.	Particulars	As at March 31, 2022	As at March 31, 2021
	Security Deposits	55.58	27.01
	Loan to employee	4.00	-
	Mutual fund redemption receivable	50.00	-
	Interest Accured But Not Due on Fixed Deposits	15.86	69.74
	Total	125.44	96.75

9.1 Security deposits includes deposits placed as security against borrowings / regular deposits also.

10 Property, Plant and Equipment

Rs. In Lakhs

No.	Particulars	Leasehold improvements	Right of use - Assets	Computers	Furniture & Fixtures	Office Equipment	Motor Vehicle	Total
a	**Gross Block**							
	Balance as at April 1, 2020	112.50	386.90	43.83	41.35	11.41	-	595.98
	Additions	-	-	13.79	0.77	3.49	-	18.05
	Deductions	-	-	-	(0.57)	-		(0.57)
	Balance as at March 31, 2021	112.50	386.90	57.62	41.55	14.90	-	613.46
	Additions	42.90	543.29	40.98	26.31	18.00	21.44	692.92
	Deductions	-	(7.84)	-	(0.50)	-		(8.34)
	Balance as at March 31, 2022	155.40	922.35	98.60	67.36	32.90	21.44	1,298.04
b	**Accumulated Depreciation**							
	Balance as at April 1, 2020	18.91	70.61	14.79	3.27	2.27	-	109.84
	Additions	19.10	76.35	16.49	4.00	2.72		118.66
	Deductions	-	-	-	(0.36)	-		(0.36)
	Balance as at March 31, 2021	38.01	146.96	31.28	6.91	4.98		228.14
	Additions	22.28	126.84	15.70	6.27	4.23	1.29	176.61
	Deductions	-	-	-	(0.16)	-		(0.16)
	Balance as at March 31, 2022	60.29	273.80	46.98	13.02	9.21	1.29	404.59
c	**Net Block**							
	Balance as at March 31, 2021	74.48	239.93	26.34	34.64	9.92	-	385.32
	Balance as at March 31, 2022	95.11	648.54	51.62	54.34	23.69	20.15	893.45

10.1 During the Year, The Company has not revalued its plant, property and equipment (including Right of Use Assets).

10.2 There is Nil Capital Work in Progress as on March 31, 2022 & March 31, 2021

11 Other Intangible assets

No.	Particulars	Rs. In Lakhs
a	**Gross Block**	
	Balance as at April 1, 2020	4.87
	Additions	-
	Deductions	-
	Balance as at March 31, 2021	4.87
	Additions	38.04
	Deductions	-
	Balance as at March 31, 2022	42.91
b	**Accumulated Amortisation**	
	Balance as at April 1, 2020	1.14
	Additions	1.21
	Deductions	-
	Balance as at March 31, 2021	2.35
	Additions	10.15
	Deductions	-
	Balance as at March 31, 2022	12.50
c	**Net Block**	
	Balance as at March 31, 2021	2.52
	Balance as at March 31, 2022	30.41

11.1 Intangible assets under development

Rs. In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Software	33.08	22.23
	33.08	22.23

Rs. In Lakhs

a	Intangible assets under development ageing schedule as at 31 March 2022	Amount in CWIP for a Period of				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
	Projects in Progress	33.08		-	-	33.08
	Projects temporarily suspended	-	-	-	-	-

Rs. In Lakhs

b	Intangible assets under development ageing schedule as at 31 March 2021	Amount in CWIP for a Period of				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
	Projects in Progress	22.23	-	-	-	22.23
	Projects temporarily suspended	-	-	-	-	-

11.2 During the Year, the Company has not revalued its Intangible Assets

Rs. In Lakhs

Note no.	Particulars	As at March 31, 2022	As at March 31, 2021
12	**Other non-financial assets**		
	Balance with Government Authorities	14.02	-
	Prepaid expense	64.57	52.47
	Advances to staff	3.58	4.43
	Advances to vendors	33.07	-
	Advances to others	3.85	63.48
	Capital advance	1.01	-
	Total	**120.10**	**120.38**
13	**Trade payables**		
	Dues to micro enterprises and small enterprises	1.03	-
	Due to creditors other than micro enterprises and small enterprises	183.71	316.16
	Total	**184.74**	**316.16**
13.1	**Other Payables**		
	Dues to micro enterprises and small enterprises	-	-
	Due to creditors other than micro enterprises and small enterprises	4.29	4.63
	Total	**4.29**	**4.63**
13.2	**Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2006**		
	i The principal amount and the interest due thereon remaining unpaid to any supplier	1.03	-
	ii The interest amount remaining unpaid to any supplier	-	-
	iii Interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
	iv Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
	v the amount of further interest remaining due and payable even in the succeeding years	-	-

13.3 Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified based on information collected by the Management. This has been relied upon by the auditors

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Notes to the Financial Statements for the year ended March 31, 2022

13.4 Payables Aging Schedule

Trade Payables (F.Y 2021-22)	Not Due	Outstanding for following periods from due date of Payment				Rs. In Lakhs
		Less than 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
(i) MSME	-	1.03	-	-	-	1.03
(ii) Others	-	173.92	0.02	9.77	-	183.71
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	-	174.95	0.02	9.77	-	184.74

Other Payables (F.Y 2021-22)	Not Due	Outstanding for following periods from due date of Payment				Rs. In Lakhs
		Less than 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	-	4.27	-	0.02	-	4.29
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	-	4.27	-	0.02	-	4.29

Trade Payables (F.Y 2020-21)	Not Due	Outstanding for following periods from due date of Payment				Rs. In Lakhs
		Less than 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	-	300.70	10.09	5.37	-	316.16
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	-	300.70	10.09	5.37	-	316.16

Other Payables (F.Y 2020-21)	Not Due	Outstanding for following periods from due date of Payment				Rs. In Lakhs
		Less than 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	-	4.61	0.02		-	4.63
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	-	4.61	0.02	-	-	4.63

14 Debt Securities

Rs. In Lakhs

	Particulars	As at March 31, 2022	As at March 31, 2021
A			
i	At amortised cost		
	Non-Convertible Debentures		
	Secured	3,916.67	4,750.00
	Unsecured	-	-
	Less - Unamortised borrowing cost	(17.12)	(34.52)
	Total (A)	**3,899.55**	**4,715.48**
B			
i	Debt securities in India	3,916.67	4,750.00
	Less - Unamortised borrowing cost	(17.12)	(34.52)
	Total (B - i)	**3,899.55**	**4,715.48**
ii	Debt securities outside India	-	-
	Total (B - ii)	-	-
	Total B (i + ii)	**3,899.55**	**4,715.48**

14.1 Non Convertible Debentures

Rs. In Lakhs

Sr. no	Particulars	Rate of interest	Date of allotment	Date of redemption	Outstanding as at March 31, 2022
1	9.81 % P.A. Kifs Housing Finance Limited/Series B/2020-21	9.81%	August 31, 2020	August 31, 2023	833.34
2	10.10% P.A. Kifs Housing Finance Limited/Series A/2020-21	10.10%	July 30, 2020	July 30, 2023	1,250.00
3	9.81 % P.A. Kifs Housing Finance Limited/Series B/2020-21	9.81%	August 31, 2020	August 31, 2022	833.33
4	10.05% P.A. Kifs Housing Finance Limited/Series C/2020-21	10.05%	November 10, 2020	May 10, 2022	1,000.00
	Total				**3,916.67**

Details of contractual repayment of debt securities (excluding interest accrued and unamortised issue cost) at March 31, 2022 is given below.

Rs. In Lakhs

Sr. no	Interest rate	0-1 years	1-3 years	3-5 years	>5 years	Total
1	9 to 10%	833.33	833.34	-	-	1,666.67
2	10% to 11%	1,000.00	1,250.00	-	-	2,250.00
	Total	**1,833.33**	**2,083.34**	-	-	**3,916.67**

1. The Company has issued 125 Series A/2020-21 Non-convertible Debentures (NCDs) of a face value of Rs. 1,000,000/- to Canara Bank repayable in 3 years at a coupon rate of 10.10%. The same is listed on BSE on August 17,2020. The principal amount is to be paid at the end of tenure and Interest is payable annually. The debentures are issued on security of hypothecations of receivables equivalent to 1.10 times. The Company has also provided Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

2. The Company has issued 250 Series B/2020-21 Non-convertible Debentures (NCDs) of a face value of Rs. 1,000,000/- to Bank of Baroda repayable in 3 years at a coupon rate of 9.81%p.a.. The same is listed on BSE on September 14,2020. The principal and Interest is payable annually. The debentures are issued on security of hypothecations of receivables equivalent to 1.25 times. The Company has also provided Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

3. The Company has issued 100 Series C/2020-21 Non-convertible Debentures (NCDs) of a face value of Rs. 1,000,000/- to Punjab Natioanl Bank repayable in 18 Months at a coupon rate of 10.05%p.a.. The same is listed on BSE on November 25,2020. The principal amount is to be paid at the end of tenure and Interest is payable annually. The debentures are issued on security of hypothecations of receivables equivalent to 1.10 times. The Company has also provided Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

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15 Borrowings (other than debt securities)

Rs. In Lakhs

Note no.	Particulars	As at March 31, 2022	As at March 31, 2021
A			
	At Amortised Cost		
i	Term loan from banks - Secured	10,288.67	5,657.14
ii	Term loan from National Housing Bank - Secured	12,706.03	15,465.70
iii	Loans repayable on demand from banks - Secured	3,303.20	4,014.89
	Less - Unamortised borrowing cost	(153.82)	(79.08)
	Total borrowings	**26,144.08**	**25,058.65**
B			
i	Borrowings in India	26,297.90	25,137.73
	Less - Unamortised borrowing cost	(153.82)	(79.08)
	Total (B - i)	**26,144.08**	**25,058.65**
ii	Borrowings outside India	-	-
	Less - Unamortised borrowing cost	-	-
	Total (B - ii)	-	-
	Total B (i + ii)	**26,144.08**	**25,058.65**

15.1 There has not been any default in repayment of borrowings and interest during financial year ended March 31, 2022 and March 31, 2021.

15.2 Terms of repayment

As at March 31, 2022

Rs. In Lakhs

Sr. No	Interest rate	0-1 years	1-3 years	3-5 years	>5 years	Total
1	**Term loans from banks**					
	8%-9%	1,777.17	3,149.87	2,689.04	-	7,616.08
	9%-10%	969.38	1,566.59	136.62	-	2,672.59
		2,746.55	**4,716.46**	**2,825.66**	-	**10,288.67**
2	**Term loans from NHB**					
	6%-7%	1,856.21	4,524.00	3,970.00	2,355.82	12,706.03
		1,856.21	**4,524.00**	**3,970.00**	**2,355.82**	**12,706.03**

As at March 31, 2021

Rs. In Lakhs

Sr. No	Interest rate	0-1 years	1-3 years	3-5 years	>5 years	Total
1	**Term loans from banks**					
	8%-9%	1,613.95	1,239.45	383.62	-	3,237.02
	9%-10%	633.90	1,340.11	446.11	-	2,420.12
		2,247.85	**2,579.56**	**829.73**	-	**5,657.14**
2	**Term loans from NHB**					
	5%-6%	463.90	410.40	410.40	674.80	1,959.50
	6%-7%	1,305.60	3,481.60	3,481.60	3,974.40	12,243.20
	7%-8%	237.00	632.00	394.00	-	1,263.00
		2,006.50	**4,524.00**	**4,286.00**	**4,649.20**	**15,465.70**

15.3 a) The Company has taken term loan from Federal Bank Ltd (TL1) of Rs. 4.75 crores repayable in 60 monthly instalments starting from October 29, 2018 and carry Interest @8.80 % P.a. (PY: @8.80 % P.a.) (One year MCLR + 0.70 %) on security of cash margin of 10.00 % of loan amount and hypothecations of receivables equivalent to 1.10 times and letter of comfort by promoter entity i.e. KIFS International LLP.

b) The Company has taken term loan from South Indian Bank Ltd of Rs. 5 crores repayable in 60 monthly instalment starting from January 29, 2019 and carry Interest @8.75 % P.a. (PY: @8.75 % P.a.) (One year MCLR + 0.55 %). This facility is secured by cash margin equivalent to 10.00 % of term loan in form of fixed deposit and paripassu charge on all current assets, book debts, and housing loan assets both present and future of the company with minimum cover of 1.10 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

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c) The Company has taken term loan from AU Small Finance Bank Limited of Rs. 10 crores repayable in 60 monthly instalments starting from May 3, 2019 and carry interest @8.76 % p.a. (PY: @8.95 % P.a.)(12 months' average of one year T-Bill + 4.85 %). This facility is secured by hypothecations of present and future loan receivables equivalent to 1.20 times for the loan principal outstanding.The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

d) The Company has taken term loan from Federal Bank Ltd (TL2) of Rs. 5.00 crores repayable in 60 monthly instalments starting from May 23, 2019 and carry Interest @9.25 % P.a. (PY: @9.95 % P.a.)(One year MCLR + 1.30 %) on security of cash marging of 10.00 % of loan amount and hypothecations of receivables equivalent to 1.10 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

e) The Company has taken term loan from Federal Bank Ltd (TL3) of Rs. 6.00 crores repayable in 60 monthly instalments starting from October 30, 2019 and carry Interest @9.10 % P.a. (PY: @10 % P.a.) (One year MCLR + 1.00 %) on security of cash marging of 5% of loan amount and hypothecations of receivables equivalent to 1.20 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

f) The Company has taken term loan from State Bank of India of Rs.25 Crores repayable Quarterly. instalments and carry Interest @9.50 % P.a. (PY: @8.45 % P.a.) (One year MCLR + 1.00 %) on security of (Immovable property/cash collateral) equivalent to 18% of loan amount and hypothecations of receivables equivalent to 1.25 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

g) The Company has taken term loan from Karur Vyasa Bank of Rs. 15.00 crores repayable in Quarterly instalments and carry Interest @9.45 % P.a. (PY: @9.45 % P.a.) (One year MCLR + 0.80 %) on security of hypothecations of receivables equivalent to 1.20 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

h) The Company has taken refinance facility from National Housing Bank of Rs. 45.00 crores repayable in 10 years 2 months 12 days in quarterly instalments starting from January 15, 2020 carrying Interest @6.40 % (PY: @5.91 % P.a.). Security against this is hypothecation of receivables equivalent to 1.25 times and bank guarantee equivalent to 20.00 % of loan amount sanctioned. Further the Company has also provided Corporate guarantee of KIFS International LLP.

i) The Company has taken term loan from Federal Bank Ltd (TL4) of Rs. 4.00 crores repayable in 60 monthly installments starting from February 29, 2020 and carry Interest @9.00 % P.a. (PY: @9.00 % P.a.) (One year MCLR + 1.00 %) on security of cash margin of 5% of loan amount and hypothecations of receivables equivalent to 1.20 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

j) The Company has taken term loan from Federal Bank Ltd (TL5) of Rs. 10 crores repayable in 60 monthly installments starting from January 31, 2021 and carry Interest @9.10 % P.a. (PY: @8.90 % P.a.) (One year MCLR + 1.00 %) on security of hypothecations of receivables equivalent to 1.20 times.The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

k) The Company has taken refinance facility under lift scheme from National Housing Bank of Rs. 15.00 crores repayable in 5 Years in quarterly instalments starting from July 1, 2020 carrying Interest @ 6.50 % (PY: @7.05 % P.a.). Security against this is hypothecation of receivables equivalent to 1.35 times. Further the Company has also provided Corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

l) The Company has taken refinance facility under regular refinance scheme from National Housing Bank of Rs. 100.00 crores repayable in 7 Years in quarterly instalments starting from April 1, 2021 carrying Interest @ 6.55 % (PY: @6.10 % P.a.). Security against this is hypothecation of receivables equivalent to 1.20 times and bank guarantee equivalent to 10.00 % of loan amount sanctioned. Further the Company has also provided Corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

m) During the year, The Company has taken term loan from Federal Bank Ltd (TL6) of Rs. 10 crores repayable in 60 monthly installments starting from October 30, 2021 and carry Interest @8.30 % P.a. (One year MCLR + 0.20 %) on security of hypothecations of receivables equivalent to 1.10 times.The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

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n) During the year, The Company has taken term loan from IDBI Bank of Rs. 10.00 crores repayable in 60 monthly instalments starting from January 31, 2022 and carry Interest @8.50 % P.a. (One year MCLR + 0.85 %) on security of cash margin of 5.00 % of loan amount and hypothecations of receivables equivalent to 1.20 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P Khandwala & Mr. Vimal P Khandwala.

o) During the year, The Company has taken term loan from State Bank of India of Rs.50 Crores repayable Quarterly. instalments and carry Interest @8.75 % P.a. (One year MCLR + 1.80 %) on security of (Immovable property/cash collateral) equivalent to 18% of loan amount and hypothecations of receivables equivalent to 1.25 times. The Company has also provided corporate guarantee of KIFS International LLP (the holding enterprise) & Personal guarantee of Mr. Rajesh P khandwala & Mr. Vimal P Khandwala.

(p) The Company has filed statement of asset cover with security trustee & banks reconciling with books of Accounts

15.3 The Company has not obtained borrowings from banks or financial institutions on the basis of security of Current Assets.

15.4 The Company has used the Borrowings from banks & financial institutions for the specific purpose for which it was taken.

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Rs. In Lakhs

Note no.	Particulars	As at March 31, 2022	As at March 31, 2021
16	**Other financial liabilities**		
	Interest accrued but not due on borrowings and debt securities	224.30	275.97
	Employee benefits payable	16.55	4.70
	Payable to Customers	258.67	1,000.78
	Lease liability	729.73	297.13
	Total	1,229.25	1,578.58
17	**Provisions**		
	Provision for employee benefit		
	Gratuity	33.38	38.98
	Compensated absence	64.75	75.36
	Total	98.13	114.34
18	**Other non financial liabilities**		
	Statutory dues	146.54	97.82
	Advance EMI	20.89	20.50
	Advance from customers	13.59	4.35
	Provision for expenses	193.80	182.90
	Total	374.82	305.57
19	**Equity Share Capital**		
19.1	**Authorised Capital**		
	250,000,000 Equity Shares of Rs.10/- each (P.Y 250,000,000 Equity Shares of Rs.10/- each)	25,000.00	25,000.00
	Total	25,000.00	25,000.00
19.2	**Issued, Subscribed and Paid Up Capital**		
	249,986,452 Equity Shares of Rs.10/- each (P.Y 249,986,452 Equity Shares of Rs.10/- each)	24,998.65	24,998.65
	Less - Share issue cost	(47.51)	(47.51)
	Total	24,951.14	24,951.14

19.3 **Rights, preferences and restrictions :**

i The Company has only one class of equity shares having a par value of Rs. 10/-. Each holder of equity share is entitled to one vote per share.

ii Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend declared and paid would be in Indian rupees.

iii In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

19.4 **Details of equity shareholders holding more than 5 per cent shares :**

Name of the Shareholder	As on March 31, 2022 No. of shares %	As on March 31, 2021 No. of shares %
KIFS International LLP	24 94 85 752 99.80%	24 94 85 752 99.80%

19.5 **Reconciliation of number of equity shares outstanding:**

Particulars	2021-2022 No. of shares	2021-2022 Amount	2020-2021 No. of shares	2020-2021 Amount
Equity Shares at the beginning of the year	249,986,452	24,998.65	249,986,452	24,998.65
Changes in Equity share Capital during the Year	-	-	-	-
Equity Shares at the end of the period	**249,986,452**	**24,998.65**	**249,986,452**	**24,998.65**

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19.6 The Company has not reserved any shares for issue under options and contracts/commitments for the sale.

19.7 The Company has not allotted any shares pursuant to contracts without payment being received in cash or as bonus shares nor it has bought back any shares during the preceding 5 financial years.

19.8 The Company has not issued any convertible securities and has not issued any shares where calls are unpaid. The Company has not forfeited any shares.

19.9 **Details of shares held by the Promotors at the end of the year**

	As at March 31, 2022		As at March 31, 2021		% Change during the year
Promotor Name	No. of Shares	% of Holding	No. of Shares	% of Total Shares	
KIFS International LLP	24 94 85 752	99.80	24 94 85 752	99.80	-

Rs. In Lakhs

20 Other equity	As at March 31, 2022	As at March 31, 2021
Retained Earnings	3,567.76	2,582.30
Statutory Reserve	1,307.73	1,010.18
Other comprehensive - employee benefits	23.19	0.86
Total	**4,898.68**	**3,593.34**

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KIFS Housing Finance Limited Mumbai

KIFS Housing Finance Limited
Notes to the Financial Statements for the year ended March 31, 2022

Rs. In Lakhs

Note No.	Particulars	For the year Ended March 31, 2022	March 31, 2021
21	**Interest Income**		
	Interest on Financial Assets carried at Amortised Cost		
	Interest on Loans	5,761.19	5,100.49
	Total	**5,761.19**	**5,100.49**
22	**Fees and Commission Income**		
	Fees and commission income	67.73	159.03
	Total	**67.73**	**159.03**
23	**Net gain on fair value changes**		
	Net gain on financial instruments designated at fair value through profit or loss	285.10	131.25
	Total	**285.10**	**131.25**
23.1	**Fair value changes**		
	Realised	293.63	69.72
	Unrealised	(8.54)	61.53
	Total	**285.10**	**131.25**
24	**Other operating revenue**		
	Interest on fixed deposits with banks	219.80	195.30
	Other ancillary services	201.39	230.15
	Total	**421.19**	**425.45**
25	**Finance Cost**		
25.1	**Interest on financial liabilities measured at amortized cost**		
	Interest on borrowing	1,436.41	1,032.84
	Interest on debt securities	441.41	277.06
	Interest on lease liabilities	42.49	28.68
	Other borrowings cost	6.60	16.57
	Total	**1,926.91**	**1,355.15**

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS MUMBAI 400 020

KIFS Housing Finance Limited Mumbai

Rs. In Lakhs

Note No.	Particulars	For the year Ended March 31, 2022	March 31, 2021
26	**Impairment on financial instruments**		
	On financial instruments measured at amortized cost	526.19	339.97
	Total	**526.19**	**339.97**
27	**Employee Benefits Expense**		
	Salaries and wages	1,760.99	1,407.39
	Contribution to Provident Fund and other funds	80.11	58.17
	Staff Welfare expenses	9.90	8.16
	Total	**1,851.00**	**1,473.72**
28	**Other Expenses**		
	Rent, taxes and energy costs	-	(4.72)
	Repair and Maintenance	83.91	57.74
	Communication cost	27.60	21.24
	Power & fuel	14.20	11.78
	Printing and Stationery	18.56	14.86
	Advertisement expenses	5.43	0.47
	Rates and Taxes	4.62	7.74
	Recruitment Expenses	0.11	1.38
	ROC & Filing Expenses	0.23	0.39
	Directors Sitting fees	5.12	5.12
	Auditors' fees and expenses	7.80	8.88
	Legal and Professional charges	77.31	48.65
	Business Promotion expenses	6.91	4.78
	Commission & Brokerage	2.34	1.17
	Travelling and Conveyance	67.97	55.52
	Insurance	30.27	26.95
	Membership & Subscription fees	3.90	2.50
	CSR Expenses	32.67	18.02
	Others	36.03	31.76
	Total	**424.98**	**314.23**
28.1	**Payment to auditors :-**		
	- for statutory audit	4.73	4.20
	- for Internal Control Over Financial Reporting	0.75	0.50
	- for tax audit	0.79	0.40
	- for Goods and Services tax audit	-	1.69
	- for other services	1.50	2.06
	- for out of pocket expenses	0.03	0.04
	Total	**7.80**	**8.88**

MANUBHAI & SHAH LLP MUMBAI 400 020 CHARTERED ACCOUNTANTS

KIFS Housing Finance Limited Mumbai

Notes to the financial statements for the year ended March 31, 2022

29. Current and non-current assets and liabilities

Balance sheet as at March 31, 2022

Rs. in Lakhs

Particulars	Current	Non-Current	Total
Assets			
Financial Assets			
Cash and cash equivalents	19.35	-	19.35
Bank balance other than other than cash & cash equivalents	998.76	3047.03	4,045.79
Derivative financial instruments	-	-	-
Receivables			
- Trade receivables	-	-	-
- Other receivables	3.88	-	3.88
Loans	4,844.03	43,410.23	48254.26
Investments	7799.03	-	7799.03
Other Financial Assets	54.00	71.44	125.44
Total financial assets	**13,719.05**	**46,528.70**	**60,247.75**
Non-Financial Assets			
Current tax assets (Net)	-	94.70	94.70
Deferred tax assets (Net)	-	365.19	365.19
Property, Plant and Equipment	-	893.45	893.45
Other intangible assets	-	30.41	30.41
Intangible assets under development	33.08	-	33.08
Other non-financial assets	120.10	-	120.10
Total Non-financial assets	**153.18**	**1383.75**	**1536.93**
Total Assets	**13,872.23**	**47,912.45**	**61,784.68**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	-	-	-
Payables			
Trade Payables			
- total outstanding dues to micro enterprises and small enterprises	1.03	-	1.03
- total outstanding dues to creditors other than micro enterprises and small enterprises	183.71	-	183.71
Other Payables			
- total outstanding dues to micro enterprises and small enterprises	-	-	-
- total outstanding dues to creditors other than micro enterprises and small enterprises	4.29	-	4.29
Debt securities	1,820.53	2,079.02	3,899.55
Borrowings (other than debt securities)	7,853.47	18,290.61	26,144.08
Subordinated liabilities	-	-	-
Other financial liabilities	650.69	578.56	1,229.25
Total financial liabilities	**10,513.72**	**20,948.19**	**31,461.91**
Non-Financial Liabilities			
Provisions	6.89	91.24	98.13
Other non - financial Liabilities	374.82	-	374.82
Total non-financial liabilities	**381.71**	**91.24**	**472.95**

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS MUMBAI 400 020

KIFS Housing Finance Limited Mumbai

Particulars	Current	Non-Current	Total
Equity			
Equity share capital	-	24,951.14	**24,951.14**
Other equity	-	4,898.68	**4,898.68**
Total equity	-	**29,849.82**	**29,849.82**
Total Liabilities and Equity	**10,895.43**	**50,889.25**	**61,784.68**

Balance sheet as at March 31, 2021

Rs. in Lakhs

Particulars	Current	Non-Current	Total
Assets			
Financial Assets			
Cash and cash equivalents	7.32	-	**7.32**
Bank balance other than cash & cash equivalents	283.17	3510.41	**3,793.58**
Derivative financial instruments	-	-	-
Receivables			
- Trade receivables	-	-	-
- Other receivables	103.72	-	**103.72**
Loans	3,623.42	40,769.54	**44,392.96**
Investments	11,413.65	-	**11,413.65**
Other Financial Assets	-	96.75	**96.75**
Total financial assets	**15,431.28**	**44,376.70**	**59,807.98**
Non-Financial Assets			
Deferred tax assets (Net)	-	313.49	**313.49**
Property, Plant and Equipment	-	385.32	**385.32**
Other intangible assets	-	2.52	**2.52**
Intangible assets under development	22.23	-	**22.23**
Other non-financial assets	120.38	-	**120.38**
Total Non-financial assets	**142.61**	**701.33**	**843.94**
Total Assets	**15,573.89**	**45,078.03**	**60,651.92**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	-	-	-
Payables			
Trade Payables			
- total outstanding dues to micro enterprises and small enterprises	-	-	-
- total outstanding dues to creditors other than micro enterprises and small enterprises	316.16	-	**316.16**
Other Payables			
- total outstanding dues to micro enterprises and small enterprises	-	-	-
- total outstanding dues to creditors other than micro enterprises and small enterprises	4.63	-	**4.63**
Debt securities	827.27	3,888.21	**4,715.48**
Borrowings (other than debt securities)	8,243.23	16,815.42	**25,058.65**
Subordinated liabilities	-	-	-
Other financial liabilities	1,333.47	245.11	**1,578.58**
Total financial liabilities	**10.724.76**	**20,948.74**	**31,673.50**
Non-Financial Liabilities			
Current tax liabilities (Net)	14.03	-	**14.03**

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Particulars	Current	Non-Current	Total
Provisions	7.62	106.72	**114.34**
Other non - financial Liabilities	305.57	-	**305.57**
Total non-financial liabilities	**327.22**	**106.72**	**433.94**
Equity			
Equity share capital	-	24,951.14	**24,951.14**
Other equity	-	3,593.34	**3,593.34**
Total equity	-	**28,544.48**	**28,544.48**
Total Liabilities and Equity	**11,051.98**	**49,599.94**	**60,651.92**

30. Earnings Per Share

Rs. in Lakhs

Particulars	**Year ended March 31, 2022**	**Year ended March 31, 2021**
Basic		
Net profit as per statement of Profit & Loss	1,283.01	1,768.27
Profit available to equity shareholders	1,283.01	1,768.27
Weighted average number of equity shares outstanding during the year (in Nos.)	249,986,552	249,986,552
Basic earnings per share of face value of Rs. 10 each (Rs.)	0.51	0.71
Diluted earnings per share of face value of Rs. 10 each (Rs.)	0.51	0.71

The Company is not having any instruments, which are dilutive in nature.

There are no instruments outstanding that could potentially dilute basic earnings per share in the future and were not included in the calculation of diluted earnings per share because they are anti-dilutive for the period(s) presented.

There were no transactions that have occurred after the reporting date that would have changed significantly the number of ordinary shares outstanding or potential ordinary shares outstanding at the reporting date.

31. Segment Reporting

The Company is engaged in lending business. The Company provides mortgages loans (home loan, loan against properties, construction reality) and operates within India only. The Board of the Company reviews the Company's performance as a single business. There being only one segment, disclosure for segment is not applicable.

32. Standard issued but not effective

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Rules, 2022. The effective date for adoption of these amendments is annual period beginning on or after April 1, 2022. The amendments to IND AS are as below.

(i) Ind AS 16 – Property, plant and equipment
(ii) Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets
(iii) Ind AS 103 - Reference to Conceptual Framework
(iv) Ind AS 109 - Annual Improvements to Ind AS (2021)

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33. Taxation

Income tax expense in the Statement of Profit and Loss Comprises of :

Rs. in Lakhs

Particulars	For the year ended March 31,	
	2022	2021
Current Tax	397.69	525.00
Current tax - excess provision of tax for earlier year	(2.10)	-
Total current tax expenses	**395.59**	**525.00**
Deferred tax in statement of profit and loss		
Relating to origination and reversal of temporary difference	(59.22)	(80.00)
Total Deferred tax expenses/(income)	**(59.22)**	**(80.00)**
Total Income tax expenses	**336.37**	**445.00**

The tax expense and tax assets have been computed as per applicable tax laws and generally accepted tax computation policies and procedures. There is no uncertain tax treatment.

The details of income tax assets/(liabilities) and deferred tax assets/(liabilities) :

Rs. in Lakhs

Particulars	As at March 31, 2022	As at March31, 2021
Net Income tax assets/(liabilities)	94.70	(14.03)
Deferred tax assets/(liabilities)	365.19	313.49

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarised below

Rs. in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax	**1,619.38**	**2,213.27**
Statutory tax rate	25.168%	25.168%
Tax liability on accounting profit	**407.56**	**557.03**
Tax effect of		
Expenses disallowed under Income Tax Act	8.43	5.04
Income tax deduction including for Special Reserve available to financial institutions	(74.89)	(110.01)
Tax expenses pertaining to previous year	(2.10)	-
Others	(2.63)	(7.06)
Income tax expenses as per books	**336.37**	**445.00**
Effective income tax rate	**20.77%**	**20.11%**

Details of each type of recognized temporary differences, unused tax losses and unused tax credits

Rs. in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax related to Item recognised through profit or loss		
Deferred tax liabilities		
Unrealised gain on investments	(13.99)	(15.49)
Unamortised expenses for borrowings	(43.02)	(28.59)
Total – Deferred tax liabilities	**(57.01)**	**(44.08)**
Deferred tax assets		
Unamortised income/expenses (net) on loans given	165.76	153.72

Particulars	As at March 31, 2022	As at March 31, 2021
Expected credit losses	203.85	152.91
Employee benefits	24.70	28.78
Related to Property, Plant and Equipment and leases	27.89	22.16
Total- Deferred tax assets	**422.20**	**357.57**
Deferred tax assets/(liabilities)	**365.19**	**313.49**

Details of movement in deferred tax balances

Rs. in Lakhs

Particulars	As at April 1, 2021	(Charge)/credit to profit and loss account	As at March 31,2022
Unamortised income/expenses (net) on loans given	153.72	12.04	165.76
Unamortised expenses for borrowings	(28.59)	(14.43)	(43.02)
Unrealised gain on investments	(15.49)	1.50	(13.99)
Expected credit losses	152.91	50.94	203.85
Employee benefits	28.78	(4.08)	24.70
Property, plant and equipment and leases	22.16	5.73	27.89
Total	**313.49**	**51.70**	**365.19**

Rs. in Lakhs

Particulars	As at April 1, 2020	(Charge)/credit to profit and loss account	As at March 31, 2021
Unamortised income/expenses (net) on loans given	125.37	28.35	153.72
Unamortised expenses for borrowings	(22.77)	(5.82)	(28.59)
Unrealised gain on investments	(0.65)	(14.84)	(15.49)
Expected credit losses	97.51	55.40	152.91
Employee benefits	16.92	11.86	28.78
Property, plant and equipment and leases	15.94	6.22	22.16
Others	1.17	(1.17)	-
Total	**233.49**	**80.00**	**313.49**

34. Capital management

The Company maintains an actively managed capital base to cover risks inherent to the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The adequacy of the Company capital is monitored using, among other measures, the regulations issued by regulators. The Company has complied in full with all its externally imposed capital requirements over the reported periods.

Rs. in Lakhs

Particulars	As at March31, 2022	As at March 31, 2021
Debt	30043.63	29,774.13
Equity	29849.82	28,544.48
Debt to equity ratio	**1.01**	**1.04**

Loan covenants

Under the terms of the major borrowing facilities, the Company has complied with the covenants throughout the reporting period.

35. Contingent liabilities and commitments

Management has assessed the possible obligations arising from claims against the Company in accordance with the requirements of Indian Accounting Standard (Ind AS) 37 and based on judicial precedents, consultation with lawyers and/or based on its historical experiences. Accordingly, management is of the view that based on currently available information, no provision in addition to that already recognised in its financial statements is considered necessary in respect of the above.

Loan commitments

The Company has outstanding undrawn commitments to provide loans to customers. These loan commitments aggregated to Rs. 5378.03 lakhs as at March 31, 2022 (March 31, 2021: Rs. 7,842.28 lakhs). Further, the commitments have fixed expiration dates and are contingent upon the borrower's ability to maintain specific credit standards.

Capital commitments

The Company is obligated under various capital contracts. Capital contracts are work/purchase orders of a capital nature, which have been committed. Amount of contracts remaining to be executed on property, plant and equipment aggregated to Nil as at March 31, 2022 (March 31, 2021: Rs. 4.76 lakhs).

36. Leases

The Company has taken various office premises under lease. The lease terms in respect of such premises are on the basis of individual agreements entered into with the respective landlords.

Movement in carrying value of right of use assets is given below.

Rs. in Lakhs

Particulars	As at March 31,2022	As at March 31, 2021
Opening balance	239.93	316.29
Addition	543.29	-
Deletion	(7.84)	-
Depreciation for the year	(126.84)	(76.36)
Closing balance	**648.54**	**239.93**

Movement in carrying value of lease liability is given below.

Rs. in Lakhs

Particulars	As at March31, 2022	As at March 31, 2021
Opening balance	297.15	364.12
Addition	543.29	-
Deletion	(7.74)	-
Finance cost accrued during the period	42.49	28.68
Payment	(145.46)	(95.65)
Closing balance	**729.73**	**297.15**
- Current	151.17	52.02
- Non-current	578.56	245.13

Contractual maturities of lease liability on an undiscounted basis is given below.

Rs. in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Less than 1 year	204.27	102.70
Between 1 and 2 years	185.46	91.93
Between 2 and 3 years	156.53	66.43
Between 3 and 4 years	144.75	58.28
Between 4 and 5 years	101.05	59.12
More than 5 years	116.94	47.80
Total	**909.00**	**426.26**

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The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The Company does not have any variable lease payments and also has not sub-leased right of use assets. Further, the Company does not have any significant restrictions or covenants imposed under the leases.

37. Corporate Social Responsibility (CSR) :

Rs. in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Gross amount required to be spent by the Company during the year	32.67	18.02
Amount spent during the year on purposes other than construction/ acquisition of any asset	**32.67**	**18.02**
Paid	32.67	18.02
Yet to be paid	-	-
Total	**32.67**	**18.02**

Shortfall in Payment:
There is no shortfall in the CSR amount required to be spent by the Company as per Section 135(5) of the Act for the financial year ended March 31, 2022 and March 31, 2021

Nature of CSR Activities:

For the year ended March 31, 2022:
Out of the total amount of Rs.32.67 Lakhs, the company:
- spent Rs.6.67 lakhs towards Hunger Free Palghar, an initiative by Govardhan Annakshetra, ISKCON;
- contributed Rs.18.00 lakhs to TATA Memorial Hospital for the treatment of the Cancer Patients;
- contributed Rs.8.00 lakhs to Bhaktivedanta Hospital & Research Institute, a project of Sri Chaitanya Seva Trust for purchase of medical equipments for treatment of patients

For the year ended March 31, 2021:
Out of the total amount of Rs.18.02 Lakhs, the company:
- contributed Rs.13.02 lakhs to Tata Memorial Hospital for purchasing of necessary medical equipments for the treatment of Cancer Patients, and
- spent Rs.5.00 lakhs towards Hunger Free Palghar, an initiative by Govardhan Annakshetra, ISKCON.

Related Party Transactions & Provision
The Company has neither made any CSR contribution towards its related parties nor has recorded any provision for CSR expenditure during the financial years ended March 31, 2022 and March 31, 2021.

38. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are subject to offsetting where there is a legally enforceable right to set-off recognised amounts and the Company intends to either settle on a net basis or to realise the asset and settle the liability simultaneously. As at March 31, 2022 and March 31, 2021, there was no offsetting of financial assets and financial liabilities.

39. Financial Risk Management

Financial Instruments Risk management objectives and Policies

Liquidity Risk

The table below provide details regarding the contractual maturities of financial liabilities as at March 31, 2022

Rs. in Lakhs

Particulars	Upto 1 year	1-3 year	3-5 year	Over 5 years	Total
Borrowings	4,416.32	9,180.12	6,746.72	2,497.72	22,840.88
Debt securities	1,825.32	2,074.23	-	-	3,899.55
Total	**6,241.64**	**11,254.35**	**6,746.72**	**2,497.72**	**26,740.43**

The table below provide details regarding the contractual maturities of financial liabilities as at March 31, 2021

Rs. in Lakhs

Particulars	Upto 1 year	1-3 year	3-5 year	Over 5 years	Total
Borrowings	4,238.41	7,076.97	5,096.58	4,631.80	21,043.76
Debt securities	827.28	3,888.20	-	-	4715.48
Total	**5,065.69**	**10,965.17**	**5,096.58**	**4,631.80**	**25,759.24**

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk encompasses both, the direct risk of default and the risk of deterioration of credit worthiness.

The maximum exposure to the credit risk is as follows:

Rs. in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Other Receivables	3.88	103.72
Loans	48,254.26	44,392.96
Other Financial Assets	125.44	96.75

For the loan portfolio, an impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of credit risk. For the purposes of this analysis, the loan portfolio is categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments. The impairment assessment is also carried out in accordance with the regulations prescribed by RBI. The provision for impairment is considered at higher of the amount worked out as per Ind AS 109 and as per RBI Regulations.

Reconciliation of gross carrying amount of loan portfolio

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at April 1, 2020	**33,227.72**	**197.78**	**157.32**	**33,582.81**
New asset originated	21,944.79	13.48	-	21,958.27
Assets derecognised or repaid	(10,376.94)	(41.66)	-	(10,418.07)
Transfers from Stage 1	(467.67)	312.68	154.99	-
Transfers from Stage 2	61.39	(113.80)	52.41	-
Transfers from Stage 3	-	-	-	-
Gross carrying amount balance as at March 31, 2021	**44,389.29**	**368.47**	**364.72**	**45,122.48**
New asset originated	13,491.39	1.79	-	13,493.18
Assets derecognised or repaid	(9,034.00)	(93.24)	(356.94)	(9,484.18)
Transfers from Stage 1	(1,587.30)	1,174.82	412.48	-
Transfers from Stage 2	77.28	(185.61)	108.33	-
Transfers from Stage 3	-	-	-	-
Gross carrying amount balance as at March 31, 2022	**47,336.66**	**1,266.23**	**528.59**	**49,131.48**

Reconciliation of ECL Balance

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL Allowance as at April 1, 2020	**286.47**	**33.24**	**65.07**	**384.77**
New assets originated	227.33	2.29	-	229.62
Assets derecognised or repaid	(129.96)	(6.12)	-	(136.08)
Due to changes in assumptions	(138.57)	59.00	82.75	3.18
Transfers from Stage 1	(4.34)	2.89	1.45	-
Transfers from Stage 2	10.78	(20.37)	9.59	-
Transfers from Stage 3	-	-	-	-

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Particulars	Stage 1	Stage 2	Stage 3	Total
ECL Allowance as at March 31, 2021	**251.70**	**70.93**	**158.86**	**481.49**
New assets originated	89.70	0.36	-	90.06
Assets derecognised or repaid	(51.25)	(16.64)	(155.47)	(223.36)
Due to changes in assumptions	11.85	195.05	198.07	404.97
Transfers from Stage 1	(10.46)	7.66	2.80	-
Transfers from Stage 2	16.28	(38.13)	21.85	-
Transfers from Stage 3	-	-	-	-
ECL Allowance as at March 31, 2022	**307.82**	**219.23**	**226.11**	**753.16**

The Company is having additional provision of Rs.36 lakhs for loan losses, provision of Rs.77.37 lakhs for restructured loans and Rs.10.34 lakhs for loan commitments.

40. Fair valuation

Carrying value and fair value of financial instruments by categories as at March 31, 2022.

Rs. in Lakhs

Particulars	FVTPL	FVPCI	Amortised cost	Total carrying value	Fair value
Financial assets					
Cash and cash equivalents	-	-	19.35	19.35	19.35
Bank balance other than above	-	-	4,045.79	4,045.79	4,045.79
Other receivable	-	-	3.88	3.88	3.88
Loans	-	-	48,254.26	48,254.26	48,254.26
Investments	7,799.03	-	-	7,799.03	7,799.03
Other financial assets	-	-	125.44	125.44	125.44
Total financial assets	**7,799.03**	**-**	**52,448.72**	**60,247.75**	**60,247.75**
Financial liabilities					
Trade payables	-	-	184.74	184.74	184.74
Other payables	-	-	4.29	4.29	4.29
Debt securities	-	-	3,899.55	3,899.55	3,899.55
Borrowings	-	-	26,144.08	26,144.08	26,144.08
Other financial liabilities	-	-	1,229.25	1,229.25	1,229.25
Total financial liabilities	**-**	**-**	**31,461.91**	**31,461.91**	**31,461.91**

Carrying value and fair value of financial instruments by categories as at March 31, 2021.

Rs. in Lakhs

Particulars	FVTPL	FVPCI	Amortised cost	Total carrying value	Fair value
Financial assets					
Cash and cash equivalents	-	-	7.32	7.32	7.32
Bank balance other than cash and cash equivalents	-	-	3,793.58	3,793.58	3,793.58
Other receivable	-	-	103.72	103.72	103.72
Loans	-	-	44,392.96	44,392.96	44,392.96
Investments	11,413.65	-	-	11,413.65	11,413.65
Other financial assets	-	-	96.75	96.75	96.75
Total financial assets	**11,413.65**	**-**	**48,394.33**	**59,807.98**	**59,807.98**

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Financial liabilities					
Trade payables	-	-	316.16	316.16	316.16
Other payables			4.63	4.63	4.63
Debt securities	-	-	4,715.48	4,715.48	4,715.48
Borrowings	-	-	25,058.65	25,058.65	25,058.65
Other financial liabilities	-	-	1,578.58	1,578.58	1,578.58
Total financial liabilities	**-**	**-**	**31,673.50**	**31,673.50**	**31,673.50**

Fair value measurement of financial assets and financial liabilities

The Fair value of loan given and funds borrowed approximates the carrying value as the respective interest rates of the said instruments are at the prevailing market rate of interest.

The carrying amount of other financial assets and other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

During financial year ended March 31, 2022 and March 31, 2021, the Company has not reclassified any of financial assets from one category to another category. Hence, fair value hierarchy is not given for the same.

An analysis of financial instruments grouped into Level 1, 2 and 3 as at March 31, 2022.

Rs. in Lakhs

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Loans	-	-	48,254.26	48,254.26
Investments	7,799.03	-	-	7,799.03
Total financial assets	**7,799.03**	**-**	**48,254.26**	**56,053.29**
Financial liabilities				
Debt securities	-	-	3,899.55	3,899.55
Borrowings	-	-	26,144.08	26,144.08
Total financial liabilities			**30,043.63**	**30,043.63**

An analysis of financial instruments grouped into Level 1, 2 and 3 as at March 31, 2021.

Rs. in Lakhs

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Loans	-	-	44,392.96	44,392.96
Investments	11,413.65	-	-	11,413.65
Total financial assets	**11,413.65**	**-**	**44,392.96**	**55,806.61**
Financial liabilities				
Debt securities	-	-	4,715.48	4,715.48
Borrowings	-	-	25,058.65	25,058.65
Total financial liabilities			**29,774.13**	**29,774.13**

41. Related Party Disclosures:

Related party	**Name of related parties**
Holding enterprises	KIFS International LLP
Key Managerial person	
Managing Director	Rajesh P Khandwala
Managing Director	Vimal P Khandwala
Company Secretary	Tejal Gunjan Gala
Chief Financial Officer	Deepak Kumar Ajmera (till March 21, 2022)

Related party	Name of related parties
Enterprises over which Key Managerial person have control	
	KIFS Trade Capital Private Limited
	Khandwala Finstock Private Limited
	KIFS Financial Services Limited
	Khandwala Commercial Private Limited
	KIFS Motors Private Limited
	Amoureux Enterprise Private Limited
	Endroit Enterprise Private Limited
	KIFS Bullion Private Limited
	KIFS (IFSC) Private Limited
	Khandwala Tradelink Co. (Partnership Firm)
	KIFS Enterprise (Partnership Firm)
	KIFS Commercial (Partnership Firm)
	KIFS Dealers (Partnership Firm)
	KIFS Infrastructure LLP
	KIFS Estate LLP
Independent / Non-executive Directors	
	Padmanabh Vora
	Bhavna Desai
	Purvi Bhavsar
	Kartik Mehta

Particulars of transactions with related parties. The transactions are disclosed in aggregate value.

Rs. in Lakhs

Transactions	Name of related party	Holding enterprises	Enterprises over which KMP have control	KMP/ relatives of KMP	Independent / Non-Executive Directors
Managerial remunaration#	Tejal Gunjan Gala	-	-	9.00	-
		-	-	(7.89)	-
	Deepak Kumar Ajmera	-	-	61.29	-
		-	-	(49.40)	-
Reimbursement of expenses (paid/payable)	Tejal Gunjan Gala	-	-	0.04	-
		-	-	-	-
	Deepak Kumar Ajmera	-	-	4.69	-
		-	-	(4.48)	-
Sitting Fees	Padmanabh Vora	-	-	-	2.60
		-	-	-	(2.90)
	Bhavna Desai	-	-	-	0.90
		-	-	-	(0.40)
	Purvi Bhavsar	-	-	-	0.70
		-	-	-	(0.80)
	Kartik Mehta	-	-	-	0.50
					(0.60)
Total Expenses		-	-	**75.02**	**4.70**
		-	-	**(61.77)**	**(4.70)**

Note – Previous year figures are given in bracket.

Note – The company has not granted any loans to promotors, directors, KMP's & related parties during the financial year 2021-2022 & 2020-2021.

For Continuing employees, expenses towards gratuity and leave encashment provisions are determined actuarially on overall Company basis as at the end of each year and accordingly, have not been considered in the above information.

Balances outstanding at the end of the year

Rs. in Lakhs

Sr. no.	Particulars	As at March 31,2022	As at March 31,2021
1	**Equity share capital**		
	- KIFS International LLP	24,948.58	24,948.58

42. Retirement Benefits

Defined benefit plan:

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

Asset volatility:

The plan liabilities are calculated using a discount rate set with references to government bond yields; this may carry volatility and associated risk.

Inflation risk:

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Life expectancy:

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

Gratuity benefit liabilities of the company are unfunded.

The following tables set out the status of the gratuity plan as required under Ind AS 19.

Rs. in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Employee benefit expense recognized in Statement of Profit & Loss:		
Current Service Cost	21.58	16.53
Net Interest Cost	2.67	1.51
Net Benefit Expense	**24.25**	**18.04**
Employee benefit expense recognized in Other comprehensive income (OCI):		
Actuarial (gain)/losses on obligation for the period	(29.84)	(1.15)
Actual Returns on Plan Assets excluding Interest Income		-
Net expense recognized in OCI for the period	**(29.84)**	**(1.15)**

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Rs. in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	38.97	22.08
Interest cost	2.67	1.51
Current service cost	21.58	16.53
Actuarial (gains)/losses	(29.84)	(1.15)
Closing defined benefit obligation	**33.38**	**38.97**
Amount Recognised in Balance Sheet		
Defined benefit obligation	33.38	38.97
Fair value of plan assets		-
Plan asset/(liability)	**33.38**	**38.97**

The principal assumptions used in determining gratuity obligation for the company's plans are shown below:

Rs. in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate per annum	7.25% p.a	6.85%
Rate of Salary increment	7.00% p.a	7.00%
Employee turnover rate	15.00% p.a. at younger ages reducing to 2.00% p.a.% at older ages	15.00% p.a. at younger ages reducing to 2.00% p.a.% at older ages
Mortality Rate	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

Projection Risks:

Interest Risk - A decrease in the bond interest rate will increase the plan liability.

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

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

Maturity profile of defined benefit obligations

Rs. in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Maturity benefits payable in future years from the date of reporting		
1st following year	0.55	0.09
2nd following year	1.43	1.32
3rd following year	1.85	2.33
4th following year	2.18	2.84
5th following year	2.34	3.16
Sum of years 6 to 10	13.06	16.23
After 10 years	11.97	13.00
Total	**33.38**	**38.97**

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Quantitative sensitivity analysis for significant assumption

Rs. in Lakhs

Particulars	March 31, 2022 (12 Months)	March 31, 2021 (12 Months)
Discount Rate Sensitivity		
Increased by 0.5%	31.45	36.73
(% change)	-5.78%	-5.77%
Decrease by 0.5%	35.49	41.44
(% change)	6.32%	6.31%
Salary Growth Rate Sensitivity		
Increased by 0.5%	35.10	40.76
(% change)	5.16%	4.57%
Decrease by 0.5%	31.70	37.24
(% change)	-5.02%	-4.47%
Withdrawal Rate (W.R.) Sensitivity		
W.R x 110%	32.88	38.37
(% change)	-1.49%	-1.57%
W.R x 90%	33.87	39.59
(% change)	1.47%	1.57%

Compensated absence

Cost for compensated absence is included in the line item 'Employee benefits expenses' in the statement of profit and loss. Details for compensated absence are as given below.

Rs. in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cost	47.89	36.32
Discount rate used	7.25%	6.85%
Salary escalation rate used	7.00%	7.00%

Details of the company's contribution to defined contribution plan is given below

Rs. in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Provident fund	75.36	52.46
Employee State Insurance Scheme	4.70	5.60

43. Events after reporting date

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

Disclosures as required by Reserve Bank of India

44. Capital to Risk Assets ratio (CRAR) (Computed as per method prescribed by RBI)

Sr. no.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	CRAR (%)[(ii) + (iii)]	90.54%	81.60%
(ii)	CRAR- Tier I Capital (%)	89.59%	80.87%
(iii)	CRAR- Tier II Capital (%)	0.95%	0.73%
(iv)	Amount of subordinated debt considered as Tier-II capital (In ₹)	Nil	Nil
(v)	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

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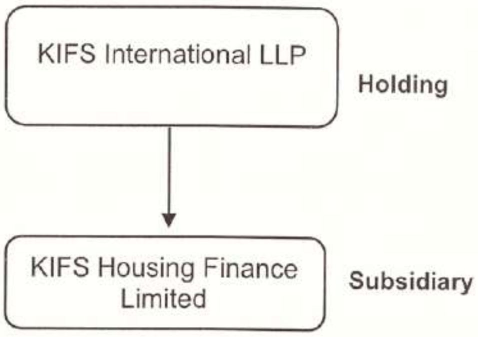
45. Principal business criteria

Particulars	As at March 31, 2022	As at March 31, 2021
Percentage (%) of housing loans to total assets less intangible assets	69.18%	65.72%
Percentage (%) of housing loans to individuals to total assets less intangible assets	69.18%	65.72%

46. Group Structure



47. Statutory reserve

The Company creates a reserve fund as required by section 29C of National Housing Bank Act, 1987, wherein a sum equal to twenty percent of its profits derived from eligible business (business of providing long term finance for the construction or purchase of houses in india for residential purposes) every year, and before any dividend is declared, is transferred. The Special Reserve qualifies for deduction as specified u/s 36 (1) (viii) of the Income Tax Act, 1961 and accordingly, the Company has been availing tax benefit for such transfers.

Rs. in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance		
- Statutory Reserve u/s 29C of National Housing Bank, Act 1987	926.73	573.08
- Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	83.45	-
Total	**1010.18**	**573.08**
Addition/withdrawal during the year		
Add:		
- Amount transferred u/s 29C of the NHB Act, 1987	256.60	353.65
- Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	40.95	83.45
Less:		
Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-

Particulars	As at March 31, 2022	As at March 31, 2021
Closing balance	**1307.73**	**1010.18**
- Statutory Reserve u/s 29C of National Housing Bank, Act 1987	1183.33	926.73
- Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	124.40	83.45
Total	**1307.73**	**1,010.18**

There has been no draw down from reserves during the year ended March 31, 2022 and during the year ended March 31, 2021.

48. Investments

Rs. in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
a) Value of Investment		
i) Gross value of Investments		
a) In India	7,799.03	11,413.65
b) Outside India	-	-
ii) Provision for depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net value of investments		
a) In India	7,799.03	11,413.65
b) Outside India	-	-
b) Movements of provisions held towards depreciation in investments		
i) Opening balance	-	-
ii) Add: Provisions made during the year	-	-
iii) Less: Write off/write back of excess provisions during the year	-	-
iv) Closing balance	-	-

49. Provisions and contingencies

Rs. in Lakhs

Particulars (break-up of provisions and contingencies shown under the head 'Expenses' in profit and loss)	Year ended March31, 2022	Year ended March 31, 2021
Provisions for depreciation on investments	-	-
Provisions made towards income tax (net of reversal of tax of earlier year)	395.59	525.00
Provisions towards NPAs	67.25	93.80
Provisions for standard assets	244.11	39.43
Additional floating provision on loan assets	0.00	200.00
Other provisions and contingencies		
– Gratuity	(5.60)	16.89
– Compensated absences	(10.61)	30.23
– Provision for expenses	193.80	182.91

50. Concentration of NPAs

Rs. in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to top ten NPA accounts	162.51	155.98

51. Sector wise NPAs provisions and contingencies

Rs. in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
A. Housing Loan		
(i) Individual (out of total advances in that sector)	187.84	138.93
Individual (in %) (out of total advances in that sector)	0.44%	0.35%
B. Non-Housing Loan		
(i) Individual (out of total advances in that sector)	38.27	19.93
Individual (in %) (out of total advances in that sector)	0.56%	0.38%

52. Movement of NPAs

Rs. in Lakhs

Particulars	Year ended March31, 2022	Year ended March31, 2021
(i) Net NPAs to net advances (%)	0.62%	0.46%
(ii) Movement of gross NPAs		
a) Opening balance	364.72	157.32
b) Addition during the year	163.87	207.40
c) Closing balance	**528.59**	**364.72**
(iii) Movement of net NPAs		
a) Opening balance	205.86	92.25
b) Addition during the year	96.62	113.61
c) Closing balance	**302.48**	**205.86**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	158.86	65.07
b) Addition during the year	67.25	93.80
c) Closing balance	**226.11**	**158.86**

53. Customer complaints

Particulars	As at March 31, 2022	As at March 31, 2021
(a) No. of complaints pending at the beginning of the year	-	2
(b) No. of complaints received during the year	68	59
(c) No. of complaints resolved during the year	68	61
(d) No. of complaints pending at the end of the year	-	-

54. Concentration of public deposits

The company is a non-deposit taking housing finance company. Hence, this disclosure is not applicable.

55. Concentration of loans and advances

Rs. in Lakhs

Particulars	As at March31, 2022	As at March31, 2021
Total loans of twenty largest borrowers	716.26	587.60
Percentage of exposure to twenty largest borrowers/customers to total exposure of the HFC on borrowers/customers	1.46%	1.30%

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56. Concentration of all exposures (including off balance sheet exposure)

Rs. in Lakhs

Particulars	As at March31, 2022	As at March31, 2021
Total loans of twenty largest borrowers/customers	745.41	646.57
Percentage of exposure to twenty largest borrowers/customers to total exposure of the HFC on borrowers/customers	1.37%	1.22%

57. Rating assigned by rating agencies during the year

Instruments	F.Y. 2021-22	F.Y. 2020-21
Long term bank facilities		
-Acuite	A- Stable outlook	A- Stable outlook
Non-convertible debentures		
-Acuite	A- Stable outlook	A- Stable outlook
-Brickworks	BBB + Stable outlook	BBB + Stable outlook

58. Break-up of loans and advances and provisions thereon

Rs. in Lakhs

Particulars	Housing Loan	Non-Housing Loan
As at March 31, 2022		
Standard assets		
Principal outstanding	41,804.35	6,746.73
EMI/PEMI-interest/fee debtors	-	51.81
Provisions	491.66	97.54
Sub-standard assets		
Principal outstanding	329.08	83.91
Provisions	151.09	40.79
Doubtful assets – Category I		
Principal outstanding	110.04	5.56
Provisions	47.07	2.38
Doubtful assets – Category II		
Principal outstanding	-	-
Provisions	-	-
Total		
Principal outstanding	**42,243.47**	**6,836.20**
EMI/PEMI-interest/fee debtors	-	**51.81**
Provisions	**689.82**	**140.71**

Rs. in Lakhs

Particulars	Housing Loan	Non-Housing Loan
As at March 31, 2021		
Standard assets		
Principal outstanding	39,525.34	5,193.26
EMI/PEMI-interest/fee debtors	-	39.68
Provisions	298.57	63.54
Sub-standard assets		
Principal outstanding	204.13	32.65
Provisions	88.91	14.22

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Particulars	Housing Loan	Non-Housing Loan
Doubtful assets – Category I		
Principal outstanding	93.72	12.31
Provisions	40.82	5.36
Doubtful assets – Category II		
Principal outstanding	21.12	0.79
Provisions	9.20	0.34
Total		
Principal outstanding	**39,844.31**	**5,239.01**
EMI/PEMI-interest/fee debtors	-	**39.68**
Provisions	**437.50**	**83.47**

59. Disclosure required as per Circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 - Implementation of Indian Accounting Standards as at March 31, 2022.

Rs. in Lakhs

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	47,336.67	307.82	47,028.85	128.98	178.84
	Stage 2	1,266.22	219.23	1,046.99	3.41	215.82
Subtotal		**48,602.89**	**527.05**	**48,075.84**	**132.39**	**394.66**
Non-performing assets (NPA)						
Substandard	Stage 3	412.99	176.66	236.33	62.80	113.86
Doubtful - up to 1 year	Stage 3	115.60	49.45	66.15	29.30	20.15
1 to 3 Years	Stage 3	-	-	-	-	-
More Than 3 year	Stage 3	-	-	-	-	-
Subtotal for doubtful		**115.60**	**49.45**	**66.15**	**29.30**	**20.15**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**528.59**	**226.11**	**302.48**	**92.10**	**134.01**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	5,361.22	10.34	5,350.88	-	10.34
	Stage 2	13.49	-	13.49	-	-
	Stage 3	3.33	-	3.33	-	-
Subtotal		5,378.04	10.34	5,367.70	-	10.34
Total	**Stage 1**	**52,697.89**	318.16	**52,379.73**	**128.98**	**189.18**
	Stage 2	**1,279.71**	219.23	**1,060.48**	3.41	**215.82**
	Stage 3	**531.92**	226.11	**305.81**	**92.10**	**134.01**
	Total	**54,509.52**	763.50	**53,746.02**	**224.49**	**539.01**

In addition to above, the Company has made additional provision of Rs.36.35 lakhs for loan losses and Rs. 77.37 lakhs for restructuring cases.

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60. Maturity pattern of certain items of assets and liabilities

Rs. in Lakhs

	As at March 31, 2022			
	Loans	Bank borrowings#	Market borrowings	Investments
1 - 7 days	339.97	16.56	-	7,799.03
8 - 14 days	187.85	-	-	-
15 - 1 month	155.34	199.58	-	-
1 - 2 months	364.03	437.02	995.63	-
2 - 3 months	365.17	106.52	-	-
3 - 6 months	1,102.50	1,214.56	829.69	-
6 -1 year	2,329.16	2,442.08	-	-
1 - 3 years	7,009.55	9,180.12	2,074.23	-
3 - 5 years	6,716.68	6,746.72	-	-
5 years	29,684.01	2,497.72	-	-
Total	**48,254.26**	**22,840.88**	**3,899.55**	**7,799.03**

Excluding loans repayable on demand from banks.

Rs. in Lakhs

	As at March 31, 2021			
	Loans	Bank borrowings#	Market borrowings	Investments
1 - 7 days	313.81	-	-	11,413.65
8 - 14 days	181.71	-	-	-
15 - 1 month	106.54	317.48	-	-
1 - 2 months	265.49	462.88	-	-
2 - 3 months	266.45	71.67	-	-
3 - 6 months	805.17	1,125.66	827.28	-
6 -1 year	1,684.78	2,260.72	-	-
1 - 3 years	5,556.25	7,076.97	3,888.20	-
3 - 5 years	5,527.09	5,096.58	-	-
5 years	29,685.67	4,631.80	-	-
Total	**44,392.96**	**21,043.76**	**4,715.48**	**11,413.65**

Excluding loans repayable on demand from banks.

1. The Company does not have foreign currency liabilities, deposits and foreign currency assets as at March 31, 2022 and March 31, 2021.
2. Classification of assets and liabilities under different maturity buckets is based on the same estimates and assumptions as used by the Company for compiling the return submitted to NHB.

61. Exposure to real estate sector

Rs. in Lakhs

Particulars	F.Y 2021-22	F.Y 2020-21
Category		
a)Direct exposure		
i) Residential mortgage: Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented;		
Housing loan up to Rs. 15 Lakhs	36,759.64	34,862.83
Housing loan more than Rs. 15 Lakhs	5,483.83	4,981.48
ii) Commercial real estate: Lending secured by mortgages on commercial real estates (Office, building, retail space, multipurpose commercial premises, multi-family residential buildings, multi tenanted premises, industrial or ware house space, hotels, land acquisitions, development and construction, etc.). Exposure would also include non-fund based (NBF) limits.	-	-

Particulars	F.Y 2021-22	F.Y 2020-21
iii) Investment in mortgage backed securities (MBS) and other securitized exposures:		
a) Residential	-	-
b) Commercial real estate	-	-
b) Indirect exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

62. Exposure to group companies engaged in real estate activities

The Company does not have any exposure to group companies engaged in real estate activities.

63. Consolidated Financial Statements

The Company does not have investments in any entities. Hence, the Company is not required to prepare consolidated financial statements.

64. Disclosure pursuant to circular no. RBI/2020-21/16/ DOR.No.BP.BC /3/21.04.048/2020-21 dated August 6, 2020 issued by RBI

Type of borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan (Rs. In Lakhs)	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan (Rs. In Lakhs)
	(A)	(B)	(C)		
Personal loan	40	384.03	-	-	39.49
Total	**40**	**384.03**	**-**	**-**	**39.49**

65. Disclosure as required under RBI Circular No. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 in relation to the Resolution Framework 2.0 for COVID-19-related Stress of Individuals and Small Businesses as at 30th September, 2021.

	Description	Individual Borrowers		Small businesses
		Personal loans	Business loans	
A	Number of requests received for invoking resolution process under Part A	47	-	-
B	Number of accounts where resolution plan has been implemented under this window	47	-	-
C	Exposure to accounts mentioned at (B) before implementation of the plan (Rs. In lakhs)	387.77	-	-
D	of (C), aggregate amount of debt that was converted into other securities	-	-	-
E	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
F	Increase in provisions on account of the implementation of the resolution plan (Rs. In lakhs)	39.98	-	-

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66. The Company has not undertaken assignments of loans during the financial year ended March 31, 2022 and March 31, 2021.

67. The Company has not undertaken securitisation of loans during the financial year ended March 31, 2022 and March 31, 2021. The Company has not sponsored any SPVs during the current and previous year, and there is no outstanding amount of securitised assets as a result of any such sponsorships.

68. The company has not disbursed any loans against security of gold.

69. The Company has no exposure in capital market in the current financial year and previous financial year.

70. The Company has no transactions/exposures in forward rate agreement/interest rate swap in the current financial year and previous financial year.

71. The Company has no transactions/exposures in derivatives in the current financial year and previous financial year.

72. The company has not witnessed/reported any instances of fraud in the current financial year and previous financial year.

73. The company has not purchased/sold non performing financial assets from other Housing Finance Companies in the current financial year and previous financial year.

74. The Company has not sold any financial assets to Securitisation/Reconstruction Company for assets reconstruction in the current financial year and previous financial year.

75. The Company has not exceeded single borrower limit and group borrower limit as set by regulator during current financial year and previous financial year.

76. The Company has not made advances against intangible collaterals in the current financial year and previous financial year.

77. The Company is not registered with any other financial regulator.

78. There is no financing of the parent company's products during the current financial year and previous financial year.

79. The Company did not have any overseas assets as at March 31, 2022 and as at March 31, 2021.

80. Penalties

Rs. in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
National Housing Bank	-	0.06

National Housing Bank, through its letter dated July 20, 2020, levied a penalty of Rs. 5,000 plus Goods and Service tax of Rs. 900 on the Company for non-compliance of Para 27(A) of Housing Finance Companies (NHB) Direction 2010.

81. No adverse remarks were levied by National Housing Bank and Reserve Bank of India during current financial year and previous financial year.

82. The accounting policies regarding key areas of operations are disclosed as note 3 to the financial statements.

83. There have been no instances except for interest on non-performing loans in which revenue recognition is postponed pending the resolution of significant uncertainties.

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84. Details of all material transactions with related parties are disclosed in note 42 of financial statements.

85. Refer to the Management Discussion and Analysis report for the management related disclosures.

86. No Remuneration to Directors has been paid during the current financial year and previous financial year.

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

88. The Company does not have any benami property in its name. No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

89. The Company has not been declared as wilful defaulter by any bank, financial institution, government, any government authority or any other lender during the current financial year and previous financial year.

90. The Company has not undertaken any transactions with companies struck off under section 248 of Companies Act, 2013 or section 560 of the Companies Act, 1956.

91. No charges or satisfaction are pending to be registered with ROC beyond the statutory period.

92. Compliance with number of layers of companies is not applicable since the Company does not have any subsidiary.

93. Disclosure of Ratios:

S.No	Particulars	Numerator (Rs. In Lakhs)			Denominator (Rs. In Lakhs)			Ratio	
		Particulars	2021-22	2020-21	Particulars	2021-22	2020-21	2021-22	2020-21
(a)	Liquidity coverage ratio	High Liquid Assets	97.96	121.43	High Liquid Liabilities	43.59	62.30	2.25	1.95
(b)	Debt – Equity Ratio	Total Debt (Borrowing + Debentures)	30043.63	29774.13	Shareholder's Equity	29849.82	28544.48	1.01	1.04
(c)	Total debts to total assets	Total Debt (Borrowing + Debentures)	30043.63	29774.13	Total Assets	61784.68	60651.92	0.49	0.49
(d)	Operating margin	Profit before tax	1619.38	2213.27	Total Income	6535.21	5816.22	24.78%	38.05%
(e)	Net profit margin	Profit after tax	1283.01	1768.27	Total Income	6535.21	5816.22	19.63%	30.40%

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S.No	Particulars	Numerator (Rs. In Lakhs)			Denominator (Rs. In Lakhs)			Ratio	
		Particulars	2021-22	2020-21	Particulars	2021-22	2020-21	2021-22	2020-21
(f)	Gross stage 3 loans to gross loans	Gross stage 3 loans	528.59	364.72	Gross Loans outstanding	49131.28	45122.48	1.08%	0.81%
(g)	Net stage 3 loans to net loans	Gross NPA less NPA Provision	302.48	205.86	Sum of Stage 1,2,3 Loans Less Stage 3 Provision	48905.37	44964.15	0.62%	0.46%

Reason for change in ratios by more than 25% :

(a) Operating margin (% change : 34.88%) :

Due to prevailing COVID-19 situations & nationwide lockdown throughout the country in earlier months of F.Y 2021-22, there has been a temporary impact on the repayment ability of the customers which has impacted income. Further, due to expansion of business at several new locations (within India), there has been an increase in total expenses made by the company which has resulted in decrease of profit.

(b) Net profit margin (% change : 35.43%)

Due to prevailing COVID-19 situations & nationwide lockdown throughout the country in earlier months of F.Y 2021-22, there has been a temporary impact on the repayment ability of the customers which has impacted income. Further, due to expansion of business at several new locations (within India), there has been an increase in total expenses made by the company which has resulted in decrease of profit.

(c) Gross stage 3 loans to gross loans (% change : 33.33%) :

Due to prevailing COVID-19 situations & nationwide lockdown throughout the country in earlier months of F.Y 2021-22, there has been a temporary impact on the repayment ability of the customers which has resulted in increase of the Gross non-performing assets.

(d) Net stage 3 loans to net loans (% change : 34.78%)

Due to prevailing COVID-19 situations & nationwide lockdown throughout the country in earlier months of F.Y 2021-22, there has been a temporary impact on the repayment ability of the customers which has resulted in increase of the Gross non-performing assets.

94. No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013

95. (i) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding that the intermediary shall :

    (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
    (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

    (ii) The Company has not received any fund from any person(s) or entities (ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall

    (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

    (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

96. There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961(such as search or survey), that has not been recorded in the books of account.

97. The Company has not traded or invested in Crypto or Virtual Currency during the year.

98. Previous financial year figures have been reclassified/regrouped/restated to conform to current financial year's classification.

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Reg.No. 106041W/W100136

MANUBHAI & SHAH LLP MUMBAI 400 020 CHARTERED ACCOUNTANTS

CA. Laxminarayan P. Yekkali
Partner
M. No. 114753

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors of
KIFS Housing Finance Limited

Rajesh P. Khandwala
Chairman and Managing Director
DIN: 00477673

Padmanabh Vora
Director
DIN 00003192

Tejal Gala
Company Secretary
M. No. ACS-54456

KIFS HOUSING FINANCE LTD. MUMBAI

Place: Mumbai
Date: May 27, 2022

Annexure -1

Schedule to the Balance Sheet of the Housing Finance Company as required under Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

Liabilities side

Rs. in Lakhs

Sr. no.	Particulars	Total Amount Outstanding	Amount Overdue
1)	**Loans and Advances availed by the non- banking financial company inclusive of interest accrued thereon but not due**		
a)	Debentures :		
	- Secured	3,899.55	-
	- Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
b)	Deferred Credits	-	-
c)	Term Loans	22,840.88	-
d)	Inter-corporate loans and borrowing	-	-
e)	Commercial Paper	-	-
f)	Loans repayable on demand from banks	3,303.20	-
g)	Sub ordinate debt	-	-
h)	Working capital facility	-	-

Assets side

Rs. in Lakhs

Sr. no.	Particulars	Amount
2)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**	
a)	Secured	48,254.26
b)	Unsecured	-
3)	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:**	
I	Lease assets including lease rentals under sundry debtors :	
	a) Financial Lease	-
	b) Operating Lease	-
II	Stock on hire including hire charges under sundry debtors:	
	a) Assets on hire	-
	b) Repossessed Assets	-
III	Other loans counting towards AFC activities :	
	a) Loans where assets have been repossessed	-
	b) Loans other than (a) above	-
4)	**Break- up of Investments:**	
	Current Investments	
I	**Quoted**	
I	Shares	
	a) Equity	-
	b) Preference	-
Ii	Debenture and Bonds	-
iii	Units of Mutual Funds	7,799.03
Iv	Government Securities	-
V	Others	-
II	**Unquoted**	
I	Shares	
	c) Equity	-

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KIFS Housing Finance Limited Mumbai

Sr. no.	Particulars	Amount
	d) Preference	-
Ii	Debenture and Bonds	-
Iii	Units of Mutual Funds	-
Iv	Government Securities	-
V	Others	-
	Long Term Investments	
I	**Quoted**	
I	Shares	
	e) Equity	-
	f) Preference	-
Ii	Debenture and Bonds	-
Iii	Units of Mutual Funds	-
Iv	Government Securities	-
V	Others	-
II	**Unquoted**	
I	Shares	
	g) Equity	-
	h) Preference	-
Ii	Debenture and Bonds	-
Iii	Units of Mutual Funds	-
Iv	Government Securities	-
V	Others	-

Borrower group-wise classification of assets financed as in (2) and (3) above:

Rs. in Lakhs

Category	Amount of Net Provision		
	Secured	**Unsecured**	**Total**
Related Parties			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other Related Parties	-	-	-
Other than related parties	48,254.26	-	48,254.26
Total	**48,254.26**	**-**	**48,254.26**

Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Rs. in Lakhs

Category	Market Value/Break up or Fair Value or NAV	Book Value (Net of Provisions)
Related Parties		
a) Subsidiaries	-	-
b) Companies in the same group	-	-
c) Other Related Parties	-	-
Other than related parties	7,799.03	7,799.03
Total	**7,799.03**	**7,799.03**

Other Information

Rs. in Lakhs

Particulars	
Gross Non- Performing Assets	
a) Related Parties	-
b) Other than related parties	528.59
Net Non- Performing Assets	
c) Related Parties	-
d) Other than related parties	302.48
Assets acquired in satisfaction of Debts	-

MANUBHAI & SHAH LLP * CHARTERED ACCOUNTANTS * MUMBAI 400 020

KIFS Housing Finance Limited * Mumbai