POONAWALLA
HOUSING FINANCE
Apna Ghar, Apni Pehchan

POONAWALLA HOUSING FINANCE LIMITED
ANNUAL REPORT 2022-23

RESILIENCE.
RESURGENCE.
REASSURANCE.

Contents

Forward looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information.

CORPORATE INFORMATION

CIN: U65922PN2004PLC208751

BOARD OF DIRECTORS

Mr. Adar Poonawalla
Chairman and Non-Executive Director

Mr. Amar Deshpande
Non-Executive Director

Mr. Prabhakar Dalal
Non-Executive Independent Director

Ms. Bhama Krishnamurthy
Non-Executive Independent Director

Mr. Manish Jaiswal
Managing Director & Chief Executive Officer

CHIEF FINANCIAL OFFICER

Mr. Pankaj Rathi

COMPANY SECRETARY

Ms. Priti Saraogi
(upto 05.04.2023)

REGISTERED & CORPORATE OFFICE

602, 6th Floor, Zero One IT Park,
Survey. No. 79/1, Ghorpadi,
Mundhwa Road, Pune- 411036
Website: www.poonawallahousing.com

BANKS & FINANCIAL INSTITUTIONS

- National Housing Bank
- State Bank of India
- Punjab National Bank
- Canara Bank
- Union Bank of India
- Bank of Baroda
- Indian Bank
- UCO Bank
- DCB Bank
- Equitas Small Finance Bank
- Axis Bank
- Shinhan Bank
- Bank of Maharashtra
- ICICI Bank Ltd.
- IDFC First Bank Ltd.
- South Indian Bank
- Karnataka Bank
- HSBC Bank

STATUTORY AUDITORS

G.D. Apte & Co.

Chartered Accountants

Firm Registration No. 100515W

GDA House, Plot No. 85, Right Bhusari Colony,
Paud Road, Kothrud
Pune – 411038

SECRETARIAL AUDITOR

M Siroya and Company

Company Secretaries

A-103, Samved Building (Madhukunj),
Near Ekta Bhoomi Gardens,
Rajendra Nagar, Borivali(E),
Mumbai- 400 066

REGISTRAR AND SHARE TRANSFER AGENT

Niche Technologies Private Limited

7th Floor, Room No. 7A & 7B,

3A, Auckland Place, Kolkata – 700 017

Link Intime India Private Limited

C-101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai-400083

RESILIENCE.
RESURGENCE.
REASSURANCE.

At PHFL, the complement of 3Rs has defined our rapid transformation in the last three years.

In 2020, the Company navigated a challenging and unprecedented pandemic with resilience, protecting its Balance Sheet from impairment.

In 2021, the Company demonstrated resurgence following a change in its ownership, validating the robustness of its business model.

In 2022, the Company experienced its second ownership change in as many years that has helped create a future-prepared foundation.

The result is that Poonawalla Housing is now a uniquely differentiated affordable housing finance company that serves customers directly, digitally and with humility.

CORPORATE **SNAPSHOT**

Poonawalla Housing Finance Limited.

Among the fastest growing affordable housing finance players in India.

Redefining the affordable housing finance space in India through a progressive business approach.

Drawing on a bedrock of customer engagement, robust Balance Sheet and singular mission to make home ownership a reality for millions.

Now backed by one of the most prominent global asset management firm.

Poised and positioned to sustain its outperformance in one of the fastest growing spaces of a modernising India.

Vision: To be the most trusted financial services brand

Financial services: Holistic terms that broadly defines financing for buying a house and business expansion

Trust: Denotes legacy and brand promise

Mission: To help individuals & businesses, achieve more by offering best-in-class customer-centric products and financial solutions in the most convenient manner.

AUM growth
Risk-calibrated accelerated growth of current AUM

Asset quality
Maintain best in class Net Stage 3 <1%

Impact lives
Provide dignity of living to customers from affordable housing sector

Cost of funds
One of the lowest cost of funds in the industry through enhanced relationship with various market participants

Our background
Poonawalla Housing Finance Limited (PHFL), formerly known as Magma Housing Finance Limited, is among the leading affordable housing finance companies in the country. The Company is an RBI-registered housing finance company. PHFL intends to make home ownership a reality for those who have generally been overlooked by India's mainstream lenders.

Our products basket
The Company's product basket mainly comprises home loans and loans against property. Home loans accounted for 65% of the Company's assets under management at the close of FY 22-23.

Our pan-India presence
The Company possesses 182 branches across 19 States/ Union Territories in India at the close of FY 22-23. The Company served an active customer base of 60000+ and reported a loan book of ₹5498 Crores as on 31 March, 2023.

Our credit rating

Poonawalla Housing Finance enjoys the following credit ratings:

Instrument	Rating Agency	Rating
Fund-based and non-fund-based bank facilities	CRISIL Ratings Limited	AA+ (RWN)
	CARE Ratings Limited	AAA (RWN)
Secured Redeemable Long-Term Bonds (NCDs)	CRISIL Ratings Limited	AA+ (RWN)
	CARE Ratings Limited	AAA (RWN)
Short Term Debt	CRISIL Ratings Limited	A1+ (RWD)
	CARE Ratings Limited	A1+

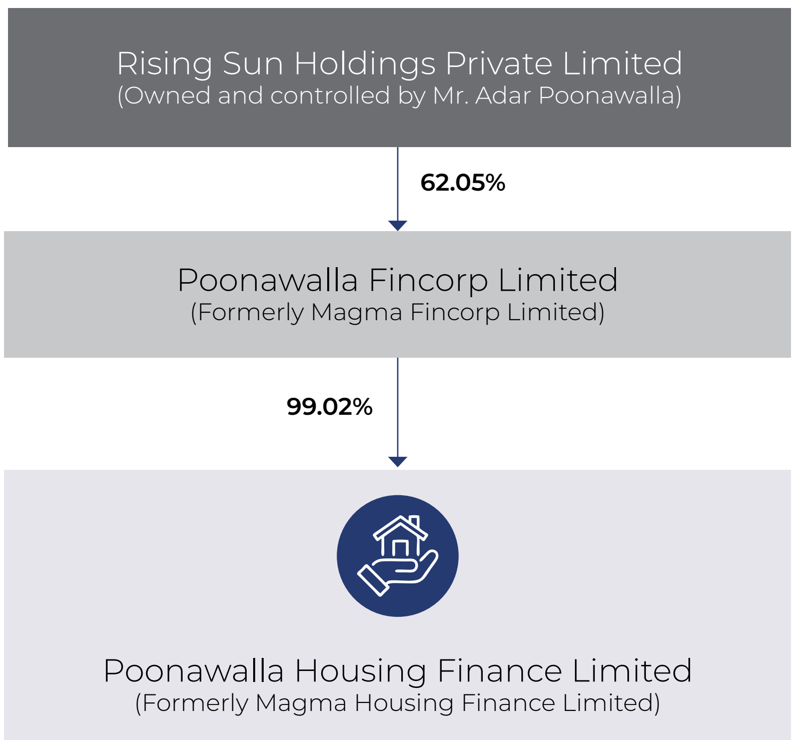
Our talent capital

The Company comprises subject matter experts and professionals possessing diverse experience across functions (Business, Credit, Collections, Finance, Risk, Operations, Compliance, Information Technology, Internal Audit, Human Resources, Marketing and Administration). The Company's talent pool comprised 2,637 individuals as on 31 March, 2023. Around 6.4% employees had been associated with the Company for five years or more as on 31 March, 2023.

Holding Company

As on 31 March, 2023, Poonawalla Fincorp Limited (formerly Magma Fincorp Limited) (PFL) is the holding company of the Company and Rising Sun Holdings Private Limited (RSHPL) is the holding company of PFL. Consequently, the Company is a step-down subsidiary of RSHPL.

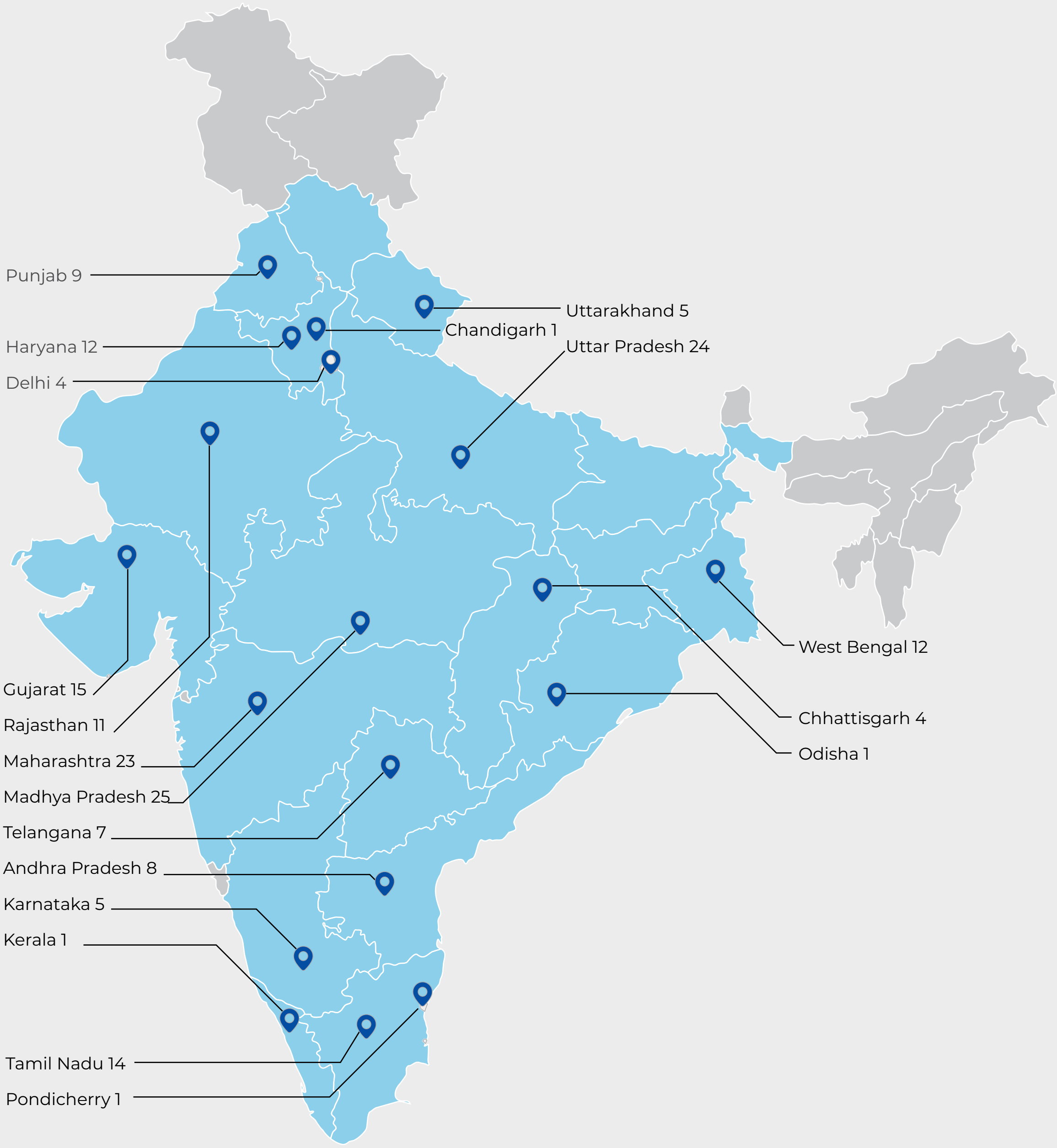
The diagrammatic representation of the Group Structure is given below:



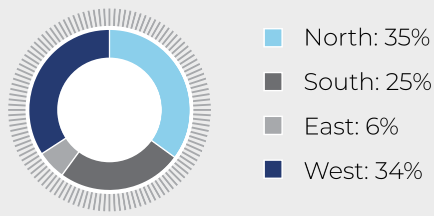
OUR PRESENCE

Pan-India presence: 182 branches as on 31 March, 2023

Wide retail presence through the hub-and-spoke model



Zone-wise AUM breakup



THE ATTRACTIVENESS **OF OUR BUSINESS**

10
Rs. lakhs, Average ticket size

60,000+
Number of active customers

88.64
% of disbursements that were made to women as applicant / Co-applicant in FY 22-23

65
% of AUM that were home loan in FY 22-23

73
% of our customers that were sourced directly in FY 22-23

A NEW DIMENSION OF SUCCESS: **OUR DISTINCTIVE BUSINESS MODEL SETS US APART**

FOCUS

Home loans account for 65% of our business (as on 31 March, 2023)

DIRECT

73% of our business is sourced directly, reducing intermediation costs (as on 31 March, 2023)

LARGER

We have an active customer base of 60,000+ (as on 31 March, 2023)

WIDER

We have 182 branches (as on 31 March, 2023)

FEDERAL

In our federal structure, most loans are approved across offices within the credit parameters

OUR JOURNEY
ACROSS THE YEARS*

2013

Takeover of GE Money Housing Finance

Established processes and policies for long-term sustainability

2017

Strengthened leadership

Transformed towards affordable housing financing

2018

AUM crossed ₹2,000 Crores

Increased focus on affordable housing finance

2019

AUM crossed ₹3,000 Crores

Relocated registered office from New Delhi to Kolkata

Strategic shift towards 'GO Direct and GO HL'

2020

Capital infusion of ₹100 Crores by the holding company

Sanction of ₹195 Crores under NHB refinance scheme

Disbursed more than ₹1,000 Crores

2021

Acquisition by Poonawalla Group; company rebranded Poonawalla Housing Finance Limited

Capital infusion of ₹500 Crores by the holding company

Strengthened relations with NHB with a fresh sanction of ₹725 Crores

2022

AUM crossed ₹5,000 Crores

Long-term rating of AA+ (Stable) from CRISIL and CARE

Relocated registered office from Kolkata to Pune

Protected asset quality; GS3 was <1%

Commenced digital transformation of processes

2023

AUM crossed ₹6,200 Crores

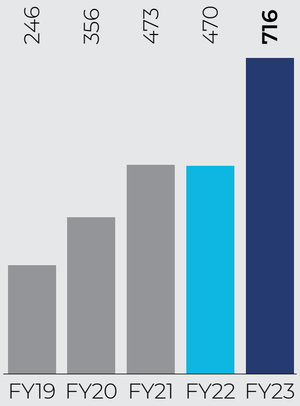
Long-term debt rating of AA+ and AAA from CRISIL and CARE respectively

Healthy asset quality with a GS3 of 0.81%

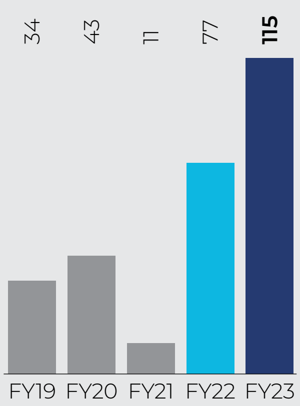
**Calendar year*

HOW WE HAVE GROWN **ACROSS THE YEARS**

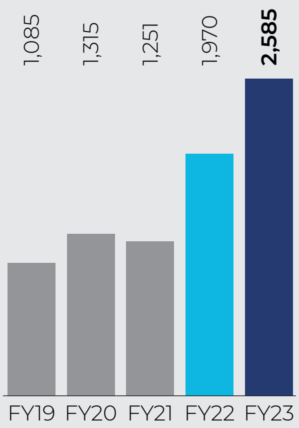
Total revenue
(₹ in Crores)



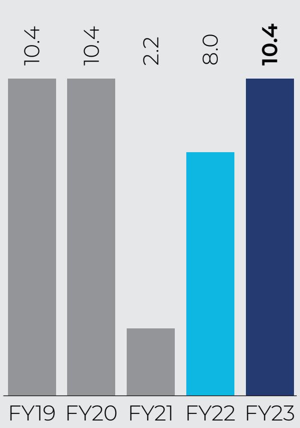
Profit after tax
(₹ in Crores)



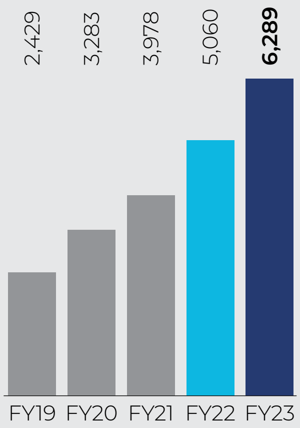
Total disbursement
(₹ in Crores)



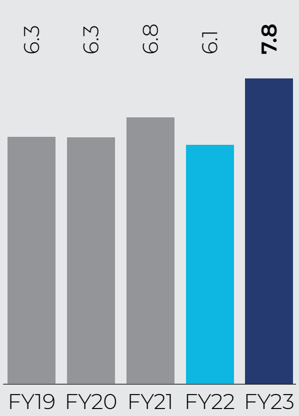
Return on Equity (RoE)
(%)



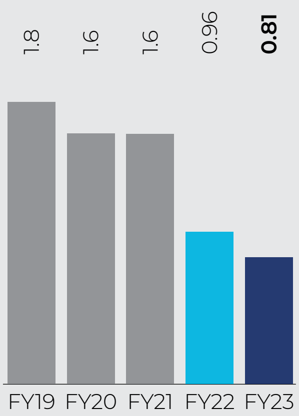
Assets under management (₹ in Crores)



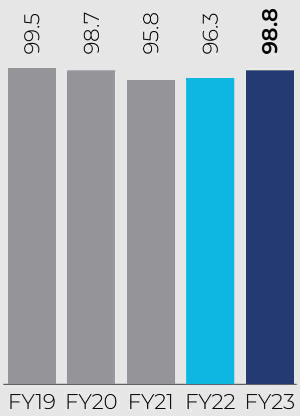
Net interest margin
(%)



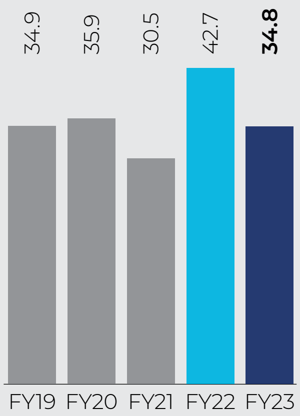
Gross stage 3 assets
(%)



Collection efficiency
(%)



Capital adequacy ratio
(%)



Adar Poonawalla
Chairman

CHAIRMAN'S **COMMUNIQUE**

THE FINANCIAL YEAR UNDER REVIEW FOR POONAWALLA HOUSING FINANCE LIMITED WAS ILLUSTRIOUS AND REMARKABLE

PHFL has played an important role since its genesis in empowering the lives of the affordable sector through home ownership. It is heartening to note that under the Poonawalla parentage over the last two years, the Company's business has grown two times.

The Company's business stands bolstered across regions covering 19 States/Union Territories. PHFL has emerged as a leading institution in the affordable housing finance space.

The value unlocking of the housing finance subsidiary was one of the stated objectives in the Company's vision 2025 statement. In the best interests of both entities and all stakeholders, considering the different customer segments, geographies, and distribution model, the Poonawalla Group decided to divest its complete ownership of the Company to TPG (Perseus SG Pte. Ltd., an entity affiliated with TPG Global, LLC) (subject to regulatory approvals and satisfaction of other customary conditions)

This is a deeply considered decision proposed with view to support PHFL's journey as an independent entity, and realize its fullest potential given the demonstrated track record of excellence.

My best wishes to everyone and may our business continue to impact lives positively.

Adar Poonawalla
Chairman

MANAGING DIRECTOR & **CHIEF EXECUTIVE OFFICER'S REVIEW**

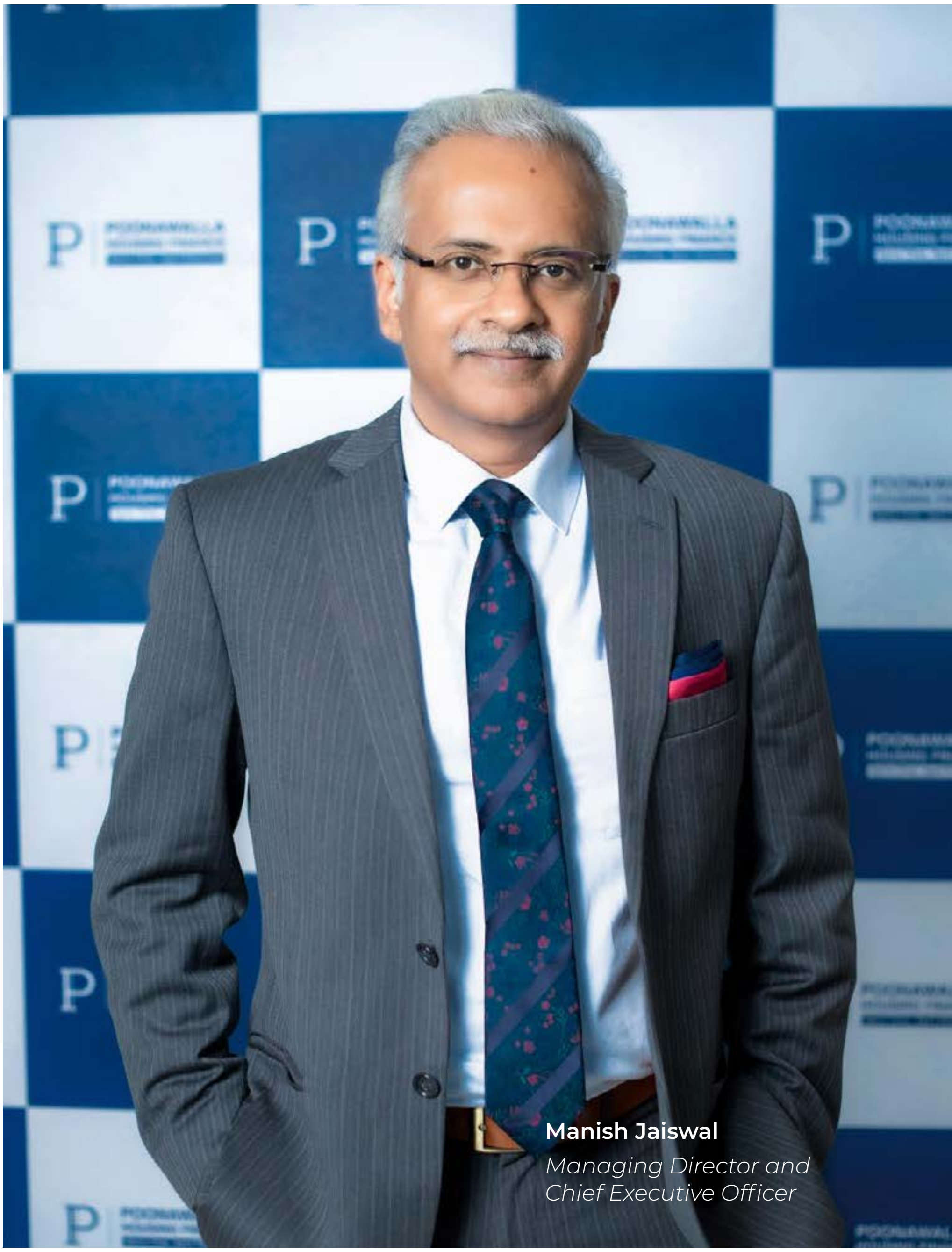
QUANTUM SHIFTS TO **HIGHER ORBITALS**

Overview

The past year has been a pivotal moment for our institution, marked by positive developments and significant milestones at strategic and operational levels.

Over the past two years, our Company has experienced two major changes. The first change occurred approximately two years ago with the acquisition of Magma Fincorp Ltd. by the Poonawalla Group. Currently, we are undergoing another change with the involvement of Perseus SG Pte. Ltd., an entity affiliated with TPG, a global asset management firm. This ongoing buyout is subject to regulatory approvals and other customary conditions.

TPG, a leading global asset management firm headquartered in San Francisco, has invested USD 135 billion in 300 portfolio companies across 30 countries. TPG's investment and operational teams operate from 12 offices worldwide, investing across five multi-product platforms: Capital, Growth, Impact, Real Estate, and Market Solutions. Its investment strategies are driven by collaboration, innovation, and inclusion. In India, TPG has made significant investments in the financial services sector, including Jana Small Finance Bank, Five Star Business Finance, SK Finance, Shriram Group, and Fibe (formerly Early Salary).



Manish Jaiswal

Managing Director and Chief Executive Officer

Our Company represents TPG's first strategic investment in this particular sector, where it has agreed to take a controlling stake of approximately 100%. This reflects TPG's long-term vision to partner with us in building a robust and distinguished affordable housing financing institution in the country. This proposed value-based acquisition is a rare occurrence in India's housing finance sector, as it validates the distinctiveness with which our Company has been reimagined and built. It is also a testament to the efforts of our dedicated teams who take pride in serving the low-income sector in semi-urban and peri-urban areas by making their dreams of home ownership come true in a truly affordable manner.

The shift from promoter ownership to a globally eminent asset management firm validates our Company's global acceptance and paves the way for us to realise our unlimited potential.

Performance

I am pleased to see that the confidence entrusted in our Company is reflected in our performance for FY 22-23.

Our assets under management grew by 24% to ₹6,289 Crores, and our new organic loan disbursement achieved a golden ratio of 1.6 times the previous year, reaching ₹2,312 Crores. We delivered a robust net interest margin of 7.8% and maintained the lowest gross non-performing assets at 0.81%.

Our performance reflects the harmonious balance between the Golden Ratio's state of harmonic creation and our best-in-class asset quality, supporting our healthy growth. Our profit after tax improved by 49% to ₹115 Crores.

Business philosophy

Our Company manages two crucial variables – 'Velocity' and 'Quality'.

In terms of 'Velocity,' we prioritise direction over speed. Velocity represents our unwavering focus on serving our informal affordable customers, guided by the fundamental principles of 'Go-Direct & Go-HL.' This culture has been assiduously built over the last 24 quarters. We deeply value serving our customers directly and with humility, recognizing their need to be heard, listened to, and understood. Our customers and their families take immense pride

Our Company represents TPG's first strategic investment in this particular sector, where it has agreed to take a controlling stake of approximately 100%. This reflects TPG's long-term vision to partner with us in building a robust and distinguished affordable housing financing institution in the country

in their first home ownership, as reflected in our Company's statement of purpose, 'Apna Ghar, Apni Pehchan (My home is my identity).' About 90% of our customers are women applicants/ co-applicants, contributing to gender empowerment within households by fostering financial and consumption preferences that yield better discipline and cleaner repayment records.

Regarding 'Quality,' we prioritise asset quality over business growth, which is consistently reflected in our 'portfolio first' approach. We balance the growth of our loan assets in line with pristine asset quality, achieved through diligent governance of health parameters at each micro-location. Our institutional uniqueness lies in our continuous development of a 'systematic credit and collateral understanding' of informal businesses, a competence honed over the years. Throughout our evolution, we have remained steadfast in adhering to our core models and defining stringent boundaries of what we should not do. As a national-scale Affordable Housing Finance Company (AHFC), our decision-making turnaround time (TAT) is crucial. We have deployed a federated structure of credit-decisioning, combining central architecture with delegated local location-level controls. This approach is supported by a new-generation technology stack, with significant investments made in the year under review. We are committed to executing environmental, social, and governance (ESG) practices by embracing end-to-end digitization and deploying model intelligence to conserve ecological and human efforts.

Our Company has emerged as a truly geo-risk diversified national-scale AHFC, as reflected in our industry-best measure of HHI (Herfindahl-Hirschman Index). This index signifies balanced portfolio creation across Indian States. Our business expansion is driven by a careful selection of geographies where we exhibit high-quality, high-growth, and consistent leadership. In each of these selected markets, we prefer to source loans directly, distinguishing ourselves as the highest direct-sourcing differentiated AHFC in the count.

Our Company has emerged as a truly geo-risk diversified national-scale AHFC, as reflected in our industry-best measure of HHI (Herfindahl-Hirschman Index). This index signifies a balanced portfolio creation across Indian states

Managing risk

Our Company excels in deploying the best risk management practices across all aspects of our operations. These practices not only instill deep credibility with Credit Rating Agencies but also ensure that we maintain industry-leading standards through exceptional risk management and governance.

We have established broad-based access to various lending entities, including The National Housing Bank, public sector banks, private sector banks, multinational banks, debt, and capital markets.

During the year under review, we successfully added seven new lenders to our network, with a focus on accessing bond markets. Currently, our Company enjoys borrowings from 18 leading banks and financial institutions in the country. Our comfortable liquidity position and well-matched Asset Liability Management (ALM) profile provide a strong foundation. Moreover, the average tenure of our borrowings has been enhanced, aligning it with the actuarial life of our loan portfolio. In terms of the cost of borrowings, our Company achieved an outstanding benchmark of 7.34%, which is among the finest in the overall HFC space.

The key link between resource allocation and deployment lies in our meticulous pricing of loans. We carefully assess intrinsic and inherent risks at the cellular loan level, ensuring that our risk-reward metrics remain balanced. Our systematic approach to pricing allows us to avoid underselling while ensuring that our growth is appropriately risk-adjusted.

Conclusion

PHFL is on the verge of an exciting and dynamic new chapter, poised to tap into an under-penetrated market that is growing at almost double the pace of the overall HFC industry. Despite the challenges posed by the pandemic, our Company has achieved remarkable success, and the two ownership changes have further propelled us to new heights. With the proposed ~100% acquisition by a global PE-backed independent entity, our Company will truly come into its own, unlocking unfettered growth opportunities for the institution and its people.

Our customers are at the heart of our business. Recognizing their reticence and hesitancy to approach us, we are committed to serving them directly through attentive listening and comprehensive understanding. In our business model, it is vital to guide and support our customers throughout their learning journeys in financial literacy, collateral literacy, and collection literacy, acting as trusted friend, philosopher, and guide. Thus, serving with humility is ingrained in our institutional ethos, as we strive to be more than mere home loan providers.

Affordable housing finance is a socially relevant and responsible business that not only enhances social stature but also fuels structural economic growth at the grassroots level, particularly in allied construction sectors. It generates significant opportunities for informal employment.

In conclusion, while new beginnings commence, we must acknowledge that some erstwhile beginnings will come to an end.

Manish Jaiswal

Managing Director and Chief Executive Officer

CHIEF FINANCIAL OFFICER'S **ANALYSIS**

AN INSIGHT INTO THE **FINANCIAL HEART OF OUR BUSINESS, FY 22-23**

Pankaj Rathi

Chief Financial Officer

Overview

The acquisition of Poonawalla Housing Finance Ltd. by Perseus SG Pte. Ltd., an entity affiliated with TPG ('Perseus') (subject to regulatory approvals and satisfaction of other customary conditions) marks a significant milestone for our Company. We have transitioned from a subsidiary to a standalone Housing Finance Company, backed by TPG, a leading global asset management firm with USD 135 billion in AUM. This strategic investment is one of its kind in the affordable housing finance industry.

Our impressive results include a remarkable 57% growth in organic disbursement and an overall disbursement growth of 31% YoY. Despite challenging market conditions, India's affordable housing finance market grew by ~25% YoY*, while our earning asset grew by 29%, which is a testimony to our competitive advantage in the sector. Further, during FY 22-23, the average cost of borrowings stood at 7.34%, which is the best in class and demonstrates our strong relationship with banks and financial institutions.

During FY 22-23, the focus has been to build self-sufficient capabilities in a standalone structure, strategically positioning us in the niche segment we operate. Our primary achievement has been the establishment of a

*Source: ICRA report on affordable housing finance companies April 2023.

robust platform and gaining scale in our business.

With planned capital infusion, we are poised for growth and success in the affordable housing finance sector.

Business growth

The Company outperformed in the area of organic disbursements, which grew by 57% to ₹2,312 Crores in FY 22-23 from ₹1,477 Crores in FY 21-22, and overall disbursements including in-organic growth of 31% to ₹2,585 Crores in FY 22-23 from ₹1,970 Crores in FY 21-22, and assets under management, which grew by 24% to ₹6,289 Crores from ₹5,060 Crores.

Profit after tax increased to ₹115 Crores from ₹77 Crores YoY. The Company reported an ROA of 2.1% and an RoE of 10.4%. This was achieved while we were setting up self-sufficient functions, which further laid down the foundation for our sustainable growth.

As on 31 March, 2023, your Company has completely become a retail franchise, having a home loan product mix of 65% of AUM and 72% of our loan book. The Company expanded its network to 182 branches and was present in 19 States/Union Territories, resulting in improved performance in several regions.

Borrowings

During FY 22-23, PHFL raised fresh borrowings at the most competitive terms and pricing, achieving the best-in-class average cost of borrowings of 7.34%. The benefits of repricing and negotiations resulted in the lowest-ever cost of borrowing for the Company despite rising interest rates in the market. The Company currently enjoys borrowings from 18 leading banks and financial institutions in the country. The Company has comfortable liquidity and a well-matched ALM profile.

Book Quality

The ultimate test of a housing finance company's success is the quality of its loan book. The Company reported a Gross NPA of 0.81%, which is one of the lowest in the affordable housing finance industry. Further, the collection efficiency of 98.8% is a testimony to the strong and robust collection management system, which shall ensure keeping the book quality consistent and competitive.

Outlook

Your Company is poised for robust growth with adequate capital and a well-matched asset-liability profile. Further, in the coming financial years, the Company shall prioritise cost moderation, as per business requirements, to ensure optimizing operating expenses as a percentage of AUM.

On the overall, your Company will continue to emphasise serving the self-employed segment with self-construction loans, digitization, operational excellence, strong risk management systems and ensuring discipline over the return on assets, maximizing profitability.

We have a great future ahead of us. The retail lending market in India offers a vast potential for growth over several decades, and we are in an excellent position to benefit from it. With your continued support, I am certain that our Company will march ahead strongly and resolutely.

Pankaj Rathi
Chief Financial Officer

OUR KNOWLEDGE CAPITAL

Overview

Poonawalla Housing Finance Limited considers individuals, processes, offerings, and technology essential to establish an enriching and facilitating environment. Our employees constitute the core of our success-driven establishment, committed to honing skills across phases, assuring a nurturing environment. The company is committed to building a diverse and inclusive workforce that promotes gender equality, workplace safety, career advancement, and skill development, and upholds employee values.

Human resource goal

At PHFL, we recognize that our success is influenced by our people. By leveraging a robust talent platform and progressive policies, we attract talent, cultivate an inclusive culture, and offer attractive growth prospects. The HR function of the company is positioned as an advisor, facilitator and overseer, ensuring an invigorating environment.

The company's objective is to establish a conducive workplace, where the well-being and skillful management of employees take precedence through modern approaches (ring-fencing, skill development, succession planning, and others).

HR Initiatives

The company implemented diverse HR initiatives directed at enhancing employee capability development, retention, and growth. These strategic efforts encompass prudent candidate selection based on skills and values, promoting talent through promotions, enriching onboarding via the Prarambh Program, cultivating positivity through periodic Town Hall meetings, and recognizing achievements with rewards and incentives. Our innovative 'training factory' approach enhances training efficiency, and developing talent for elevated productivity. Our learning methodology blends classroom and video-based training modules, enabling on-the-go learning. These initiatives help create a nurturing and progressive work environment.

Technology enablement

At Poonawalla Housing, harnessing technology is center stage to streamline HR operations. Our on-site HRMS platform serves as a hub of internet-accessible modules encompassing the employee life cycle, recruitment, performance management, and learning management systems.

Our commitment to a seamless digital experience of Hire-to-Retire commences from initial onboarding that extends to a comprehensive understanding of HR policies, communication, learning, and performance management, etc. Embracing technology evolution, we have reshaped our HR engagement for enhanced efficiency.

Outlook

The company's outlook comprises a strategic blend of talent management expertise, digital innovation, and unwavering commitment to employee growth. Propelled by advanced technology, our integrated HRMS platform aligns with a dynamic learning culture and inclusive environment, setting the stage for ongoing progress. The company's focus revolves around the elements of 'HRTP' (Hiring, Retention, Training, and Productivity), comprising a holistic approach to human resource excellence.

INTEGRATED VALUE CREATION AT PHFL

DIGNITY OF LIVING

We will empower the unserved/ under-served low income / mid-income customers to realise their home ownership aspirations.

HUMILITY

We will do so with a sense of humility; we will always remember that we are engaging with customers who need sensitive assistance and support.

EMBRACING THE DIGITAL FRONTIER: **TRANSFORMING THE WAY WE OPERATE**

Overview

At PHFL, our goal is to accelerate our transformation into a FinTech housing finance company that specialises in affordable solutions, using advanced technologies and digital ecosystems. We are dedicated to continually enhancing our technology landscape to provide a seamless digital experience throughout the entire loan journey, from customer onboarding and credit evaluation to file processing, disbursal, and collection. Additionally, we aim to leverage available data to make informed decisions and drive performance improvements.

Our investments in IT are focused on developing flexible and dynamic platforms that prioritise delivering value to our customers. Our systems are designed to be accessible, reliable, and scalable, ensuring efficient and accurate processes for customers and partners.

Initiatives

- Implemented the latest version of LeadSquared, a cloud-based platform for marketing automation and sales execution, beneficial in boosting sales, effectively managing pipelines and providing accurate ROI attribution.
- Implemented FinnOne NEO, a next-generation digital lending software solution along with Business Rule Engines (BRE) for loan decisioning and disbursement.
- Designed a layered approach for enhanced data security, which ensures that adequate controls are in place for data related to customers and employees.
- Business continuity planning and disaster recovery methodology ensures that the critical business operations remain available to employees and customers during any eventuality.

Strategies

- The Company has partnered fintech companies and adopted modern technologies to enhance digital capability
- Provided customised services and instant solutions to customers.
- Directed the digital marketing strategy at engaging with the target audience.

Outlook

In FY 23-24, the Company has upgraded its ERP by replacing the home-grown CCA with Oracle Fusion, a scalable, and agile financial reporting ecosystem. It plans to engage in partnerships with fintech and technology companies and digital platforms with a large customer base and transaction volume to address growth opportunities. Additionally, the Company has implemented an in-house analytics platform to enable data-driven decision-making and develop a comprehensive information management system.

Nature of technologies used

- New age technology and SAAS based application for our core applications
- Azure data factory for operational data storage, Java , Oracle , Microsoft tech stack for application

NATIONAL SCALE

We will widen our reach and distribution that helps deepen our personality as a pan-Indian affordable housing finance company.

GROWTH

We will continue investing in our business to sustain our growth trajectory and, in the process, emerge among the three leading affordable housing finance companies by asset size.

VALUE CREATION

We will remain focused on delivering best in-class profitability as measured by superior operating metrics and external valuation (following listing).

EFFICIENCY

We will focus on digitization and analytics; we will transform our legacy distribution and underwriting processes using digital technologies.

HOW WE
MANAGE RISKS AT PHFL

- To be the best-in-class affordable housing company in the area of governance, risk and control
- Developing risk culture to align with vision of the Company - 'Dignity of Living'
- Identify, measure and mitigate risks at the enterprise level

The new management has formulated a risk management philosophy that prioritises growth, profitability, and liquidity. To support this philosophy, the Company is enhancing its system capabilities, providing comprehensive training, and assembling a skilled workforce to drive growth, while safeguarding liquidity and maintaining loan book quality.

The Company's risk management process is closely aligned with its strategic objectives and goals. It identifies and addresses potential risks that may impede the achievement of business objectives. By promptly identifying key risks, the Company evaluates the effectiveness of existing mitigation measures and takes appropriate actions to minimise or eliminate those risks. Our objective is to proactively manage risks, ensuring the smooth functioning of the business and protecting the interests of stakeholders.

Strengths

- PHFL's team of skilled professionals possess an expertise in credit, operations, portfolio analysis and analytics to proactively identify and manage potential risks.
- PHFL's team captures existing risks, while anticipating and addressing potential risks through effective mitigation measures.
- PHFL's Risk Management function is headed by a Chief Risk Officer who reports to the Risk Management Committee (RMC) of the Board. The RMC is responsible for validating the organization's risk appetite framework.
- The Integrated Risk Management Framework covers all risks, including credit, operational, market, interest, compliance, and reputational risks. It facilitates identification, measurement, mitigation and reporting of risks through a constant monitoring of key risk indicators. The senior management team is engaged in implementing the framework to achieve organizational objectives.

Risk management processes

- PHFL has gone direct in loans disbursement through digitization.
- PHFL's KYC and disbursal processes have been digitised and integrated with the field operations staff, including geo-tagging, to minimise business risk.

Principal risks and mitigation measures

- PHFL provides housing loans to customers in the affordable segment with informal business income, which presents significant risks in the areas of credit, operations and fraud.
- To mitigate risks in the affordable housing loan segment, PHFL has defined policies and processes that are implemented through the Loan Origination System.
- The Company is also engaged in continuous portfolio monitoring, using early warning indicators and bureau analytics.
- PHFL tracks operational risks through key risk indicators monitored monthly.
- Information security risk is managed through a round-the-clock monitoring of IT systems through the Security Operation Centre (SOC).

PHFL's fraud control unit proactively manages fraud risks through various predictive tools and databases.

GLIMPSES OF **CHAI PE CHARCHA**

'Chai Pe Charcha' is a monthly meeting with business partners across all branches on the first Saturday of every month to discuss mutual growth possibilities; this comprised reward and recognition for outperformers, briefing on products and policies updates, firming a monthly business plan, among other initiatives. Around 800-1,000 business partners participated in 'Chai Pe Charcha' across branches each month.






GLIMPSES OF **MARKET DAY**

Launched 'Go to Market Day' for business promotion in the local markets, MSME premises and affordable housing projects. Our Sales team distributed marketing collateral to create awareness and promote business in target markets





PRADHAN MANTRI AWAS YOJANA

Poonawalla Housing Finance is dedicated to serving individuals from low-income groups who are engaged in small-scale businesses or blue-collar jobs and predominantly reside in peri-urban and semi-urban areas of India.

The Pradhan Mantri Awas Yojana (PMAY) is a government initiative launched in 2015 with the vision of ensuring 'Housing for all.' It focuses on providing housing solutions to Middle-Income Groups (MIGs), Low-Income Groups (LIGs), and Economically Weaker Sections (EWS). Under the PMAY scheme, eligible beneficiaries can benefit from a subsidised interest rate of 6.50% per annum on housing loans for a duration of 20 years, with a maximum subsidy amount of ₹2.67 lakhs. This aims to alleviate the burden of Equated Monthly Installments (EMIs) on their housing loans.

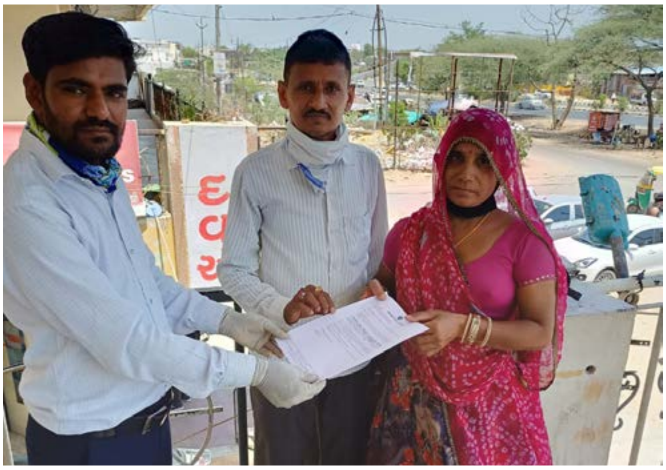
In the Union Budget for the fiscal year 2023-24, there was a substantial allocation of around ₹79,000 Crores for the Pradhan Mantri Awas Yojana (PMAY). This allocation represents an impressive year-on-year increase of 66%, signifying the government's commitment to making a meaningful impact on the lives of underprivileged families. By providing affordable housing options and relieving borrowers of financial burden, the scheme aims to create a positive environment of stability and security for those in need. This increased funding demonstrates the government's dedication to advance the objectives of the PMAY and uplifting marginalised communities through access to proper housing.

Big numbers

12,300+
PMAY claims processed as on 31 March, 2023

11,700+
Customers who had received subsidy worth ₹265 Crores as on 31 March, 2023



CUSTOMER **TESTIMONIALS**

"I have taken a loan from PHFL to construct a house on my plot; the first floor is completed. The remaining work is expected to be finished in a few months. Although I am currently living in a rented home, I am excited to move into my own house soon. My PHFL experience has been amazing. Whenever I approach the PHFL team with issues, it responds quickly and provides considerate treatment, one of the highlights of my experience with the Company."

Ranjeet Singh

"During the COVID-19 pandemic, I had approached multiple banks and financial institutions for a loan to build my house, but, none of them approved my application. However, when I approached PHFL, I secured the loan and started construction. Even though my house is still under construction, I am grateful to have come this far; PHFL played a major role in making it happen."

Sunil Kumar

"I was in search of a new home as my current place was small and I was due to be married. Despite approaching multiple banks and financial institutions for a home loan during the pandemic, I wasn't successful until I came across PHFL. From the beginning, I was impressed with the level of PHFL service - responsive, efficient and willing to help."

Atish Jadhav

"I had been searching for a new place to live in, as my previous residence had some issues. PHFL helped me secure a home loan. PHFL representatives were helpful through the process, making it easy to build my dream home. Thanks to PHFL, I now have a place to call my own."

Harjivan Singh

"I cannot thank PHFL enough for making my dream of owning a bigger home a reality. I was living in a cramped space. PHFL made the process of availing a loan hassle-free. Their representatives guided me every step of the way. I was able to get a loan without much documentation, and the process was completed with speed. Thank you, PHFL!"

Mohammed Taufique

"Thanks to PHFL, I was able to fulfill my dream of owning a home and experiencing the joy of living in it. Through the documentation process, PHFL representatives were cooperative. I am grateful to PHFL for making my dream come true."

Mukesh Kumar Sharma

CORPORATE SOCIAL **RESPONSIBILITY**

Overview

At PHFL, our resolute commitment to inclusive growth is epitomized by our unwavering focus on enhancing the quality of life. Our mission is dedicated to fostering positive change within our communities, driven by the core belief that everyone deserves respect and honor.

Poonawalla Housing Finance is driven by the belief that every individual deserves to lead a life of dignity with good health, quality education, and abundant opportunities. Our commitment to community well-being shines through our four CSR initiatives, positively impacting over 10,000 lives, powered by 400+ employee volunteers across 55+ locations.

Our CSR activities

Swasthya Ke Saath: During the fiscal year, the Company undertook this program dedicated to the well-being of school-aged children. Through this initiative, comprehensive eye checkups and primary health screenings for over 5600 children were conducted, and distributed 1000+ spectacles, empowering these children with the fundamental necessity of clear vision. The compassion and dedication we infused into the eye checkup camps resonate with our steadfast commitment to those we humbly serve.

Khusiyon ka Angan: At the heart of this mission, the Company strongly believes that education is the key to promoting women's empowerment. Our support spanned diverse age groups, ensuring every deserving girl has an equal education opportunity to flourish. The Company extended a helping hand by covering educational expenses for deserving, underprivileged school and college girls.

Hunar se Parichay: Continuing our commitment to women's empowerment, this program centered on fortifying women through comprehensive training and required resources and support to establish micro-businesses. Our aim was to cultivate a self-sustaining income stream, enabling women's livelihoods to attain financial autonomy and lead lives of dignity.

Swayam: This program encourages company employees to actively contribute to shaping impactful social welfare beliefs that resonate on a larger societal scale. Access to safe and clean drinking water is a fundamental human entitlement. This program endeavors to give access to clean drinking water to the police personnel, who work tirelessly day and night for the protection and well-being of society, by installing reverse osmosis (RO) machines at over 200+ police stations spanning various regions in India.

THE SPIRIT OF **PHFL**

Arihant Jain, Chief Manager – Finance

PHFL fosters transparency from senior executives to entry-level employees; everyone is encouraged to share their ideas. The Company believes that every employee has something valuable to contribute and that everyone's input needs to be considered. This sends out a message that everyone is important and capable of doing great things.

Deepak Kumar Pathak, Manager – IT

My new-born daughter developed an infection for which she was kept in the ICU. The support I received from PHFL was like that of a family member. The Company assisted me with insurance formalities; my colleagues supported me at work. What I appreciate most about the Company is a sense of belonging and family-like engagement. The result is that I feel valued and treated like a person.

Lalit Gupta, Zonal Sales Manager - Business

PHFL stands for friendliness and inclusion. My seniors are approachable and supportive; they guide and empower. There is a spirit of collaboration and team-work. The result is that I have developed happy relationships with my colleagues and we create collective outcomes. I never feel micro-managed; the trust has helped me grow professionally and personally.

Sudharani Naik, Deputy Manager - IT

On one occasion I was going through a tough personal phase, and the senior management was supportive. That incident made me realise that PHFL was not just a company, but a family that cared.

BOARD OF **DIRECTORS**

Mr. Adar Poonawalla, Chairman

Mr. Adar Poonawalla is the CEO of Serum Institute of India and Chairman of Poonawalla Fincorp Ltd. An innovator to the core, he has been dedicated to developing affordable children's vaccines and providing the same across the globe. He spearheaded the Clean City initiative (APCC) in Pune, and since, has been actively involved in bringing dignity to the task of waste collection. In 2013, Forbes India included him in the list of 'Four Scions to Watch Out For'. In 2018, he was recognised for his relentless and passionate efforts to make our society a better and cleaner place and accorded the Corporate Social Responsibility award by CNBC Asia. Further, the award-winning GQ magazine included Mr. Poonawalla in its elite list of 50 most influential young Indians, another feather on the cap for the young innovator and promoter.

Mr. Manish Jaiswal, Managing Director & CEO

He is an engineer from VNIT, Nagpur and has done his Fast Track General Management from IIM, Bangalore. Mr. Jaiswal has over 30 years of deep domain experience in banking & financial services industry and heavy engineering industry. He joined Poonawalla after a successful 5-year stint with CRISIL where he spearheaded the Businesses of Risk Advisory, Risk Solutions, Research and SME Ratings. He was an eminent member on SEBI committee of Corporate Bonds and Securitisation Advisory Committee (CoBoSAC) and has also led consulting with the country's foremost pension funds and regulators, be it EPFO or PFRDA. He was also a member of Usha Thorat Committee, which promulgated the charter on Revitalisation of Distressed Assets.

Mr. Amar Deshpande, Non-Executive Director

Mr. Amar Deshpande is an M. Sc. in Statistics and holds a Diploma in Financial Management; and has over 37+ years of experience in the BFSI Sector mainly into NBFCs with expertise in areas including Fund Mobilisation, Corporate Funding, Project Finance, Debt Syndication, Credit Appraisal and Management Consultancy. Mr. Deshpande comes with long-standing experience in Finance, Banking, Legal and Management spheres. He was awarded as the 'most influential CFOs of India' in 2015 by CIMA (Chartered Institute of Management Accounts). Mr. Deshpande is a Chief Operating Officer of Poonawalla Finance Private Limited, a systemically important non-banking financial company and ex- Vice President-Finance and Strategy at Electronica Finance Limited. He spearheaded various departments such as Legal, Compliance, Operations, Finance, Treasury, Collections, etc. Mr. Deshpande has been a visiting faculty to NIBM (National Institute of Bank Management), Pune and Reserve Bank of India, College of Agriculture Banking, Pune.

Mr. Prabhakar Dalal, Non-Executive Independent Director

He holds M. Com, LL.B., CAIIB, FIIBF, PGDFERM and PGDSL qualifications, and certificates in French and German languages. He has over 37 years of experience in commercial and development banking, international trade and project financing, institutional and international relations, stressed assets management, resource management, corporate and securities law and corporate governance. He has worked with Export-Import Bank of India (Exim Bank) for 31 years, including as the Executive Director for over 3 years. Moreover, Mr. Dalal has been serving as Independent or Nominee Director on the Boards of several companies/organisations in various sectors which includes the Board of West African Development Bank.

Ms. Bhama Krishnamurthy, Non-Executive Independent Director

She is a Masters in Science (M.Sc.) from Mumbai University. She was Country Head and Chief General Manager at SIDBI. She had a career spanning over 35 years in IDBI (now IDBI Bank) and SIDBI, an Apex Development Bank for micro, small and medium enterprises in India covering all areas of development in banking operations both from policy perspectives and relating to implementation aspects. She has closely dealt with multilateral and bilateral agencies in coordination with the Government of India. Moreover, she serves as Independent Director on the Board of renowned companies, including NBFCs, banks and others.

OUR MANAGEMENT TEAM*

Mr. Pankaj Rathi, Chief Financial Officer

He has over 14 years of rich experience in the BFSI sector, more particularly with NBFCs and HFCs, in both retail and wholesale financing businesses. His specializations include business planning and strategy, mergers and acquisitions, treasury and investor relations, financial reporting and taxation, financial planning, and analysis, secretarial and regulatory compliances etc.

Prior to joining our Company, he has been associated with Xander Finance, NBFC backed by Xander Group as CFO & Company Secretary. He has also worked with Organisations like JM Financial Group, PwC and E&Y.

He is an associate member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He also holds a bachelor's degree in Commerce from Mumbai University.

Mr. Amit Kumar Khan, Chief Business Officer

He brings over two decades of extensive experience in various domains including Business, Credit, Operations, Collections, Risk, Product, Strategy and Marketing. He holds an Honours Graduate degree in Commerce from St. Xavier's College, Kolkata, and is certified in "Enhancing Sales Force Performance" from IIM Ahmedabad.

Amit has extensive experience in the financial sector, having worked with prominent institutions such as ICICI Bank, HDFC Bank, DCB, Magma Housing, and Clix Capital. This diverse experience has given him a deep understanding of the industry and a versatile skill set. His strategic acumen and consistent track record of delivering results have been instrumental in driving the success of various organizations.

Mr. Rishikant Dubey, Chief Risk Officer

He brings close to two decades of experience in banking and financial services. He holds an MBA degree from NIBM, Pune, and is a certified Risk Manager (PRM). With expertise in credit risk management, operational risk, and asset liability management, he plays a vital role in ensuring the stability and integrity of our operations.

As a highly skilled and results-driven leader, he has a proven track record in credit risk management, portfolio analysis, credit rating model development, operational risk, and asset liability management. His extensive experience includes working with banks and financial institutions, where he has successfully, implemented IRB frameworks, and computed capital charges for credit risk.

Before joining our company, Rishi held prominent leadership roles in esteemed organizations like the Bank of India, Ujjivan Small Finance Bank, and Muthoot Microfin, bringing a wealth of experience and expertise to his current position.

Mr. Ashish Singhania, Head of Human Resources

He is a highly qualified professional with a strong background in human resources. He is a Chartered Accountant and holds a master's degree in human resources.

With over 22 years of experience in the BFSI sector, Ashish has expertise in the fields of life insurance, general insurance, and non-banking financial companies (NBFCs). He possesses a comprehensive understanding of HR practices across various functions, including talent acquisition, talent management, compensation & benefits, HR operations, statutory compliances, and people engagement & development.

Prior to joining our company, Ashish served in a leadership role at ICICI Lombard general insurance. He has also held positions at HDFC Ergo General Insurance and Bajaj Allianz life insurance.

Mr. Rahul Mishra, Head of Internal Audit

He is a CA, CISA, LLB, and Commerce Postgraduate with over 12 years of diverse industry experience. Rahul is a career internal auditor with area of expertise in RBIA (Risk Based Internal Audits), Business Process Reengineering, Internal Financial Controls (IFC), and Agile Auditing. He has a deep understanding of business processes, risk and internal control frameworks, and enterprise risk management across sectors including manufacturing, service, housing finance, and microfinance.

In his last assignment, he worked as Head of Internal Audit at Svatantra Microfin Pvt. Limited and Svatantra Micro Housing Finance Limited. Prior to that, he worked with esteemed organizations such as Aditya Birla Management Corporation Pvt. Ltd. and Sharp & Tannan Associates.

*Current Management Team

Mr. Naveen Manghani, Chief Compliance Officer & Nodal Officer

He is a qualified company secretary and commerce and law graduate with over 17 years of experience, excelling in regulatory compliance, company secretarial, and corporate legal functions.

With a keen eye for detail and a result-oriented approach, Naveen is adept at managing M&A activities, fundraising, policies, and contracts. He also excels in building effective liaisons with regulators and authorities to ensure smooth operations.

With expertise in managing compliances, amalgamations, listings, and contract negotiations, Naveen has worked in various industries, including Housing Finance, Manufacturing, FMCG, and Retail. His most recent role was at JSW Energy Limited, where he managed company secretarial and compliance. Naveen's impressive track record includes contributions to companies like Piramal Capital & Housing Finance, Shree Renuka Sugars, Setco Automotive, V.I.P. Industries, Trent, and Marico.

Mr. Sachin Saxena, Integrated Collections Head

He is a highly accomplished professional with over two decades of experience in retail collections. He holds a bachelor's degree in commerce from Delhi University and has a proven track record of leading teams to achieve outstanding results.

Before joining our company, Sachin worked with PNB Housing Finance Limited, where he managed a portfolio worth 70,000 cr. In the early stages of his career, Sachin held various positions at esteemed organizations such as GE Countrywide, Standard Chartered Bank, Chola DBS, and Tata Capital/Housing Finance Ltd.

Pankaj Maduskar, Chief Credit Officer

He has remarkable experience spanning over 22 years, he brings extensive expertise in underwriting, risk management, stressed portfolio management, fraud management, and process & policy design. He holds an engineering degree from the University of Pune and has further honed his skills through a post-graduation in Operations and Finance from the Welingkar Institute of Management.

Before joining PHFL, he served as the National Credit Head at Edelweiss Housing Finance. He has also worked with renowned organizations such as JM Financial Home Loans, L&T Housing Finance, and ICICI Bank, showcasing his proficiency in the field of credit management.

Siddharth Berry, Head of Operations

He is the Head of Operations with over 16 years of valuable experience in the field. He holds a bachelor's degree in commerce and is currently pursuing the COO Certification Program from IIM Lucknow.

Siddharth possesses expertise in effectively managing branch operations and delivering exceptional customer service within a diverse branch network. Over the years, he has acquired valuable experience in various segments, including Prime/Affordable, Informal, and Construction finance. His deep knowledge and skills add immense value to our company's operations.

Before joining PHFL, Siddharth held the Head of Branch Operations position at Aditya Birla Housing Finance Ltd. Throughout his career, he has gained valuable experience working with renowned organizations such as Aditya Birla Finance Ltd. and Standard Chartered Bank.

Varun Guliani, Chief Information Officer

He brings over 18 years of experience in the navigation of modern technology, IT strategy, and project cum change management. With a Master of Computer Applications (MCA) from the Institute of Management Technology, Ghaziabad, he possesses a strong foundation in the field. He also holds a Bachelor of Commerce (Hons) degree and a Diploma in Software Development and Engineering, complementing his technical prowess.

Varun is passionate about creating and delivering effective strategies that meet the technology needs of the organization. His expertise extends to SaaS cloud-based IT landscape, serverless mobile apps, AADHAR biometric-based eKYC, eSign, eMandate, and core lending applications.

Before joining PHFL, Varun held key positions at prominent organizations like India Shelter Finance Corp Ltd., Hero Fincorp Ltd., Religare Finvest Ltd., and Max New York Life Insurance Ltd.

*Current Management Team

STATUTORY REPORTS

Board's Report & Management Discussion and Analysis Report

Dear Shareholders,

Your Directors have pleasure in presenting the 19th (Nineteenth) Annual Report along with the Audited Financial Statements of the Company for the financial year ended 31 March, 2023. The summarized financial results are given below:

FINANCIAL HIGHLIGHTS

The highlights of the financial performance of the Company are given below:

(₹ in Crore)

Particulars	FY 2022-23	FY 2021-22
Total Income	716.05	470.15
Finance Cost	279.77	207.53
Operating Expenses	273.12	157.65
Depreciation	8.97	3.81
Total Expenses	**561.86**	**368.99**
Profit/(Loss) before Tax	154.19	101.16
Provision for Taxation	31.34	23.89
Deferred Tax	7.63	(0.12)
Profit/(Loss) after Tax	**115.22**	**77.39**
Balance of profits for earlier years	252.04	190.58
Profits available for appropriation	367.26	267.96
Other Comprehensive income/(loss)	0.17	(0.44)
Balance Available for Appropriation	367.43	267.52
Transfer to Statutory Reserve	23.05	15.48
Balance carried forward	**344.38**	**252.04**

INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Economic Outlook

On the surface, the global economy appears poised for a gradual recovery from the powerful blows of the COVID-19 pandemic and of Russia's war on Ukraine. China is rebounding strongly following the reopening of its economy. Supply-chain disruptions are unwinding, while the dislocations to energy and food markets caused by the war are receding. Below the surface, however, turbulence is building, and the situation is quite fragile. Side effects from the fast rise in policy rates across the world are becoming apparent, as banking sector vulnerabilities have come into focus and fears of contagion have risen across the broader financial sector, including non-bank financial institutions. The unexpected failures of two specialized regional banks in the United States in mid-March 2023 and the collapse of confidence in Credit Suisse—a globally significant bank—have roiled financial markets, with bank depositors and investors reevaluating the safety of their holdings and shifting away from institutions and investments perceived as vulnerable.

The US Federal Reserve increased its key rates for the 9th time in a row by 25 bps in March, 2023 taking benchmark rates to 15 year high but indicated it was on the verge of pausing further increases in borrowing costs amid recent turmoil in financial markets. The benchmark rate now stands in the range of 4.75% to 5%. The Fed is anticipating another 25-bps hike to a peak range of 5-5.25%.

Bank of England in March, 2023 raised its rates for 11th consecutive time, taking bank rates to 4.25% while ECB raised rates to 3.5%, highest since 2008.

Amidst massive tightening of monetary policy by most central banks and turmoil in banking sector in US and Europe, global growth is expected to bottom out at 2.8% in 2023 down from 3.4% in 2022. The growth is expected to see a rebound to 3% in 2024. Global inflation is much stickier than earlier anticipated and is expected to decrease from 8.7% in 2022 to 7% in 2023 and a further decline to 4.9% in 2024.

Crucially, latest projections indicate an overall slowdown in medium term growth forecasts declining from 4.6% in 2011 to 3% in 2023. Some of this decline reflects the growth slowdown of previously rapidly growing economies such as China and Korea. However, some of the more recent slowdown may also reflect more ominous forces like scarring impact of the pandemic, a slower pace of structural reforms, as well as the rising threat of geoeconomic fragmentation leading to more trade tensions, less direct investment and a slower pace of innovation & technology.

** Source- World Economic Outlook April 2023 (IMF)*

Indian Economic Outlook

Amidst rising interest rates, elevated inflation levels, and turmoil in banking system in advanced economies, Indian economy has shown remarkable resilience and is expected to end FY23 with growth rate of 7% largely supported by strong domestic demand and higher capital expenditure by Government. Growth is expected to moderate in FY24 due to global headwinds and rising borrowing cost leading to slowdown in consumption. India continues to remain a bright spot in global economy which together with China is expected to contribute half of the global growth in 2023-24.

The Monetary Policy Committee in its Monetary Policy released in April, 2023 marginally raised the GDP growth for FY 2023-24 to 6.5% from an earlier estimate of 6.4% while the inflation estimate for FY 2023-24 has been decreased to 5.2% from an earlier estimate of 5.3%. The relative moderation in inflation expectation is based on assumption of normal monsoon and average crude oil price of 85 $ for FY 23-24. The GDP growth will get boosted by the government's sustained thrust on capital expenditure.

** Source- RBI Bi-Monthly Monetary Policy Statement, RBI Governor's Statement April 2023*

Sector Outlook

Housing Finance Companies (HFCs) saw a sharp revival in their overall business growth, supported by robust end user interest aided by government impetus, better affordability and lower interest rates. Within housing, affordable housing saw a faster bounce back as relative demand increased smaller town i.e. in Tier III and IV towns.

India's mortgage sector is significantly under-penetrated in Economic Weaker Section (EWS) / Lower Income Group (LIG) segments and there is vast potential for affordable housing finance. Total incremental housing loans demand, if this entire shortage is to be addressed, is estimated to be in the range of ₹50 trillion to ₹60 trillion of which ₹9 trillion to 10 trillion would be towards the affordable housing segment.

Key emerging growth drivers:

MORTGAGE PENETRATION	DEMOGRAPHICS	URBANIZATION	AFFORDABILITY
Mortgage penetration in India from formal lending sources is only ~9%	~65% of India's population is under 35 years (economically productive)	By 2030, ~40% of the India's population are expected to reside in cities which requires 700 Mn to 900 Mn square meters of residential and commercial space	Cost of housing finance in India is among the lowest across developing economies. Besides lower return on bank deposits is incentivizing investment in home ownership
~91% of the houses are built using own funds and informal borrowing sources	Rising nuclear families increasing the demand for housing	~90% of the demand is likely to be generated from the bottom of the economic pyramid	Cost of real estate has remained steady which enhancing home ownership affordability

As per ICRA's recent Report on Affordable Housing Finance Companies (AHFCs), AHFCs continued to grow at much higher rates than the housing finance industry and the total loan book of AHFCs is estimated at ₹83,052 Crore as on 31 December, 2022 registering a robust year-on-year (YoY) growth of 25% supported by improvement in the operating environment and good demand. The share of AHFCs in overall housing finance industry is estimated at 6%. Nevertheless, the underpenetrated market and government thrust on 'housing for all' is likely to support growth going forward as well.

In terms of asset quality, ICRA had revised its estimate on GNPAs for March, 2023 to 2.6-2.8% from earlier estimate of 2.7-3.0%. ICRA expects further recovery in FY 2023-24 and expect GNPAs to fall to 2.2-2.5%.

As per ICRA Report, the industry continues to enjoy a healthy capital profile with the capital to risk weighted assets ratio (CRAR) at 23.5% and the managed gearing at 5.1 times as on December, 2022. ICRA expects overall profitability to remain healthy with Return on Managed Assets in the range of 1.8-2% in FY 2022-23 and 1.7-1.9% in FY 2023-24.

The long-term growth outlook for AHFCs remains favorable, given the large underserved market, favorable demographic profile, housing shortage and Government support in the form of tax sops and subsidies.

**Source-*

ICRA India Mortgage Finance Market Report April 2023; ICRA Affordable Housing Finance Companies April 2023; RBI Website; & Various research reports

OVERVIEW OF COMPANY'S PERFORMANCE

Poonawalla Housing Finance Limited (PHFL / the Company) is a national scale affordable housing financing company having business origination across 19 states/union territories more than 180 branches and a well-diversified portfolio, operating in the fastest growing and under-penetrated sub-segment of housing finance catering to more than 60,000 customers and with no single region contributing greater than 20% in overall loan book. The Company drives its business through a value driven direct relationship model with their customers which ensures superior quality of assets. The Company targets a niche customer profile, by catering the under-served EWS and LIG segment and new to credit borrowers - segments which are generally ignored by Banks and large Non-Banking Financial Companies (NBFCs)/HFCs.

The affordable housing finance franchise has been consistently built with a relentless focus on imparting "dignity of living" to our customers by serving them directly through our mission of "GO HL, GO DIRECT, GO DEEP". The Company's business model has undergone significant transformation over the years as an affordable housing finance company with ~72% of its loan-book assets as home loans with an average ticket size of around ₹10 Lacs. The Company provides mortgage-backed loans to retail customers, with no wholesale exposure to builder/ developer financing presently. Majority of the collateral is self-occupied residential properties. Despite the challenging business environment over past few years, the Company has been able to grow at a CAGR of ~31% over last 4 years through controlled aggression and selective credit. Being a national scale player reduces the geographic concentration risk and protects the Company from any local geo-political uncertainties.

The Company strives to accomplish the objective of financial inclusion by serving first time customers with limited / no access to formal credit by deep presence of the Company in semi-urban and rural segments. The Company is committed to contribute to government's objective of 'Housing for All' by facilitating its customers to avail benefit of Credit Linked Subsidy Scheme (CLSS). The Company till March, 2023 has processed and received claims under Pradhan Mantri Awas Yojna (PMAY) scheme for more than 11,700 cases with an average benefit of ₹2.25 Lacs per case.

The Company believes that its blend of business model, infrastructure, technology, management bandwidth and field force will lead to a sustainable high growth trajectory in years to come.

Amidst the challenges and disruption caused by global political and economic tensions, the Company managed to achieve the highest ever Assets Under Management (AUM) of ₹6,289 Crore as of 31 March, 2023 as against ₹5,060 Crore as of 31 March, 2022 delivering 24% YoY growth with highest ever yearly disbursals of ₹2,585 Crore, 31% higher YoY. The Earning Assets Book stood enhanced from 84% to 87% of AUM in the financial year under review compared to the previous financial year.

During FY 2022-23, the Company has raised fresh borrowings at the most competitive terms and pricing thereby achieving the best-in-class average cost of borrowings of 7.3% against 8.6% in FY 2021-22. The benefits of repricing and negotiations done in FY 2021-22 have been received by the Company in FY 2022-23. The Company currently enjoys borrowings from 18 leading banks and financial institutions in the country. The Company has a comfortable liquidity and a well matched ALM in line with the asset profile. The Company reported Capital Adequacy Ratio of 34.83% as on 31 March, 2023 which is well above the minimum required level specified by the regulatory body.

The strong focus on portfolio management, risk management and collections has enabled the Company to achieve best in class asset quality. Collection efficiency for FY 2022-23 has increased to 98.8% from 96.3% in FY 2021-22. The Company has witnessed the lowest ever Gross NPA (GNPA) of 0.81% as at the end of FY 2022-23. The Company carries robust Provision Coverage Ratio at 50.9% and has overall provision coverage at 1.1% of loan book as on 31 March, 2023.

The Company has witnessed highest ever PBT of ₹154 Crore in FY 2022-23 against ₹101 Crore in FY 2021-22.

The Company has experienced a remarkable financial year with all-round performance across Business growth, Credit quality and Profitability. Over the last one year, the Company has significantly invested on capacity building and capability enhancements towards its mission for a self-reliant and independent organization architecture. With its missive of "Go-HL, Go-Direct and Go-Deep", the Company has created its own niche in the affordable housing finance space and has emerged as one of the leading institutions in the segment with a national scale presence.

The Company is poised to build further momentum from here with sharp focus on quality vectors of growth.

OPPORTUNITIES, CHALLENGES AND OUTLOOK

Strengths

- National Scale Affordable Housing finance company with increasing share of granular home loans in the overall product mix with greater reliance on direct sourcing to acquire superior quality assets.
- Extensive branch network (180+ branches) and geographically diversified loan book (with presence in 19 States / UTs) catering to more than 60,000 customers and with no single region contributing greater than 20% in overall loan book, to mitigate any local geo-political issues.
- Deep understanding of customer segment; Strong knowledge of local market and regional dynamics.
- Provides mortgage-backed loans to retail client, with no wholesale exposure to builder / developer financing presently. Majority of the collateral is self-occupied residential properties.
- Scalable Model and Independent 'Unit' Structure. The unit model in a usual scenario can operate independently within the policy framework and is required to approach the hierarchy only for exceptions. This unit model is efficiently aided by technology enablers to make the process seamless from sourcing to disbursement.
- Robust Credit Underwriting & Appraisal. The decentralized and vertical approach with segregated legal, technical and credit underwriting team has ensured superior portfolio quality. The Company maintains conservative Loan to Value (LTVs) ratio, with average LTVs in the range of 50% to 60% for Housing Loan (HL) cases and 30% to 40% for Loan Against Property (LAP) cases.
- 100% In-house Collections Team with 350+ members with focus on early delinquencies.
- Best in class asset quality with lowest NPA levels in Affordable HFC space – GNPA of 0.81% and Net NPA (NNPA) of 0.40% as on March, 2023.
- Distinguished Board and experienced leadership team with demonstrated track record of scaling of the HFC business.
- Enjoys credit facilities from 18 leading banks and financial institutions.
- High Governance focus.

Challenges, Risks and Concerns

- The customers of the Company are a mix of self-employed and salaried with majority of them in Tier II to Tier VI cities; thereby exposing the Company to the relatively economically vulnerable borrower segment. Since this segment is highly susceptible to the impact of economic downturn, maintaining good asset quality while increasing the scale of operations is a key sensitivity. However, the Company maintains average LTV ratio in the range of 50-60% and most of the assets are self-occupied thus the borrowers are tied up with moral obligation to pay. For details on the credit risk management practices adopted by the Company, please refer to the sub-paragraph on Credit Risk under the heading 'Risk Management' below.
- Competition from banks and other large non-bank players in the industry will always prove to be a challenge for the housing finance companies with high risk of balance transfers.

Opportunities

- Favourable growth prospects for affordable housing in India; India having one of the lowest Mortgage-to-GDP ratios vis-à-vis developed economies indicating strong growth potential.
- Government's emphasis on promoting housing and promotional schemes like the PMAY.

Threats

- Slower than envisaged economic recovery due to global geo-political issues, can impact credit growth. However, the Company is better-off placed in comparison to its peers due to its unique business model and direct sourcing abilities.
- Inflation affects the purchasing power of the people, our most of the customers belong from informal segment and thus it is not a desirable phase of economic activity. Rising inflation may affect the saving of these people and affect the repayment obligations. However, the Company follows a stricter policy on maximum allowable debt burden ratio to mitigate this risk.

Sector Outlook

The outlook of India's housing finance sector is likely to be robust across the long-term for a fundamental reason: more Indians want to buy houses for enhanced security and asset creation even though renting could be cheaper in the short-term.

Outlook for the Company

In view of the overall sector outlook detailed above, the Company is well poised towards becoming a leader in the affordable housing finance space with its pan-India presence and it is likely to keep growing strongly considering the following:

- The Company has a robust business model with strong direct sourcing capabilities to acquire superior quality assets.
- The Company has a well-skilled and experienced management team with strong domain knowledge and excellent execution track record in the lending business.
- The Company has implemented robust risk management and credit underwriting policies/ procedure.
- The Company has been continuously investing to build robust, updated technological infrastructure along with paperless workflows for better customer experience.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

There are no material changes or commitments affecting the financial position of the Company that have occurred between the end of the financial year and the date of this Report.

CHANGES IN THE NATURE OF BUSINESS

During the year, there was no change in the nature of business of the Company.

LOAN BOOK - SEGMENT WISE PERFORMANCE

As at 31 March, 2023, the loan book stood at ₹5,498 Crore as against ₹4,250 Crore in the previous year. The Company's AUM stood at ₹6,289 Crore as at 31 March, 2023 (comprising of home loans amounting to ₹4,113 Crore and LAP amounting to ₹2,176 Crore) against ₹5,060 Crore in the previous year (comprising of home loans amounting to ₹3,203 Crore and other products amounting to ₹1,845 Crore).

The Company has achieved its highest ever disbursement of ₹2,585 Crore in FY 2022-23 as against ₹1,970 Crore in FY 2021-22 resulting in YOY growth of 31%. The Company has disbursed 66% of the loans towards housing loans while balance was LAP cases.

- The disbursement in home loans grew by 22% from ₹1,401 Crore in FY 2021-22 to ₹1,716 Crore in FY 2022-23 in line with "GO HL" strategy implemented by the Company.
- The contribution of home loan portfolio increased from 50% in FY 2016-17 to 72% in FY 2022-23 in the Loan book of the Company.
- The Company's "GO DIRECT" strategy for transition from Direct Selling Agent (DSA) model to direct sales model improved direct sourcing from 44% in FY 2017-18 to 73% in FY 2022-23.
- Focused deep market penetration in more than 180 locations across 19 states / union territories using unit model implementation.

The push for affordable housing by the Government of India will further expand the Company's current housing portfolio.

HOLDING COMPANY

As on 31 March, 2023, Poonawalla Fincorp Limited (formerly Magma Fincorp Limited) (PFL) is the holding company of the Company and Rising Sun Holdings Private Limited (RSHPL) is the holding company of PFL. Consequently, the Company is a step-down subsidiary of RSHPL.

The diagrammatic representation of the Group Structure is given below:

Rising Sun Holdings Private Limited
(Owned and Controlled by Mr. Adar Poonawalla)

↓ 62.046%

Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

↓ 99.02%

Poonawalla Housing Finance Limited
(Formerly Magma Housing Finance Limited)

DETAILS OF SUBSIDIARY/ASSOCIATES/ JOINT-VENTURE COMPANY

The Company has no Subsidiary/Associates/Joint-Venture Company as at 31 March, 2023.

CHANGE IN CONTROL

The Board of Directors of PFL at their meeting held on 14 December, 2022 has accorded its consent for the sale of controlling stake of the Company to Perseus SG Pte. Ltd., an entity affiliated with TPG ("Perseus"). In view of the same, the Board of the Company at its meeting held on 14 December, 2022 has taken note of the proposed transaction. Accordingly, a Share Purchase Agreement was executed amongst PFL, Perseus and the Company on 14 December, 2022, for the proposed sale of controlling stake in the Company i.e. 99.02% by PFL at total equity value of ₹3,900 Crore, subject to regulatory approvals and satisfaction of other customary conditions. The Company has filed an application with Reserve Bank of India (RBI) seeking prior requisite approval for the transfer of shareholding of the Company, together with the acquisition of control of the Company and change of management pursuant to Chapter VIII – Acquisition/Transfer of Control of Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by the RBI. The approval from the RBI is awaited.

CHANGES IN SHARE CAPITAL

Authorised Share Capital

During the year under review, the Authorized Share Capital of the Company remained unchanged at ₹2,750,000,000 (Rupees Two Hundred Seventy Five Crore only) divided into 275,000,000 (Twenty Seven Crore Fifty Lac only) equity shares of ₹10 (Rupees Ten only) each.

Issue of Equity Shares

During the year, 493,333 Equity Shares of face value ₹10 each were allotted to eligible employee upon exercise of Restricted Stock Options of the Company.

Post allotment of Equity Shares as aforesaid, the issued, subscribed, and paid-up Share Capital of the Company stands at ₹2,522,877,830 comprising of 252,287,783 Equity Shares of ₹10 each, fully paid-up. All the shares of the Company are in dematerialized form as on 31 March, 2023.

During the year under review, the Company has not issued any shares with differential rights or sweat equity shares.

DIVIDEND

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the financial year ended 31 March, 2023.

TRANSFER TO RESERVES

The Board, at its Meeting held on 24 April, 2023, has transferred ₹23.05 Crore (Previous year ₹15.48 Crore) to Statutory Reserve.

EMPLOYEE STOCK OPTION SCHEME

The Company had formulated and implemented Employees Stock Option Plan 2018 (ESOP 2018) and Restricted Stock Option Plan 2018 (RSOP 2018) through ESOP Trust and Employee Stock Option Plan 2021 (ESOP 2021) in accordance with the provisions of the Companies Act, 2013 (the Act).

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers the ESOP 2018, RSOP 2018 and ESOP 2021 in accordance with the Act.

The details of Options granted and outstanding as on 31 March, 2023 along with other particulars as required under Section 62 of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are set out in **Annexure A** to this Report.

PUBLIC DEPOSIT

Being a non-deposit taking Company, the Company has not accepted any deposits from the public as per the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 read with Paragraph 3 (xiii) of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and relevant provisions of the Companies Act, 2013.

RESOURCE MOBILISATION

The Company takes every effort to tap the appropriate sources of funding to minimize the weighted average cost of funds. The Company has mobilized resources through the following sources:

A. Term Loans

The Company has borrowed fresh Secured long term loans of ₹1,999 Crore from banks and financial institutions during the Financial Year 2022-23 as compared to ₹1,841 Crore during the previous year.

The aggregate of term loans outstanding at the end of the financial year under review stood at ₹3,885 Crore as against ₹2,678 Crore as at the end of the previous year.

B. Non-Convertible Debentures

The Company has an aggregate outstanding balance of ₹270 Crore through issue of Secured Redeemable Non-Convertible Debentures on Private Placement basis as on 31 March, 2023. The Non-Convertible Debentures of the Company continue to remain listed on BSE Limited (BSE) and the Company has paid the Listing fees to BSE for the financial year 2022-23.

C. Working Capital

During the year, the Company availed working capital facilities from various banks in the form of Cash Credit and WCDL and the outstanding amount as on 31 March, 2023 is ₹275 Crore.

D. Any Other Borrowing

The Company has an aggregate contractual outstanding through Securitisation Liability at ₹76 Crore as on 31 March, 2023.

NHB REFINANCING

The aggregate outstanding towards the refinance facility granted by the National Housing Bank (NHB) was ₹628 Crore as on 31 March, 2023.

DETAILS OF UNCLAIMED NON-CONVERTIBLE DEBENTURES

There has been no instance where a Non-Convertible Debenture has not been claimed by the Investors or not paid by the Company after the date on which such debentures became due for redemption.

DETAILS OF DEBENTURE TRUSTEE

Pursuant to Regulation 53 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the name and contact details of the Debenture Trustee for the privately placed NCDs are given below:

Name	IDBI Trusteeship Services Limited	Catalyst Trusteeship Limited (Formerly GDA Trusteeship Ltd.)
Phone No./Fax	+91 22 4080 7050 / 6631 1776	+91 22 4922 0506
Office Address	Asian Building, Ground Floor, 17, R. Karmani Marg, Ballard Estate, Mumbai – 400 001, Maharashtra	GDA House, Plot No.85 Bhusari Colony (Right), Puad Road, Pune – 411038
E-mail	itsl@idbitrustee.co.in	deesha.trivedi@ctltrustee.com
Investor Grievance Email	response@idbitrustee.com	grievance@ctltrustee.com
Website	www.idbitrustee.com	www.catalysttrustee.com
Contact person	Ms. Ritobrata Mitra – Chief Manager	Ms. Deesha Trivedi –Vice President

CREDIT RATING

During the FY 2022-23, review of the Credit Rating was carried out by CRISIL and CARE based on the proposed change of control from Poonawalla Group to TPG as detailed hereinabove.

CRISIL has placed its rating to 'CRISIL AA+ (RWN) (Rating Watch with Negative Implications)' for long term Bank Facilities of the Company and the Company's long term Secured NCDs. Further, the rating for short term debt (Commercial Paper) is placed at CRISIL A1+ (Rating Watch with Developing Implications).

CARE Ratings has placed its rating to 'CARE AAA (RWN) (Rating Watch with Negative Implications)' for the Company's long term Secured NCDs and Bank Facilities. The rating for short term debt (Commercial Paper) was re-affirmed as 'CARE A1+'.

Instrument	Rating	Rating Agency
Secured Redeemable Long Term Bonds (NCDs)	AAA (Rating Watch with Negative Implications)	CARE
	AA+ (Rating Watch with Negative Implications)	CRISIL
Fund Based and Non Fund Based Bank facilities	AAA (Rating Watch with Negative Implications)	CARE
	AA+(Rating Watch with Negative Implications)	CRISIL
Short Term Debt (Commercial Paper)	A1+	CARE
	A1+ (Rating Watch with Developing Implications)	CRISIL

A status of ratings assigned by rating agencies and migration of ratings during the year is provided in note no. 49(h) to the financial statements of the Company.

BRANCH EXPANSION

As on 31 March, 2023, the Company operated from 182 offices/branches. The Company has planned to further expand its footprint through offline as well as online mode by further strengthening its frontline sales team, with more local branch events and other brand building measures which will generate overall more awareness about the Company, its brand and its products.

CAPITAL ADEQUACY

As per the applicable Regulatory Guidelines/Framework, i.e. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, the Company is presently required to maintain a minimum capital adequacy of 15% on a stand-alone basis. The Company's capital adequacy ratio stood at 34.83% as at 31 March, 2023 (previous year 42.77%), which provides an adequate cushion to withstand business risks and is comfortably above the minimum requirement of 15% stipulated under the Regulatory Guidelines/ Framework. Further, the provisions of the Section 29C of the National Housing Bank Act, 1987, require a Housing Finance Company to transfer minimum 20% of its net profit to a reserve fund, and the Company has transferred ₹23.05 Crore (previous year ₹15.48 Crore) to Statutory Reserve.

CENTRAL REGISTRY OF SECURITISATION ASSET RECONSTRUCTION AND SECURITY INTEREST OF INDIA (CERSAI)

The Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) is set up under Section 20 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

The Company being a Registered member of CERSAI has ensured that the Security Interest has been created against all mortgage loans with-in the stipulated timeline.

SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 (SARFAESI Act)

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) has proved to be very useful recovery tool and the Company has been able to successfully initiate recovery action under the SARFAESI Act in case of defaulting borrowers. During the year, the Company initiated action against 1882 defaulting borrowers under the SARFAESI Act and recovered ₹77.77 Crore from borrowers of non-performing accounts.

NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

The Company recognizes impairment allowances using Expected Credit Loss ("ECL") method on all the financial assets.

ECL are probability weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.
- undrawn loan commitments – as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

The Company carries a provision of ₹59.65 Crore (Previous Year ₹72.99 Crore) towards impairment allowance under Expected Credit Loss model.

The amount of Gross Stage 3 Assets and Gross Non-Performing Assets (GNPA as per IRACP norms) as on 31 March, 2023 and 31 March, 2022 is ₹37.08 Crore and ₹44.55 Crore (Previous year ₹40.84 Crore and ₹70.17 Crore), which is equivalent to 0.67 % and 0.81% (previous year 0.96% and 1.65 %) of the gross loan portfolio of the Company. The total cumulative provision towards Gross Stage 3 Assets and GNPA as per IRACP norms as on 31 March, 2023 is ₹20.74 Crore and ₹22.67 Crore (previous year ₹15.29 Crore and ₹16.56 Crore).

COVID -19 IMPACT ON PORTFOLIO

The Company carried a management overlay of ₹12.02 Crore as at 31 March, 2022, to manage the potential impact of COVID-19 pandemic. The impact of COVID – 19 pandemic has been substantially reduced during the financial year 2022-23 basis which the management has estimated that the provisions derived from the Expected Credit Loss (ECL) model is adequate to cover the risk of potential loss on the loan portfolio. Accordingly, as at 31 March, 2023, the Company does not carry any separate provisions on account of COVID – 19.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Since the Company is not engaged in any manufacturing activity, the particulars relating to Conservation of energy and technology absorption as stipulated in the Companies Act, 2013 are not applicable. The Company uses information technology extensively in its operations.

During the period under review, the Company did not have any foreign exchange earnings in terms of actual inflow and the foreign exchange outgo in terms of actual outflow amounted to ₹0.07 Crore.

REGULATORY DEVELOPMENTS AND THE COMPANY'S CONTINUED FOCUS TO ENSURE COMPLIANCE WITH THE REGULATORY AND SUPERVISORY DIRECTIONS/ GUIDELINES

The Company has complied with all the guidelines, circulars, notification and directions issued by the RBI and NHB from time to time. The Company also places before the Board of Directors at regular intervals all such circulars and notifications to keep the Board informed and report on actions initiated on the same.

The Company has also been following provisions of the Companies Act, 2013 including the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), Listing Regulations, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Income Tax Act, 1961, and other applicable statutory requirements.

There were no orders passed by any regulator/courts nor any fine/penalty levied on the Company during the year under review. Further, there were no defaults observed in compliance with the requirements of the Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

During the recent years, significant regulatory developments have taken place for the Housing Finance Companies (HFCs) and Non- Banking Financial Companies (NBFCs). The Reserve Bank of India (RBI) had prescribed a revised regulatory framework for the NBFCs including HFCs based on a Scale Based Regulation (SBR) approach, which has been effective from October, 2022.

As per the SBR framework, the regulatory structure for NBFCs shall comprise of four layers based on their size, activity, and perceived riskiness. NBFCs in the lowest layer shall be known as NBFC - Base Layer (NBFC-BL). NBFCs in middle layer and upper layer shall be known as NBFC- Middle Layer (NBFC-ML) and NBFC - Upper Layer (NBFC-UL) respectively. The Top Layer is ideally expected to be empty and will be known as NBFC - Top Layer (NBFC-TL). HFCs, unless categorized in the higher layer as per the criteria prescribed by the RBI, shall be placed in the NBFC- Middle Layer at minimum.

In the SBR framework, the Company has been placed in the Middle Layer based on the prescribed criteria. Being in the Middle Layer, the Company is required to comply with the new regulations on Internal Capital Adequacy Assessment Process, Regulatory Restrictions on Loans, Additional Disclosures, requirement of Compliance Policy and the Chief Compliance Officer, Guidelines on Compensation of Key Managerial Personnel and Senior Management, Implementation of 'Core Financial Services Solution' etc. The Company is in compliance and is well prepared to comply with the various applicable provisions of the Scale Based Regulation as per the respective timelines prescribed for each of such provisions.

During the year, the Company has complied with the applicable provisions of the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and various other Directions, Notifications and Guidelines prescribed by the RBI and NHB including those on the Principal Business Criteria, Capital Adequacy, Income Recognition, Asset Classification, Provisioning, implementation of Ind-AS, Corporate Governance, Fraud Reporting, Outsourcing etc.

The Company has ensured adherence with various applicable provisions of the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016. The Company has also adopted the Fair Practice Code, which sets the principles for fair practice standards to be followed by the Company while dealing with its customers, in accordance with the regulatory expectations and also has put in a place an efficient customer grievance redressal mechanism.

As regards the supervisory reporting, the Company has ensured compliance with the 'Master Circular – Returns to be submitted by Housing Finance Companies' prescribed by the National Housing Bank (NHB).

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Manish Jaiswal (DIN: 07859441) was re-appointed as the Managing Director & Chief Executive Officer of the Company for a period of 5 years w.e.f. 26 June, 2022 by the shareholders of the Company at the 18th Annual General Meeting held on 21 June, 2022.

In accordance with the provisions of the Companies Act, 2013, Mr. Amar Deshpande (DIN: 07425556), Non-Executive Director of the Company, retires at the ensuing 19th Annual General Meeting (AGM) of the Company and being eligible offers himself for re-appointment. The Board of Directors of the Company recommends the re-appointment of the Director liable to retire by rotation at the ensuing AGM. Appropriate resolution seeking approval of the shareholders to the said re-appointment along with brief profile of the Director appear in the Notice convening the 19th AGM of the Company.

All the Directors have confirmed that they satisfy the "fit and proper" criteria as prescribed in Chapter IX of Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 as amended from time to time and that they are not disqualified from being appointed as Directors in terms of Section 164(2) of the Companies Act, 2013.

Ms. Priti Saraogi stepped down from the position of Company Secretary and Compliance Officer of the Company with effect from the close of business hours on 5 April, 2023. The Board has placed on record its appreciation for the assistance and guidance provided by Ms. Saraogi during her tenure as Company Secretary and Compliance Officer of the Company. There was no other change in the Key Managerial Personnel during the year.

The Board of Directors comprises of executive, non-executive and independent directors, having proficiency, vast experience, management and financial expertise thereby ensuring the best interest of the stakeholders and the Company. The composition of the Board is in conformity with the Act, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and other applicable regulations and laws. The profile of Directors can be found on the Company's website at https://poonawallahousing.com/about-us-board-of-directors.php.

As per the declarations received, no Director holds directorship in more than 20 Indian companies, more than 10 public companies or more than 7 listed companies. Further, no Independent Director of the Company serves as an independent director in more than 7 equity listed companies or as a whole-time director / managing director in any listed entity. Necessary disclosures regarding committee positions in other public companies as on 31 March, 2023 have been made by the Directors. None of the Directors is a member of more than 10 committees or acts as chairperson of more than 5 committees (being Audit Committee and Stakeholders Relationship Committee), across all the public limited companies in which he/she is a director. In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management. None of the Directors are related to each other.

The details of Directors on the Board and their attendance at the last Annual General Meeting, other Directorships, Committee Memberships and Chairpersonships during the year ended on 31 March, 2023, are given below:

Sl. No.	Name of Director / DIN	Director since	Capacity / Category of Directors	Number of Board		Attendance at 18th AGM held on 21 June, 2022	No. of other Directorships**		Remuneration (₹ in Lacs)			No. of shares held in and convertible instruments held in the Company	Directorships in other equity listed companies	Other Committee Memberships @	Other Committee Chairmanships @
				Held	Attended		Member	Chairperson	Salary and other compensation	Sitting Fee	Comission				
1	Mr. Adar Poonawalla (DIN: 00044815)	08.07.2021	Chairman, Non-executive Director	6	1	No	1	1	-	1.00	-	23*	1	-	-
2	Mr. Manish Jaiswal (DIN: 07859441)	26.06.2017	Managing Director & Chief Executive Officer	6	6	Yes	-	-	405.00	-	-	2,466,666	-	-	-
3	Mr. Prabhakar Dalal (DIN: 00544948)	24.05.2021	Independent Non-executive Director	6	6	Yes	2	-	-	22.20	-	-	2	1	2
4	Ms. Bhama Krishnamurthy (DIN: 02196839)	24.05.2021	Independent Non-executive Director	6	6	Yes	7	1	-	22.90	-	-	4	6	-
5	Mr. Amar Deshpande (DIN: 07425556)	20.07.2021	Non-Executive Director	6	6	Yes	1	-	-	25.00	-	1*	1	2	-

** Beneficial interest of these shares lies with Poonawalla Fincorp Limited (formerly, Magma Fincorp Limited)*

*** Excludes directorship in the Company, private companies, foreign companies and companies under Section 8 of the Companies Act, 2013*

@ Pertains to memberships/chairpersonships of the Audit Committee and Stakeholders' Relationship Committee of Indian public companies (excluding the Company).

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS

The Company has received declarations pursuant to Section 149(7) of the Companies Act, 2013 from all the Independent Directors (IDs) of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act. In terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, IDs of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year under review, a separate meeting of the Independent Directors (IDs) was held on 18 January, 2023, in terms of Schedule IV of the Act, without the presence of Non-Independent Directors and members of the management. At this meeting, the IDs inter alia:

- reviewed the performance of Non-Independent Directors and the Board of Directors as a whole;
- reviewed the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- assessed the quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

BOARD MEETINGS

During the financial year 2022-23, the Company held six (6) Board Meetings i.e. on 11 May, 2022, 12 May, 2022, 25 July, 2022, 19 October, 2022, 14 December, 2022 and 21 January, 2023 and the gap between a meeting and the subsequent meetings did not exceed one hundred and twenty days. The necessary quorum was present for all such meetings. All Board meetings were convened by giving appropriate notice to address the Company's specific needs and were governed by a structured agenda. All the agenda items were backed by comprehensive information and documents to enable the Board to take informed decisions.

During the FY 2022-23, the Board had also decided some of the matters by way of resolutions passed by circulation considering the business exigencies or urgency of matters.

The agenda and agenda notes of the Board/Committee Meetings are hosted on the Board Meeting portal, a digital application. The Directors of the Company can access the agenda notes in electronic form in this application through iPad/laptop. The application meets high standards of security that are essential for storage and transmission of sensitive information in electronic form.

The Board evaluates all the strategic decisions on a collective consensus basis amongst the Directors. The number of Board meetings attended by the Directors of the Company is provided below.

There was no change in the composition of the Board of Directors during the financial year 2022-23. Details of such changes during the financial year 2021-22 are as follows:

Sl. No.	Name of Director	Capacity / Category of Directors	Nature of change	Effective date
1	Mr. Sanjay Chamria	Non-Executive Director	Resignation	23.11.2021
2	Mr. Adar Poonawalla	Chairman, Non-Executive Director	Appointment	08.07.2021
3	Mr. Prabhakar Dalal	Independent, Non-Executive Director	Appointment	24.05.2021
4	Ms. Bhama Krishnamurthy	Independent, Non-Executive Director	Appointment	24.05.2021
5	Mr. Sajid Fazalbhoy*	Independent, Non-Executive Director	Appointment	24.05.2021
			Resignation	14.01.2022
6	Mr. Abhay Bhutada	Non-Executive Director	Appointment	08.07.2021
			Resignation	16.09.2021
7	Mr. Amar Deshpande	Non-Executive Director	Appointment	20.07.2021
8	Mr. Raman Uberoi*	Independent, Non-Executive Director	Resignation	09.06.2021
9	Ms. Deena Asit Mehta*	Independent, Non-Executive Director	Resignation	09.06.2021

** Reason for resignation of Independent Directors: Due to personal constraints and other assignments.*

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee (NRC) has laid down the criteria for performance evaluation on the basis of which the Board of Directors (Board) has carried out an annual evaluation of its own performance, and that of Board Committees and individual Directors.

The performance of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The NRC reviewed the performance of the individual Directors. A separate meeting of Independent Directors was also held on 18 January, 2023 to review the performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors. The performance of the Board, its Committees and individual Directors taking into consideration of the evaluation done by the NRC and the Independent Directors was then discussed at the Board Meeting held on 21 January, 2023.

The criteria for performance evaluation of the Board included aspects like Board composition and structure, effectiveness of Board processes, information and functioning etc. The criteria for performance evaluation of Committees of the Board included aspects like composition of Committees, effectiveness of Committee meetings etc. The criteria for performance evaluation of the individual Directors included aspects on contribution to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition the Chairman was also evaluated on the key aspects of his role.

Outcome of evaluation process

Based on inputs received from the Committee Members / Directors, it emerged that the overall performance evaluation of the Board, composition and quality, understanding the business including risks, process and procedures, oversight of financial reporting process including internal controls and audit functions, ethics and compliances and monitoring activities, has been found to be satisfactory. Similarly, the effectiveness of Board Committees has been rated high and the performance of the Chairman of the Company has been found to be excellent. Overall, the Board was functioning very well in a cohesive and interactive manner. Last year recommendations of IDs and Board on Performance Evaluation have been largely implemented.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The Executive Director (Managing Director & Chief Executive Officer) is appointed based on terms approved by the Shareholders. The remuneration paid to Managing Director & Chief Executive Officer (MD & CEO) is recommended by the Nomination and Remuneration Committee (NRC) taking into account various parameters included in the Remuneration Policy of the Company and approved by the Board of Directors and Shareholders of the Company. His remuneration comprises of salary, allowances and perquisites as indicated in Form MGT-7 which is available at the website at https://poonawallahousing.com/secretarial-disclosures.php. The MD & CEO was re-appointed during the year under review at revised remuneration after obtaining necessary approvals. The disclosures pertaining to Schedule V Part II Section II (IV) of the Companies Act, 2013 are set out in the table below:

Sl. No.	Particulars	Disclosures	
1	All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors	**Category**	**Amount**
		Basic Salary	₹12,000,000 (Rupees One Crore Twenty Lacs only) per annum
		Perquisites / Benefits:	
		House Rent Allowance	₹6,000,000 (Rupees Sixty Lacs only) per annum
		Special Allowance	₹9,474,804 (Rupees Ninety-Four Lacs Seventy Four Thousand Eight Hundred Four only) per annum
		Leave Travel Allowance	₹72,000 (Rupees Seventy-Two Thousand Only) per annum

<table>
<tr><th>Sl. No.</th><th>Particulars</th><th colspan="2">Disclosures</th></tr>
<tr><td></td><td></td><td colspan="2">Medical Coverage, Health Insurance and Personal Accident coverage as per Company policy.</td></tr>
<tr><td></td><td></td><td>Provident Fund</td><td>₹1,440,000 (Rupees Fourteen Lacs Forty Thousand only) per annum</td></tr>
<tr><td></td><td></td><td>Gratuity</td><td>₹577,200 (Rupees Five Lacs Seventy-Seven Thousand Two Hundred only) per annum</td></tr>
<tr><td></td><td></td><td>National Pension Scheme</td><td>₹435,996 (Rupees Four Lacs Thirty-Five Thousand Nine Hundred Ninety-Six only) per annum</td></tr>
<tr><td></td><td></td><td colspan="2">Encashment of unavailed leave as per the rules of the Company.</td></tr>
<tr><td></td><td></td><td>Annual Performance Bonus</td><td>₹10,000,008 (Rupees One Crore Eight only)</td></tr>
<tr><td></td><td></td><td>Stock Options</td><td>3,360,000 Restricted Stock Options under the Poonawalla Housing Restricted Stock Option Plan 2018 at an exercise price of ₹10 per share. 1,500,000 options under Employee Stock Option Plan 2021</td></tr>
<tr><td></td><td></td><td>Yearly Revision</td><td>Yearly revision in the range of 10%-30% on the above-mentioned total annual remuneration starting from financial year 2023-24 based on performance and to be decided by the Board of Directors, based on the recommendation of Nomination and Remuneration Committee at its absolute discretion.</td></tr>
<tr><td></td><td></td><td>Minimum Remuneration</td><td>In the event of loss or inadequacy of profits in any financial year during the term of office of Mr. Jaiswal as MD & CEO, the Company will pay to Mr. Jaiswal in respect of such financial years in which such inadequacy or loss arises or a period of three years, whichever is lower, the remuneration as set herein by way of consolidated salary, perquisites and allowances as minimum remuneration, in accordance with the provisions of Section 197 and/or Schedule V of the Act or such higher limit as may be approved by the Central Government or other appropriate authority, if any, required in this regard.</td></tr>
<tr><td>2</td><td>Details of fixed component and performance linked incentives along with the performance criteria</td><td colspan="2">As mentioned in Point 1 above</td></tr>
<tr><td>3</td><td>Service contracts, notice period, severance fees</td><td colspan="2">Appointed for a term of 5 years w.e.f. 26 June, 2022 upto 25 June, 2027.
3 months notice period.</td></tr>
<tr><td>4</td><td>Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable</td><td colspan="2">As mentioned in Point 1 above</td></tr>
</table>

The Non-executive Directors were paid sitting fees per meeting of the Board and Committees as approved by the Board of Directors.

AUDIT COMMITTEE

The Audit Committee is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013, the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and other applicable laws including circulars, directions, guidelines etc. issued by regulatory authorities.

Terms of reference

The terms of reference of the Audit Committee prepared pursuant to the provisions of Section 177(4) of the Companies Act, 2013, the Directions issued by Reserve Bank of India and other applicable laws was duly approved by the Board of Directors. These broadly include:

1. Discuss with the Auditors periodically about the adequacy of Internal Control System, the scope of Audit including the observations of the Auditors and review of financial statement before their submission to the Board and also ensure compliance of Internal control systems and may also discuss any related issues with the internal and statutory auditors and the management of the Company.
2. Investigate into any matter in relation to the items within the purview of the Terms of Reference/ Charter of the Audit Committee of the Board or referred to it by the Board or auditor of the Company and for this purpose, shall have full access to information contained in the books, records, facilities, personnel of the Company and the External professional consultants and their advice, if necessary.
3. Recommend on any matter relating to financial management.
4. The going concern assumptions.
5. Formulate the scope, functioning, periodicity and methodology for conducting the internal audit.
6. Discuss with internal auditors and the management of any significant findings, status of previous audit recommendations and follow up there on.
7. Recommend to the Board for appointment, remuneration and terms of appointment of auditors of the Company.
8. Ensuring compliance of Know your Customer and Anti Money Laundering Policy.
9. Overseeing compliance with accounting standards.
10. Review and monitor the auditor's independence and performance and effectiveness of audit process.
11. Approve and recommend to the Board the transactions of the Company with Related Parties or any subsequent modification thereof.
12. Scrutinise inter-corporate loans and investments.
13. Examine the valuation of undertakings or assets of the Company, wherever it is necessary.
14. Evaluation of internal financial controls and risk management systems.
15. Monitor the end use of funds raised through public offers and making appropriate recommendations to the Board to take up steps in this matter.
16. Approve rendering of services by the statutory auditor other than those expressly barred under Section 144 of the Companies Act, 2013 and remuneration for the same.
17. Oversee the functioning of the whistle blower/ vigil mechanism, if any.
18. Appoint registered valuers.
19. Any other matter as delegated by the Board of Directors of the Company from time to time.
20. Ensure information system audit of the internal systems and processes are conducted at least once in two years to assess operational risk faced by the HFCs.

Composition and Attendance

The Committee presently comprises of Ms. Bhama Krishnamurthy as the Chairperson and Mr. Prabhakar Dalal and Mr. Amar Deshpande as members of the Committee. All members of the Audit Committee are financially literate and have accounting and related financial management expertise. During the financial year ended 31 March, 2023, five (5) Audit Committee Meetings were held on 11 May, 2022, 25 July, 2022, 30 September, 2022, 19 October, 2022 and 21 January, 2023. All the recommendations made by the Audit Committee during the year were accepted by the Board. Following table sets out the composition of the Audit Committee as at 31 March, 2023 and particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of Director	Member of Committee since	Capacity / Category of Directors	Number of Meetings of the Committee	
				Held	Attended
1.	Ms. Bhama Krishnamurthy	11.06.2021	Chairperson, Non-Executive Independent Director	5	5
2.	Mr. Prabhakar Dalal	11.06.2021	Member, Non-Executive Independent Director	5	5
3	Mr. Amar Deshpande	20.07.2021	Member, Non-Executive Director	5	5

Code for prevention of Insider-Trading practices

As per the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company Secretary is the Compliance Officer and is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price-sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Company has in place Board approved Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons as well as a Code of Fair Disclosure in accordance with aforesaid Regulations. All the Directors on the Board and Management Team and other employees who could be privy to unpublished price-sensitive information of the Company are governed by this Code.

The said Code may be referred to, at the website of the Company at its weblink i.e. https://poonawallahousing.com/investor-governance.php

NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee (NRC) is constituted in accordance with the provisions of Section 178 of the Companies Act, 2013, the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and other applicable laws including circulars, directions, guidelines etc. issued by regulatory authorities. Some of the important clauses of the Charter of the NRC are as follows:

Review of Items by the Committee

1. Formulate criteria and carry out evaluation of performance of all the directors of the Company.
2. Review overall compensation philosophy and framework of the Company.
3. Review outcome of the annual performance appraisal of the employees of the Company.
4. Conduct annual review of the Committee's performance and effectiveness at the Board level.
5. Examine and ensure 'fit and proper' status of the directors of the Company.
6. Ensure that there is no conflict of interest.
7. Ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP) as and when applicable as per the regulatory requirements.

Items for Approval by the Committee

1. Formulate criteria for:
    a. determining qualifications, positive attributes and independence of a director;
    b. evaluation of independent directors and the Board;
2. Based on the Remuneration Policy of the Company, determine remuneration packages for the following:
    a. Approve remuneration packages and service contract terms of KMP and Senior Management Personnel (SMP) including the structure, design and target setting for short and long term incentives / bonus;
    b. Approve framework and broad policy in respect of all employees for increments;
3. Stock Options: approve grant and allotment of shares to the eligible employees of the Company under the Stock Option Schemes as and when floated by the Company and duly approved by the shareholders of the Company and authorize any official of the Company to offer Stock Options to the new joinees in the Company in accordance with the authority matrix approved by the Committee from time to time.
4. Review and approve succession plans;
5. Approval of the annual compensation revision cycle of the employees of the Company.

Review of items by the Committee for recommendation to the Board for approval

1. Recommending the size and an optimum mix of promoter directors, executive, independent and non-independent directors keeping in mind the needs of the Company.
2. Identifying, evaluating and recommending to the Board:

a. Persons who are qualified for appointment as Independent and Non-Executive Directors/ Executive Directors/ Whole time Directors/ Managing Directors in accordance with the criteria laid down;

b. Appointment of KMP & SMP in accordance with the criteria laid down;

c. Removal of Directors, KMP and SMP.

3. Determining processes for evaluating the skill, knowledge, experience, effectiveness and performance of individual directors as well as the Board as a whole.

4. Devise a policy on remuneration including any compensation related payments of the directors, KMP, SMP and other employees and recommend the same to the Board of Directors of the Company.

5. Based on the Policy as aforesaid, determine remuneration packages for the following:

   a. Recommend remuneration package of the Directors of the Company, including Commission, Sitting Fees and other expenses payable to Non-Executive Directors of the Company.

   b. Recommend changes in compensation levels and one time compensation related payments in respect of Managing Director/Whole-time Director/Executive Director.

6. Evolve a policy for authorizing expenses of the Chairman and Managing Director of the Company.

Composition and Attendance

The Committee presently comprises of Mr. Prabhakar Dalal as the Chairman and Ms. Bhama Krishnamurthy and Mr. Amar Deshpande as members of the Committee. During the financial year ended 31 March, 2023, Six (6) NRC Meetings were held on 7 May, 2022, 24 June, 2022, 13 July, 2022, 17 October, 2022, 18 January, 2023 and 30 March, 2023. Following table sets out the composition of the NRC as at 31 March, 2023 and particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of Director	Member of Committee since	Capacity / Category of Directors	Number of Meetings of the Committee	
				Held	Attended
1.	Mr. Prabhakar Dalal	11.06.2021	Chairman, Non-Executive Independent Director	6	6
2.	Ms. Bhama Krishnamurthy	11.06.2021	Member, Non-Executive Independent Director	6	6
3	Mr. Amar Deshpande	20.07.2021	Member, Non-Executive Director	6	6

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee, adopted the Remuneration Policy as prescribed under Section 178(3) of the Companies Act, 2013, Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021 and Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated 29 April, 2022 issued by the Reserve Bank of India, which inter alia includes policy for selection and appointment of Directors, CEO & Managing Director, Key Managerial Personnel, Senior Management Personnel and their remuneration. Familiarization Program forms part of the Remuneration Policy. The Remuneration Policy was amended by the Board of Directors on 21 January, 2023. The said policy adopted by the Company may be referred to, at the web-link: https://poonawallahousing.com/investor-governance.php. The salient features of the Policy are:

1. Criteria of selection of directors, senior management personnel and key managerial personnel:

1.1 Selection of Executive Director/s shall be in line with the selection criteria laid down for independent directors, insofar as those criteria are not inconsistent with the nature of appointment and in accordance with the provisions of Articles of Association; Nomination and Remuneration Committee (NRC) is responsible for identification, shortlisting and recommending candidature of person for the position of Managing Director to the Board of Directors of the Company;

1.2 Nominee Directors shall be taken on board, as and when nominated by the investor/s to protect such investor/s interests and such appointments shall usually be governed by the investment/ subscription agreement/s the Company has/will have with such investor/s;

1.3 Independent Directors will be selected on the basis of identification of industry/ subject leaders with strong experience. The advisory area and therefore the role, may be defined for each independent director;

1.4 In your Company Senior Management Personnel shall comprise the function and business heads not below the level of Senior Vice President directly reporting to MD&CEO of the Company;

1.5 For any Senior Management Personnel recruitment, it is critical to identify the necessity for that role. In order to validate the requirement –

i. Job Description (JD) along with profile fitment characteristics from a personality, experience and qualification point of view shall be created;

ii. The recruitment process shall generally involve meetings with CHRO, MD&CEO and/or identified members of the NRC, basis which the candidature will be finalised;

iii. The total remuneration to be offered to the new candidate as above, shall be placed before the NRC for their concurrence and recommendation to the Board. Thereafter, the offer shall be rolled out to the new candidate;

2. Determination of qualification, positive attributes and independence test for the Independent Directors to be appointed:

2.1 For each Independent Director, the appointment shall be based on the need identified by the Board;

2.2 The role and duties of the Independent Director shall be clearly specified by highlighting the committees they are expected to serve on, as well as the expectations of the Board from them;

2.3 At the time of selection, Board shall review the candidature on skill, experience and knowledge to ensure an overall balance in the Board so as to enable the Board to discharge its functions and duties effectively;

2.4 Any appointment of the Independent Director shall be approved at the meeting of the shareholders, in accordance with extant laws;

2.5 Director's Independence test shall be conducted as per the conditions specified in the Companies Act and the rules thereunder

2.6 MD & CEO along with the Company Secretary shall be involved in the familiarisation/ induction process for the independent director/s.

3. Remuneration policy for the Directors (including Independent Directors), key managerial personnel and senior management personnel:

3.1 The remuneration of the Directors shall be established on the reasonability and sufficiency of level in order to attract, retain and motivate the Directors;

3.2 The Non executive Directors including Independent Directors would be paid sitting fees subject to the limits prescribed under the Act, or any amendments thereto, as may be determined by the NRC from time to time, for attending each meeting(s) of the Board and Committees thereof;

3.3 Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the board and committee meetings;

3.4 The remuneration paid to MD & CEO shall be considered by the NRC taking into account various parameters included in this policy document and recommended to the Board for approval. This shall be further subject to the approval of the Members at the next General Meeting of the Company in consonance with the provisions of the Companies Act, 2013 and the rules made thereunder;

3.5 For KMP and Senior Management Personnel, remuneration shall be based on the key responsibility areas identified and the achievement thereof. The increments shall usually be linked to their performance as well performance of the company. Total compensation shall comprise of fixed and variable components.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to Section 178 of the Companies Act, 2013, the Company is not required to constitute the Stakeholders Relationship Committee.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules) made thereunder, your directors have constituted the Corporate Social Responsibility (CSR) Committee. The Committee presently comprises of Mr. Amar Deshpande as the Chairman and Mr. Manish Jaiswal, Mr. Prabhakar Dalal and Ms. Bhama Krishnamurthy as members of the Committee. During the year under review, the CSR Plan for the Financial Year 2022-23 was recommended by the Committee at its meeting held on 18 January, 2023.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a CSR Policy indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities. The CSR Policy is available on the Company's website at weblink: https://poonawallahousing.com/investor-governance.php

Disclosure of composition of the CSR Committee alongwith number and attendance of meetings, contents of the CSR Policy and the Annual Report on our CSR activities is given in **Annexure B** to this Report.

Further, in terms of the amended CSR Rules, Chief Financial Officer has certified that the funds disbursed have been utilized for the purpose and in the manner approved by the Board for FY 2022-23.

RISK MANAGEMENT

The Risk Management Committee (RMC) has been constituted with its defined terms of reference in accordance with the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and other applicable laws. The terms of reference and functioning of RMC are set out below. The Board of Directors of the Company do understand that risk evaluation and risk mitigation are responsibility of the Board of Directors and they are fully committed to develop a sound system for identification and mitigation of applicable risks viz., systemic and non-systemic. In terms with the Scale Based Regulation prescribed by the RBI vide notification dated October 22, 2021, the Company has adopted Internal Capital Adequacy Assessment Process (ICAAP) Policy. Further, it has implemented an Integrated Risk Management (IRM) Policy duly approved by the Board.

ICAAP Policy covers regulatory standards, ICAAP procedures, roles and responsibilities of various functionaries related to development and implementation of the ICAAP as well as various components of the ICAAP document. The ICAAP policy lays down an internal assessment framework on similar lines as ICAAP prescribed by the RBI for commercial banks under Pillar II of Master Circular-Basel III Capital Regulation.

The objectives of the ICAAP Policy are:

1. To ensure management of internal capital in accordance with the RBI Directions, and overall Corporate Governance Principles.
2. To describe the process for identification, assessment, measurement and aggregation of the risks inherent in PHFL's business and operations.
3. To ensure that the available capital is commensurate with PHFL's risk profile.
4. To ensure that there is clear assignment of roles and responsibilities for facilitating the ICAAP.

Integrated Risk Management (IRM) Framework covers all risks including but not limited to Credit Risk, Operational Risk, Market & Interest Risk, Compliance Risk and Reputational Risk. The said framework facilitates identification, measurement, mitigation and reporting of risks through constant monitoring of Key Risk Indicators within the organisation. Involvement of the Senior Management team in implementation of the Integrated Risk Management framework ensures achievement of organizational objectives across all business units.

The risk management infrastructure operates on five key principles:

1. An overarching Risk Appetite Statement that defines the shape of the portfolio, delivering predictable returns, through economic cycles, and optimizing enterprise-wide risk-return and capital deployment.
2. Independent governance and risk management oversight.
3. Establishment of forward looking Strategic Risk Assessment with pre-emptive credit and liquidity interventions, to ensure proactive early action in the event of emerging market adversity.
4. Maintenance of well-documented risk policies with performance guardrails.
5. Extensive use of risk and business analytics, and credit bureau as an integral part of credit decisioning process.

Credit Risk

The Company adopts an independent approval process guided by Credit policies, customer selection criteria, credit acceptance criteria and other credit underwriting processes for sanctioning and booking each loan. This allows each customer to be independently assessed based on both financial and non-financial measures.

All credit and risk management policies are clearly documented and approved by the Risk Management Committee of the Board. Credit policies are reviewed periodically based on changes in macro-economic, industry/segment and credit bureau in addition to internal portfolio performance.

Credit approval and administration is managed through a judicious use of Credit Rule Engine, assessment by seasoned credit appraisal experts and an appropriate delegation of credit authority.

Portfolio quality improvement is a constant exercise. We use the statistical benchmark of Early Warning Indicators and Continuous Portfolio Monitoring Indicators and basis these indicators carry out hind-sighting exercise to make appropriate intervention in the Credit Policy to further improve the portfolio quality and reduce the ultimate losses. During the recent past, we have been faced with unprecedented health and economic crisis on account of COVID-19 which has led us to make credit policy adjustments and further enhance the credit processes due to uncertain economic conditions.

Operational Risk Management

Operational risk framework is designed to cover all functions and verticals towards identifying the key risks in the underlying processes.

The framework, at its core, has the following elements:

1. Documented Operational Risk Management Policy
2. Well defined Governance Structure
3. Use of Identification & Monitoring tools such as Loss Data Capture (LDC), Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRIs)
4. Standardized reporting templates, reporting structure and frequency
5. Regular workshops and training for enhancing awareness and risk culture

The Company has adopted the internationally accepted 3-lines of defense approach to operational risk management.

First line - Each function/vertical undergoes transaction testing to evaluate internal compliance and thereby lay down processes for further improvement. Thus, the approach is "bottom-up", ensuring acceptance of findings and faster adoption of corrective actions, if any, to ensure mitigation of perceived risks.

Second line – Independent risk management vertical supports the first line in developing risk mitigation strategies and provides oversight through regular monitoring. All key risks are presented to the Risk Management Committee on a quarterly basis.

Third line – Internal Audit conducts periodic risk-based audits of all functions and process to provide an independent assurance to the Audit Committee.

Fraud Risk Management

Overview

Fraud can undermine the effective functioning and divert scarce and valuable resources of the organization. Moreover, fraudulent and corrupt behaviour can seriously damage reputation and diminish trust to deliver results in an accountable and transparent manner. To combat the fraud, the organization has effective corporate governance and framework for preventing, identifying, reporting and effectively dealing with fraud and other forms of corruption. The Company is consistently putting effort to prevent, detect and contain frauds. There is an independent unit (Fraud Risk Management) to monitor, investigative, detect and prevent frauds.

Scope

The Company is committed on preventing, identifying and addressing all acts of fraud against the organization, whether committed by the staff members or other personnel or by third parties. The Company has zero tolerance for fraud. To this effect, the Company is committed to create awareness on fraud risks, implementation of controls aimed to prevent fraud, and establishing and maintaining procedures applicable to the detection of fraud.

Governance Structure

As a second line of defence, Fraud Risk Management monitors & checks compliance and report all fraud (internal/external) in the institution on ongoing basis. The independent function reports into the Chief Risk Officer (CRO). All frauds as specified by the regulator are being monitored by the Audit committee and Board of Directors. Regular online training sessions are conducted for better fraud prevention and awareness.

Market Risk

Any mismatch in tenures of borrowed and disbursed funds may result in liquidity crisis and thereby impact the Company's ability to service its loans. Thus, it is imperative that there exists nil or minimal mismatch between the tenure of borrowed funds and assets funded. The Company has well-defined treasury policies for managing liquidity, investments, interest rate and borrowings. The Company endeavors to maintain appropriate asset liability maturity with regard to its tenure and interest rates.

Foreign exchange risk

The Company does not have any foreign exchange fluctuation risk, since its disbursements are in rupee terms and the nature of its borrowings are also in domestic rupee debt or fully hedged Foreign Currency Non – Resident Account borrowings.

Liquidity risk management

The Company has worked meticulously to diversify its borrowing profile and has repeatedly enhanced the set of institutions it borrows from. Such diversified and stable funding sources emanate from several segments of lenders such as Banks, Insurance Companies, Mutual Funds, Pension funds, Financial and other institutions including Corporates and Foreign Portfolio Investors. In addition to this, the Company has established an excellent track record in its access to the securitization/ assignment market. As a matter of prudence and with a view to manage liquidity risk at optimum levels, the Company keeps suitable levels of unutilized bank limits to mitigate all possible contingencies effectively.

The Company has in place Board level Asset Liability Management Committee (ALCO), which periodically reviews the asset-liability positions, cost of funds, and sensitivity of forecasted cash flows over both, short and long-term time horizons. It accordingly recommends for corrective measures to bridge the gaps, if any. The ALCO reviews the changes in the economic environment and financial markets and suggests suitable strategies for effective resource management. This results in proper planning on an on-going basis with respect to managing various financial risks viz. asset liability risk, foreign currency risk and liquidity risk.

The Company has a comfortable liquidity position by committed/unutilized Bank line and further supported by funds raised through Term Loans and Securitization.

People Risk

Human resources are the most valuable assets. The Company focuses on continuous training and upgrading skills of its staff across the organisation. The Company's L&D team has taken number of initiatives during the year by releasing knowledge nuggets and e-Learning modules which enables employees to self-learn and upgrade their skills.

The Company provides a conducive work environment to its employees that enables them to perform well and hone their skills. The policies are designed to ensure a healthy and safe workplace, free from discrimination or harassment. Human Resource are most valuable asset and the Company is committed to attract, engage and retain talent to create long-term value for our customers and stakeholders.

People risks that the Company focuses on includes following:

Inadequate availability of skilled manpower:

- Limited availability of candidates with appropriate skillset, experience and culture fitment.

Productivity Risk:

- Longer learning curve leads to low output.
- Time taken to filling of required manpower hampers installed capacity.

Succession planning:

- Risk to business continuity due to lack of leadership succession.

The Company is proactive in identifying and addressing risk aspects around people and addresses them in a timely and comprehensive manner.

Further, the Board of Directors are of the opinion that at present there are no material risks that may threaten the functioning of the Company.

Terms of reference

The terms of reference of the Risk Management Committee broadly include:

- Review and recommend to the Board on a regular basis the risk management policies and other policies concerning Operational Risk, Credit risk, Market risk etc.
- Approval of risk management processes and framework.
- Approval of risk management governance structure at Company.
- Defining the risk appetite of Company.
- Approval of revision in existing systems, policies and procedures to address risk management requirements and good practices.
- Considering the overall risk management framework and reviewing its effectiveness in meeting sound corporate governance principals and identifying, managing and monitoring the key risks.
- To oversee and monitor Company's compliance with regulatory capital requirements.
- Obtain on a regular basis reasonable assurance that Company's risk management policies for significant risks are being adhered to.
- Evaluate, on a regular basis, the effectiveness and prudence of senior management in managing the risks to which Company is exposed to.
- Approve delegation of risk limits to management and approve any transactions exceeding those delegated authorities.
- Review risk reporting on significant risks, including the amount, nature, characteristics, concentration and quality of the credit portfolio, as well as all significant exposures to credit risk through reports on significant credit exposure presented to the Committee.
- Review risk mitigation plans on significant risks which affects policy or procedure level changes for effective implementation.
- Reviewing the results of and progress in implementation of the decisions made in the previous meetings.
- Review the economic situation & its impact on industry.
- Review of the RCU report during customer acquisition and review of the exceptional items.
- Review of the early warning report and necessary action thereof.
- Commission the risk assessment process to identify significant business, operational, financial, compliance, reporting and other risks.
- Review of risk assessment results and ensure that these are appropriately and adequately mitigated and monitored.
- Monitor the progress in implementation of risk mitigation strategies including the status of risk assessment program.
- Review of the top ten delinquent customers PAN India.
- Approve exceptions/deviations from Risk Management Policy.

- Administering the material outsourcing and adherence thereof with the Outsourcing policy and seek reports on the implementation or exceptions to the same.
- Laying down appropriate approval authorities and limits for outsourcing depending on risks and materiality.
- Review of outsourcing strategies and arrangements for their continued relevance, and safety and soundness and identify new material outsourcing risks as they arise.
- To review and update the central record of all material outsourcing on half yearly basis.
- Consider any reporting done by Chief Risk Officer.

Composition and Attendance

The Risk Management Committee (RMC) is constituted in accordance with the provisions of the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and other applicable laws including circulars, directions, guidelines etc. issued by regulatory authorities. The Committee presently comprises of Ms. Bhama Krishnamurthy as the Chairperson and Mr. Amar Deshpande, Mr. Prabhakar Dalal and Mr. Manish Jaiswal as members of the Committee. Mr. Rishi Kant Dubey is the Chief Risk Officer of the Company appointed in compliance with para 51 of the Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021.

During the financial year ended 31 March, 2023, Five (5) Risk Management Committee Meetings were held on 7 May, 2022, 18 July, 2022, 30 September, 2022, 17 October, 2022 and 18 January, 2023. All the recommendations made by the RMC during the year were accepted by the Board. Following table sets out the composition of the RMC as at 31 March, 2023 and particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of Director	Member of Committee since	Capacity / Category of Directors	Number of Meetings of the Committee	
				Held	Attended
1.	Ms. Bhama Krishnamurthy	11.06.2021	Chairperson, Non-executive Independent Director	5	5
2.	Mr. Amar Deshpande	20.07.2021	Member, Non-executive Director	5	5
3.	Mr. Prabhakar Dalal	11.06.2021	Member, Non-executive Independent Director	5	5
4.	Mr. Manish Jaiswal	27.06.2017	Member, Managing Director & Chief Executive Officer	5	5

ASSET LIABILITY MANAGEMENT COMMITTEE

The Asset Liability Management Committee (ALCO) is constituted as per provisions of the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and the 'Guidelines on Liquidity Risk Management Framework' prescribed by the RBI and other applicable laws including circulars, directions, guidelines etc. issued by regulatory authorities.

Terms of Reference

The terms of the reference broadly include:

- Liquidity risk management through Asset Liability Mismatches across various time buckets and strategize action to mitigate the risk associated.
- Management of interest rate risks through articulation on current interest rate view & its future direction.
- Funding and capital planning – source & mix of liabilities.
- Forecasting and analysing 'What if scenario' and preparation of contingency plans through review of treasury strategy at regular interval.
- Regulatory updates.
- Review of statutory compliances
- Product Pricing for both advances and borrowing.
- Review of Internal Capital Adequacy assessment.

Composition and Attendance

The Committee presently comprises of Mr. Manish Jaiswal as the Chairman and Mr. Amar Deshpande, Mr. Prabhakar Dalal, Ms. Bhama Krishnamurthy and Mr. Pankaj Rathi as members of the Committee. During the financial year ended 31 March, 2023, seven (7) Asset Liability Management Committee Meetings were held on 19 April, 2022, 18 July, 2022, 25 August, 2022, 30 September, 2022, 17 October, 2022, 18 January, 2023 and 14 February, 2023. Following table sets out the composition of the Asset Liability Management Committee as at 31 March, 2023 and particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of Director	Member of Committee since	Capacity / Category of Directors	Number of Meetings of the Committee	
				Held	Attended
1.	Mr. Manish Jaiswal	27.06.2017	Chairman, Managing Director & Chief Executive Officer	7	7
2.	Mr. Prabhakar Dalal	11.06.2021	Member, Non-executive Independent Director	7	7
3.	Mr. Amar Deshpande	20.07.2021	Member, Non-executive Director	7	7
4.	Ms. Bhama Krishnamurthy	18.12.2021	Member, Non-executive Independent Director	7	7
5.	Mr. Pankaj Rathi	20.07.2021	Member, Chief Financial Officer	7	7

MANAGEMENT COMMITTEE

Terms of reference

The Management Committee constituted by the Board of Directors is to execute Board's directions and facilitate operational matters and to perform its executive role on matters which are within the purview of delegated powers by the Board from time to time subject to the provisions of the Companies Act, 2013 and rules made thereunder. Such authorizations *inter-alia* includes to decide on matters w.r.t direct assignment deal with various banks from time to time, acceptance of term loans, credit facilities of any type, other borrowings etc., opening and closing of current/cash credit account and inclusion and deletion of the authorized signatories to the said current/ cash credit account opened in the name of the Company.

Composition and Attendance

The Committee presently comprises of Mr. Manish Jaiswal as the Chairman and Mr. Amar Deshpande and Ms. Bhama Krishnamurthy as members of the Committee. During the financial year ended 31 March, 2023, Eleven (11) Management Committee Meetings were held on 21 June, 2022, 28 June, 2022, 15 September, 2022, 26 September, 2022, 19 October, 2022, 3 November, 2022, 8 December, 2022, 14 February, 2023, 27 February, 2023, 10 March, 2023 and 25 March, 2023. Following table sets out the composition of the Management Committee as at 31 March, 2023 and particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of Director	Member of Committee since	Capacity / Category of Directors	Number of Meetings of the Committee	
				Held	Attended
1.	Mr. Manish Jaiswal	22.10.2021	Chairman, Managing Director & Chief Executive Officer	11	11
2.	Mr. Amar Deshpande	20.07.2021	Member, Non-executive Director	11	11
3.	Ms. Bhama Krishnamurthy	11.06.2021	Member, Non-executive Independent Director	11	11

IT STRATEGY COMMITTEE (ITSC)

In compliance with Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 read with the Information Technology Framework for the NBFC Sector prescribed by the RBI and other applicable laws including circulars, directions, guidelines etc. issued by regulatory authorities, the Company has constituted an IT Strategy Committee.

Terms of reference

Some of the important clauses of the Charter of the ITSC are as follows:

A. **Roles and Responsibilities of the Committee:**

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring the IT Risk Assessment exercise is executed fully. Specific responsibilities include the following activities:
  - Review & Approve the IT Risk Register annually;
  - Guide management on how to prioritize IT Risks;
  - Review &Approve the Risk mitigation plans provided by IT.
- Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls;
- Periodically reviewing the process for development, approval and modification of the Company's IT strategy and strategic plan in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance;
- Review the key issues, options and external developments impacting the Company's IT strategy including acquisition and development of Information Systems (New Application Software) and Change Management;
- Monitor enterprise risks assigned to the Committee by the Board under the Company's Enterprise Risk Management program and report thereon to the Audit Committee of the Board;
- Review the Information System (IS) audit report and further present to the Board or the Audit Committee, as may be decided, the IS Audit report with their comments thereon. The periodicity of IS audit should be at least once in a year;
- Ongoing review of third party / outsourcing arrangements including onboarding, commercial/key terms and conditions and risk associated therewith;
- Review of IT Policies of the Company;
- Approving Information Security strategy, Information Security budget and Information Security resources;
- The Committee may delegate, as it deems appropriate, its responsibilities and duties to subcommittees or individual members of the Committee;
- Any other matter as delegated by the Board of Directors of the Company from time to time;
- Review the proceedings of the meetings of IT Steering Committee and its recommendations;
- Annually review and reassess the adequacy of ITSC Charter and recommend any proposed changes to the Board for its approval.

B. **Roles and Responsibilities of the Committee related to outsourced operations:**

- Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
- Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;
- Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;
- Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
- Overview compliance with the Outsourcing policy, wherever applicable;
- Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;
- Periodically reviewing the effectiveness of policies and procedures;
- Communicating significant risks in outsourcing to the Company's Audit Committee of the Board or the Board on a periodic basis;
- Ensuring an independent review and audit in accordance with approved policies and procedures;
- Ensuring that contingency plans have been developed and tested adequately;

- Ensuring that the business continuity preparedness is not adversely compromised on account of outsourcing. Ensuring sound business continuity management practices as issued by RBI and seeking proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.

Composition and Attendance

The Committee presently comprises of Mr. Prabhakar Dalal as the Chairman and Mr. Amar Deshpande, Ms. Bhama Krishnamurthy, Mr. Manish Jaiswal, and other senior officials of the Company as Members. During the financial year ended 31 March, 2023, three (3) IT Strategy Committee Meetings were held on 19 April, 2022, 18 July, 2022 and 17 October, 2022. Following table sets out the composition of the IT Strategy Committee as at 31 March, 2023 and particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of Director	Member of Committee since	Capacity / Category of Directors	Number of Meetings of the Committee	
				Held	Attended
1.	Mr. Prabhakar Dalal	12.06.2021	Chairman, Non-executive Independent Director	3	3
2.	Mr. Amar Deshpande	20.07.2021	Member, Non-executive Director	3	3
3.	Ms. Bhama Krishnamurthy *	11.05.2022	Member, Non-Executive Independent Director	2	2
4.	Mr. Manish Jaiswal	08.05.2019	Member, Managing Director & Chief Executive Officer	3	3
5.	Mr. Pankaj Rathi	20.07.2021	Member, Chief Financial Officer	3	3
6.	Mr. Gaurav Khurana *	11.05.2022	Member, Chief Information Officer	2	2
7.	Ms. Leena Joshi #	22.10.2021	Member, National Operation & Customer Service Head	3	3
8.	Mr. Ravinder Beniwal ^	31.01.2022	Member, Deputy Chief Executive Officer	1	-

** Appointed as Member of the Committee w.e.f. 11.05.2022*

 # Ceased to be a Member of the Committee w.e.f. 21.02.2023

^ Ceased to be a Member of the Committee w.e.f. 30.06.2022

INFORMATION TECHNOLOGY

The Company strives to leverage new age technologies and introduce digital ecosystems for providing its services to the customers. The Company has been continuously upgrading its technology stack to achieve these objectives. As the Company continues to grow and expands its physical footprint, the focus always remains on improving the digital journey of the customer from onboarding, credit underwriting, file processing, disbursement to collection and to make better decisions based on available data.

As part of its strategic initiatives planned for FY 2022-23, the Company has launched state-of-the-art LeadSquared (a cloud-based marketing automation and sales execution platform) which is helping business function of the Company increase sales, manage pipelines, and attribute ROI accurately. Additionally, the Company has also implemented FinnOne NEO, the next-generation digital lending software solution, along with Business Rule Engines (BRE) for loan decisioning and disbursement, reducing the loan processing time and enhancing operational efficiencies.

The Company firmly believes that information security should be the key focus of any organization and has therefore focused on critical aspects like data privacy and cyber security along with the resilience of the Company's technological architecture. The Company has designed a layered approach to data security which ensures that adequate controls are in place for data related to customers and employees. The Business Continuity Planning and disaster recovery methodology of the Company ensures that the critical business operations are available to the employees and customers during any eventuality.

Further, the Company is also implementing an in-house analytics platform to enable data backed decision making and develop a comprehensive information management system. In FY 2023-24, the Company plans to replace its home-grown ERP system 'CCA' with the best in the industry ERP, Oracle Fusion and integrate with technology stack to build a robust, scalable, and agile financial reporting ecosystem. Partnership with fintech/technology companies and digital platforms with large transaction volumes and customer bases will be undertaken as they offer unique opportunities for growth.

Overall, the investments made in IT are aimed at creating nimble and agile platforms that have become the primary means of delivering customer value. The Company have systems that are available, scalable, reliable, and accessible, making processes relevant, accurate and streamlined for both customers, partners and business.

REVIEW COMMITTEE

Terms of reference

Some of the important terms of reference of the Committee are as follows:

- Review the order passed by the Identification Committee (IC) w.r.t. classification of wilful defaulters;
- Seek necessary information from the IC;
- Give the borrower, opportunity of being heard, where it deems fit;
- Pass the final order, as to whether to classify a borrower as wilful defaulter or not, after due consideration of all the facts of the case. The order so passed shall be treated binding on the borrower and the Chairman will report to the Board after each Committee meeting and circulate the minutes of the Committee.

Composition and Attendance

The Committee presently comprises of Mr. Manish Jaiswal as the Chairman and Mr. Amar Deshpande, Ms. Bhama Krishnamurthy and Mr. Prabhakar Dalal as Members of the Committee. During the financial year ended 31 March, 2023, no meeting of Review Committee was held. Following table sets out the composition of the Review Committee as at 31 March, 2023:

Sl. No.	Name of Director	Member of Committee since	Capacity / Category of Directors	Number of Meetings of the Committee	
				Held	Attended
1.	Mr. Manish Jaiswal	27.06.2017	Chairman, Managing Director & Chief Executive Officer	-	-
2.	Mr. Prabhakar Dalal	31.01.2022	Member, Non- Executive Independent Director	-	-
3.	Ms. Bhama Krishnamurthy	11.06.2021	Member, Non- Executive Independent Director	-	-
4.	Mr. Amar Deshpande	20.07.2021	Member, Non- Executive Director	-	-

VIGIL MECHANISM

In terms of Section 177(9) of the Companies Act, 2013, the Company has in place a "Breach of Integrity and Whistle Blower (Vigil Mechanism) Policy", to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees and Directors who avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee. Instances of such suspected or confirmed incident of fraud/misconduct may be reported on whistleblower@poonawallahousing.com, the designated email-id which is managed by the HR team.

An Ethics & Disciplinary Committee as constituted under the vigil mechanism looks into the complaints raised and their redressal. The Committee reports to the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

The said Policy may be referred to, at the website of the Company at its web link, i.e. https://poonawallahousing.com/investor-governance.php

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/ transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis and the same were also reviewed by the Audit Committee of the Board. During the year under review, the Company had not entered into any contract/arrangement/ transaction with Promoters, Directors, Key Managerial Personnel or other designated persons which could be considered material in accordance with Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014. The nature of related party transactions does not require any disclosure in AOC-2. The particulars of contracts/arrangements/ transactions entered into by the Company with related parties are mentioned separately in the notes to Financial Statement. Further, suitable disclosure as required by the Accounting Standards have been made in the Notes to the Financial Statements.

The Policy on Related Party Transactions is available on the Company's website at its weblink i.e. https://poonawallahousing.com/investor-governance.php. Further as per the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, the Policy on Related Party Transactions is also enclosed as part of this Annual Report as **Annexure C** to this Report.

LOANS TO DIRECTORS, SENIOR OFFICERS, AND RELATIVES OF DIRECTORS

The Company has adopted a 'Policy for Loan to Directors, Relatives and Senior Officers' with the approval of its Board of Directors. The Company did not extend any loans to its directors, senior officers, relatives of directors, or entities associated with directors and their relatives as on 31 March, 2023.

FRAUD REPORTING

As per the Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016, which has been made applicable to HFCs by the RBI, required fraudulent instances are reported and reviewed by the Audit Committee of the Board. During the year under review, the statutory auditors have not reported to the Audit Committee under Section 143(12) of Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which needs to be mentioned in the Board's Report. However, the Company has reported six instances of frauds committed by its borrowers with total amount involved of ₹110.45 Lacs out of which five instances involving total amount of ₹93 Lacs were such wherein the borrowers had colluded with few employees of the Company. All these detected/ reported frauds have been fully provided for/written off. Further, the Company has taken appropriate action against such erring employees.

INTERNAL CONTROL SYSTEM

The Company has an adequate system of internal controls in place commensurate with the nature of its business and size of its operations. The Company has documented its policies, controls and procedures, covering all financial and operating activities. Internal controls include IT general controls, IT application controls, controls designed to provide a reasonable assurance regarding reliability on financial reporting, monitoring of operations for their efficiency and effectiveness, protecting assets from unauthorised use or losses, compliances with regulations, prevention and detection of fraudulent activities, etc. The Company continues its efforts to align all its processes and controls with leading practices.

A well-established, independent Internal Audit function provides independent assurance on Company's system of internal controls, risk management and governance processes. The scope and authority of the Internal Audit division is derived from the Internal Audit Charter, duly approved by the Audit Committee. To maintain independence of the function, the Internal Audit team reports functionally to the Audit Committee. Internal Audit prepares an annual audit plan following risk-based audit approach, which is approved by the Audit Committee. The Audit Committee reviews the annual audit plan, the significant audit findings and the updated status of implementation of management action plan on quarterly basis.

The Company has a system of internal control over financial reporting that adequately addresses the risk that a material misstatement in the Company's financial statements would not be prevented or detected on a timely basis and that these controls are operating effectively.

Internal Financial Control

Your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively. Proper processes are in place for prevention and detection of frauds and errors and for ensuring adherence to the Company's policies.

The Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. Review of the internal financial controls environment of the Company was undertaken during the year which covered testing of Entity Level Controls, Process and IT controls including review of key business processes for updating Risk Control Matrices, etc. The Risk and Control Matrices are reviewed on an annual basis and control measures are tested and documented. Moreover, the Company continuously upgrades its systems and reviews and updates policies, guidelines, manuals and authority matrix.

The internal financial control is supplemented by internal audits, regular reviews by the Management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements, its reporting and other data. The Audit Committee of the Board reviews internal audit reports given along with management responses. The Audit Committee also monitors the implemented suggestions. The Company has, in material respect, an adequate internal financial control over financial reporting and such controls are operating effectively.

The statutory auditors of the Company have also certified on the existence and operating effectiveness of the internal financial controls relating to financial reporting as of March, 2023.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds which were required to be transferred to Investor Education and Protection Fund.

INSOLVENCY AND BANKRUPTCY

During the year, there was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).

ONE TIME SETTLEMENT WITH BANKS AND FINANCIAL INSTITUTIONS

During the year, the Company did not make any one-time settlement with Banks or Financial Institutions.

PARTICULARS OF LOANS, GUARANTEE, ADVANCES & INVESTMENTS

Since the Company is a Housing Finance Company and engaged in the business of giving loans in ordinary course of its business, the disclosure regarding particulars of loans given, guarantees given and security provided is exempt under the provisions of Section 186(11) of the Companies Act, 2013. The disclosures relating to particulars of loans/advances/ investments outstanding during the financial year as per the Regulation 53(1)(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are furnished in Note Nos. 6,7 and 8 to the financial statement.

ANNUAL RETURN

Pursuant to section 92(3) and Sec 134(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, annual return for the financial year ended 31 March, 2023, is available on the website of the Company at the weblink: https://poonawallahousing.com/secretarial-disclosures.php

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3) (c) read with 134(5) of the Companies Act, 2013, and based on the information provided by the management, your Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company along with proper explanation relating to material departures, if any;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31 March, 2023 and of the profit of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors had devised proper systems to ensure that compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

CORPORATE GOVERNANCE

The Company believes that robust Corporate Governance framework is one of the key ingredients for long term success of any financial services entity. The Company ensures good governance through the implementation of various effective policies and procedures, which is mandated and reviewed by the Board or the Committees of the members of the Board at regular intervals.

The Company has adopted the Corporate Governance Policy in accordance with the Non-Banking Financial Company- Housing Finance Company (Reserve Bank) Directions, 2021, and it lays down basic framework for Corporate Governance practices for the Company. The said policy can be accessed at https://poonawallahousing.com/investor-governance.php.

SECRETARIAL STANDARDS

The Company has complied with all applicable Secretarial Standards.

STATUTORY AUDITORS

In terms of the Companies Act 2013 and RBI Guidelines, M/s. G D Apte & Co., Chartered Accountants having Firm's Registration No.: 100515W, were appointed, as Statutory Auditors of the Company for a period of 3 years from the conclusion of the 17th Annual General Meeting (for FY 2020-21) until the conclusion of the 20th Annual General Meeting (for FY 2023-24) of the Company.

The Statutory Auditors had given a confirmation to the effect that they are eligible to be appointed and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

Statutory Auditors Observations

The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation or adverse remark or disclaimer on the Company's operations in FY 2022-23.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. M Siroya and Company, (Membership No. of the Partner: FCS5682), a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2022-23. The Secretarial Audit Report confirms that the Company has complied with the provisions of the Companies Act, 2013, Rules, Listing Regulations and other laws applicable to the Company and that there were no deviations or non-compliances. The Report of the Secretarial Auditor for the financial year ended 31 March, 2023 is annexed as **Annexure D** to this Report.

Secretarial Auditors' Observations

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer in FY 2022-23.

COST AUDIT

Maintenance of cost records and requirement of cost audit prescribed under section 148(1) of the Companies Act, 2013 are not applicable to the Company.

GENERAL MEETINGS

Annual General Meetings

The details of date, time and location of the Annual General Meetings (AGM) held in the last 3 years are as under:

AGM	Date and Time	Venue	Special resolutions passed
18th	21 June, 2022 11:30 a.m.	Registered office of the Company through Video Conferencing / Other Audio Visual Means	Reappointment of Mr. Manish Jaiswal as Managing Director and Chief Executive Officer of the Company
17th	18 August, 2021 10:00 a.m.	Registered office of the Company through Video Conferencing / Other Audio Visual Means	1. Alteration of Articles of Association of the Company. 2. Shifting of Registered Office of the Company from the state of West Bengal to state of Maharashtra, under the jurisdiction of Registrar of Companies, Pune and consequent amendments to the Memorandum of Association of the Company. 3. Approval of PHFL Employee Stock Option Plan 2021. 4. Grant of employee stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees of the Company. 5. Extension of the PHFL Employee Stock Option Plan - 2021 to the employees of the holding & subsidiary company(ies) of the Company. 6. Grant of employee stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees of the holding & subsidiary company(ies).
16th	4 August, 2020 10:00 a.m.	Registered office of the Company through Video Conferencing / Other Audio Visual Means	Nil

Extra Ordinary General Meetings

The details of date, time and location of the Extra Ordinary General Meetings (EGM) held in the last 3 years are as under:

EGM	Date and Time	Venue	Special resolutions passed
33rd	25 January, 2022 03:00 p.m.	Registered office of the Company through Video Conferencing / Other Audio Visual Means	1. Amendment in Restricted Stock Option Plan of the Company 2. Revision in remuneration of Mr. Manish Jaiswal, Managing Director & Chief Executive Officer of the Company
32nd	24 May, 2021 05:00 p.m.	Through Audio Visual Means	1. Alteration of Memorandum of Association of the Company 2. Increase in borrowing limit under Section 180(1)(c) of the Companies Act, 2013 upto ₹6,000 Crore 3. Change of name of the Company 4. Increase in Authorized Share Capital of the Company

During the year under review, no Special Resolution was passed through Postal Ballot. If required, Special Resolutions shall be passed by Postal Ballot during the financial year 2023-24, in accordance with the prescribed procedure. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a Special Resolution through Postal Ballot.

DISCLOSURES

a. There were no materially significant related party transactions, which could be considered to have potential conflict with the interests of the Company at large.

b. Debentures issued by the Company are listed with BSE Limited and the Company has complied with applicable regulations of capital markets with respect to the above. There were no instances of penalties, strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authority on any matter related to capital markets during the last three years.

c. The Company has formulated a 'Whistle Blower Policy' and has established a 'Vigil Mechanism'. No personnel have been denied access to the Audit Committee in case of concerns / grievances.

d. The Policy on the Related Party Transactions is available on the website of the Company at the link https://poonawallahousing.com/investor-governance.php. Formulation of Policy for determining material subsidiaries is not applicable to the Company.

e. The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of the Listing Regulations.

f. Total fees paid for all services availed by the Company to the Statutory Auditor and all entities in the network firm / network entity of which the Statutory Auditor is a part are ₹0.42 Crore.

g. The Company is not required to constitute Stakeholders' Relationship Committee as per the provisions of the Companies Act, 2013 or any other applicable laws. Ms. Priti Saraogi was nominated as the Compliance Officer of the Company in terms of Regulation 6 of the Listing Regulations. She has stepped down as the Company Secretary of the Company with effect from the close of business hours on 5 April, 2023. During the year, no complaint was received from any investor through the Statutory Bodies (SEBI/ Stock Exchange) or otherwise.

h. During the financial year, the Board has accepted all the recommendations of the mandatorily constituted committees.

MEANS OF COMMUNICATION

a. Quarterly / Annual Results: The quarterly and annual results of the Company are duly submitted to the Stock Exchange after they are approved by the Board.

b. News Releases: In terms of Regulation 52(8) of SEBI Listing Regulations, the quarterly and annual results of the Company are published in the prescribed format within 48 hours of the conclusion of the meeting of the Board in which they are considered and approved, in English newspaper circulating in the whole or substantially the whole of India (usually Business Standard).

c. Website: The Company's website https://poonawallahousing.com/ has a separate dedicated section 'Investors' where latest information required under Regulation 62 and other applicable provisions of the SEBI Listing Regulations is available. Other than the quarterly and annual results, information about the Company, its business and operations etc. are hosted on the website.

d. During the financial year, no presentations were made to analysts or investors.

GENERAL SHAREHOLDERS INFORMATION

a. Annual General Meeting: Annual General Meeting is held within the stipulated time period under the Companies Act, 2013

b. Financial year: 1 April, 2022 to 31 March, 2023

c. Financial Calendar for 2023-24 (Tentative): Financial results for the first, second and third quarters – Within 45 days of end of the quarter; and for the fourth quarter / annual results– within 60 days from the end of the financial year

d. The Company's non-convertible debentures are listed on the BSE Limited and the Company's code is 10828.

e. The Company's equity shares are not listed on stock exchanges. Hence, the details of market price, comparison to broad-based indices, suspension from trading etc. are not applicable to the Company.

f. Registrar and Share Transfer Agent: For equity - Link Intime India Private Limited, C-101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai-400083. For Non-Convertible Debentures: Niche Technolgies Private Limited, 7th Floor, Room No.7A & 7B, 3A, Auckland Place, Kolkata – 700 017. All the equity shares issued by the Company are in dematerialised mode and are not listed on stock exchanges. No physical share transfer requests were received by the Company during the year under review. The Company obtains from a Company Secretary in Practice, a yearly certificate of compliance with the transfer formalities of Non-Convertible Debentures as required under Regulation 40 read with Regulation 61(4) of SEBI Listing Regulations and files a copy of the certificate with the Stock Exchange.

g. Distribution of Shareholding:

Sr. No.	Category (No. of Shares)	Number of Holders	% To Total Holders	Number of Shares	% To Total Equity
1	1 - 5,000	6*	75.00	50*	0.00
2	5,001 - 10,000	-	0.00	-	0.00
3	10,001 - 20,000	-	0.00	-	0.00
4	20,001 - 30,000	-	0.00	-	0.00
5	30,001 - 40,000	-	0.00	-	0.00
6	40,001 - 50,000	-	0.00	-	0.00
7	50,001 - 1,00,000	-	0.00	-	0.00
8	1,00,001 & Above	2	25.00	252,287,733	100.00
	Total	**8**	**100.00**	**252,287,783**	**100.00**

** Beneficial interest of these shares lies with Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited), Promoter of the Company*

h. Outstanding GDRs / ADRs or Warrants or any Convertible Instrument, conversion dates and likely impact on equity: NIL

i. Address for correspondence: Registered Office - 602, 6th Floor, Zero One IT Park, Survey No. 79/1, Ghorpadi, Mundhwa Road, Pune 411036, Maharashtra

j. The voting rights attached to 2,466,666 (0.98% of paid-up capital of the Company) equity shares of the Company held by Mr. Manish Jaiswal, Managing Director & Chief Executive Officer of the Company are exercised by the Trustees of the Poonawalla Housing Finance ESOP Trust ("Trust"), while the economic rights are retained by him, in terms of Clause 10.5 of the RSOP Scheme, as amended by a shareholders' resolution dated 25 January, 2022. Accordingly, during the financial year under review, in the capacity of the Trustees of said Trust, Mr. Vinod Kothari & Mr. Paritosh Sinha exercised the then held voting rights of Mr. Manish Jaiswal being 0.78% of paid-up share capital of the Company, at the 18th Annual General Meeting of the Company held on 21 June, 2022 in respect of the following resolutions i.e. (a) Adoption of Annual Audited Financial Statements for the financial year ended March 31, 2022 and the Report of the Board of Directors and Auditors thereon (b) Appointment of Mr. Adar Poonawalla (DIN: 00044815), who retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-appointment and (c) Reappointment of Mr. Manish Jaiswal as Managing Director and Chief Executive Officer of the Company. All such votes were casted by the said Trustees in favour of the said resolutions. There has been a change in one of the trustees of the Trust, and henceforth, voting rights shall be exercised by Mr. Vinod Kothari & Mr. Shashank Mukerji. This disclosure is made in pursuance of Section 67 of the Companies Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/ TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

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

HUMAN RESOURCES

HR Insider: Your go-to source for everything people-related

The Company considers people, processes, product, and technology as essential elements of the business. The goal of the Company is to create a conducive environment where these four pillars work together efficiently for the betterment of the organization and its staff. The employees of the Company are highly valuable assets, and they will have a vital role in advancing the progress and achievements of the Company. Therefore, the Company emphasizes human resource management at every stage of its operations. As at 31 March, 2023, the Company's total number of employees stands at 2,637.

Learning and Development

The Company remains steadfast in its efforts to transform the Company into a self-sufficient entity and to this end, the Company has introduced several learning initiatives through e-Learning platforms and web-based instructor-led programs. In 2024, the Company will build on its commitment to promote online learning methods. In addition, the Company has enhanced its onboarding program to offer a comprehensive and secure introduction for all employees, covering crucial information such as the Company's history, products, policies, and other significant details.

Throughout the year under review, the Company implemented several key learning initiatives with the aim of enhancing business outcomes. These included:

- Utilizing the Video System Training Tool to minimize system-related turnaround time.
- Providing Skill-Pro training to our collection employees to improve their personal grooming, customer interaction, negotiation skills
- experiential learning of certain team(s) on the usage of BI tools, which enhanced their understanding of business numbers and enabled them to develop more effective strategies.
- Offering functional learning support through nuggets, videos and webinars
- Launching web-based e-learning programs focused on employee safety topics such as Prevention of Sexual Harassment and Infosec.

The emphasis was on co-creating innovative learning methods and integrating them into business processes to achieve optimal results, demonstrating the close partnership between learning & development and the wider business outcomes.

Propelled by technology

The Company places great emphasis on utilizing technology to optimize its HR procedures. The Company's on-site HRMS platform boasts a variety of internet-accessible modules, including employee life cycle, recruitment, performance management, learning management system and a leadership dashboard that facilitates informed decision-making. The Company also prioritises delivering a seamless digital experience from start to finish through our online platform, which includes everything from completing initial formalities to comprehending HR policies.

Key HR Initiatives

The Company has implemented various initiatives aimed at retaining employees throughout their entire life cycle with our company. These key strategies include:

- Selecting candidates who not only have the necessary skills for the job, but also align with the Company's values.
- Prioritizing internal promotions for vacant positions, with many leadership roles being filled.
- Launching "Prarambh" to enhance the onboarding experience for new hires.
- Implementing an "Inform, Guide, and Nurture" model, which involves regular town hall meetings, providing employees with the right information, and promoting positive behaviors throughout the organization.
- Offering rewards and recognition to employees at all levels and departments, including the introduction of the online "KUDOS Award" to recognize top performers.

Retention of Top Performers

To enhance employee retention, the Company implemented several strategies, including:

- Providing training and coaching to enhance managerial capabilities.
- Monitoring Early Warning Signals to identify potential issues and provide timely counselling
- Implementing Ringfencing Model to drive career progression.

- Encouraging inclusivity by promoting internal job postings.

Engagement

Encouraging employee engagement and fostering emotional investment through mental, physical, and dietary health is crucial for the progress of any organization. The Company highly values novel concepts that foster employee engagement for the wellbeing of the employees. Below are some of the strategies the Company has found effective in this regard during the financial year under review:

- The Company engaged our employees through various activities such as health talk along with healthy cooking demo, yoga, zumba, celebrating birthdays, and celebrating various festivals at HO and Zonal Level.
- Creating a platform for idea generation, quizzes, and contests to encourage employee participation.
- Creating a platform for employees to participate in different CSR activities.
- Offering leadership interaction through webcast "Connect" sessions with the leadership team and providing a platform for field-level resources to share their ideas.

Prevention of Sexual Harassment at Workplace

The Company revised its 'Policy for Prevention of Sexual Harassment' to prohibit and prevent any acts of sexual harassment at the workplace, in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Company has also formed an Internal Committee to address any complaints related to sexual harassment. No incidents of sexual harassment were reported during the year. To raise awareness and understanding of this issue, an online learning module has been implemented.

The e-learning program for preventing sexual harassment has been updated and customized. Additionally, evaluation of this behavior will be integrated throughout the entire employee life cycle, from recruitment to separation.

APPRECIATION

Your Directors would like to record their appreciation of the hard work and commitment of the Company's personnel and warmly acknowledge the unstinting support and cooperation extended by Bankers and Financial Institutions, Customers, Business Associates and other Stakeholders including its Holding Companies in contributing to the results.

Your Directors also take the opportunity to thank Reserve Bank of India and National Housing Bank for their continued assistance and support.

CAUTIONARY STATEMENT

Statements in the Board's Report and Management Discussion and Analysis Report, describing the Company's objectives, outlook, opportunities and expectations may constitute "Forward Looking Statements" within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied expectations or projections, among others. Several factors make a significant difference to the Company's operations including the government regulations, taxation and economic scenario affecting demand and supply, natural calamity and other such factors over which the Company does not have any direct control.

For and on behalf of the Board of Directors

Amar Deshpande	**Manish Jaiswal**
Non-executive Director	Managing Director & Chief Executive Officer
DIN: 07425556	DIN: 07859441

Place: Pune
Date: 24 April, 2023

Annexure A to Board's Report

Statement as at 31 March, 2023 pursuant to Section 62 of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014

Sl. No.	Description	PHFL ESOP 2018*			PHRSO 2018		PHFL ESOP 2021		
		Details (4th Tranche)	Details (5th Tranche)	Details (6th Tranche)	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
1	Number of options granted	490,000	200,000	1,000,000	2,960,000	400,000	6,050,000	1,180,000	40,000
2	Number of options vested	85,000	60,000	1,47,000	2,466,666	400,000	NIL	NIL	NIL
3	Number of options exercised	NIL	NIL	NIL	2,466,666	NIL	NIL	NIL	NIL
4	The total number of shares arising as a result of exercise of option	NIL	NIL	NIL	2,466,666	NIL	NIL	NIL	NIL
5	Options lapsed	405,000	140,000	755,000	NIL	NIL	1,270,000	185,000	NIL
6	The exercise price	₹36.66		₹58.39	₹10		₹71.88		
7	Variation of terms of options	NIL	NIL	NIL	NIL	NIL	Vesting Criteria revised: ♦ Tranche-I – 33% of the options granted will vest on the first anniversary of the Grant Date.	Vesting Criteria revised: ♦ Tranche II - 33% of the options granted will vest on the second anniversary of the Grant Date.	Vesting Criteria revised: ♦ Tranche III - 34% of the options granted will vest on the third anniversary of the Grant Date.
8	Money realized by exercise of options	NIL	NIL	NIL	24,666,660	NIL	NIL	NIL	NIL
9	Total number of options in force	85,000	60,000	245,000	493,334	400,000	4,780,000	995,000	40,000

Sl. No.	Description	PHFL ESOP 2018*			PHRSO 2018		PHFL ESOP 2021		
		Details (4th Tranche)	Details (5th Tranche)	Details (6th Tranche)	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
10									
(i)	Key managerial personnel	NIL	NIL	NIL	Managing Director & Chief Executive Officer: 2,960,000 options	Managing Director & Chief Executive Officer: 400,000 options	Managing Director & Chief Executive Officer: 1,500,000 Options. Chief Financial Officer: 6,00,000 Options. Priti Saraogi**: 50,000 options	Chief Financial Officer: 3,00,000 options	NIL
(ii)	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	Details in Appendix-I	NIL	Details in Appendix-I	Details in Appendix-I				
(iii)	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL	NIL	NIL	Mr. Manish Jaiswal, Managing Director & Chief Executive Officer	NIL	NIL	NIL	NIL

** Tranche 1, 2, 3 and 7 of Employee Stock Option Plan, 2018 has lapsed.*

*** Ms. Priti Saraogi, Company Secretary has resigned w.e.f. 05.04.2023.*

APPENDIX – I

List of employees who received a grant in any one year of option amounting to 5% or more of the options granted during that year, which are live as on 31.03.2023.

Sl. No.	Name	Options granted – PHFL ESOP 2018			Options granted – PHRSO 2018		Option granted – PHFL ESOP 2021		
		Details (4th tranche)	Details (5th tranche)	Details (6th tranche)	Details (Tranche 1)	Details (Tranche 2)	Details (Tranche 1)	Details (Tranche 2)	Details (Tranche 3)
1.	Sunit Mahajan	30,000	-	70,000	-	-	-	-	-
2.	Tarwinder Singh	30,000	-	50,000	-	-	-	-	-
3.	Shailendra Singh	-	10,000	-	-	-	-	-	-
4.	Chayan Gulati	-	10,000	-	-	-	-	-	-
5.	Rajesh Narayanan	-	10,000	-	-	-	-	-	-
6.	Prakash Mallick	-	10,000	-	-	-	-	-	-
7.	Lalit Gupta	-	10,000	-	-	-	-	-	-
8.	Mirza Tauseef Baig	-	10,000	-	-	-	-	-	-
9.	Dnyanesh Anil Nandurkar	25,000	-	-	-	-	-	-	-
10.	Manish Jaiswal	-	-	-	2,960,000	400,000	1,500,000	-	-
11.	Pankaj Rathi	-	-	-	-	-	600,000	300,000	-
12.	Rahul Mishra	-	-	-	-	-	-	-	40,000
	TOTAL	**85,000**	**60,000**	**120,000**	**2,960,000**	**400,000**	**2,100,000**	**300,000**	**40,000**

For and on behalf of the Board of Directors

Amar Deshpande
Non-executive Director
DIN: 07425556

Manish Jaiswal
Managing Director & Chief Executive Officer
DIN: 07859441

Place: Pune
Date: 24 April, 2023

Annexure B to Board's Report

Annual Report on CSR Activities for Financial Year 2022-23

1. Brief outline on CSR Policy of the Company.

The Company firmly believes that it has a commitment to all its stakeholders, customers, employees and the community in which it operates and it can fulfill this commitment only by sustainable and inclusive growth. The Company aims to improve the quality of life through its positive intervention in the community.

The Company's key CSR initiatives are undertaken with a long-term view. Initiatives that are sustainable, have long-term benefits to the society at large and is aligned with the business practices but which do not result in business benefits. The focus area of CSR initiatives at Poonawalla are education, health and environment. The Company selected the following four projects for its CSR activities during the financial year 2022-23 - **(1) Swasthya Ke Saath,** focused on the well-being of school-aged children. The Company arranged eye and health check-up camps to encourage healthy living among these children. The objective was to ensure that every child receives the proper care and attention they need for a healthy future. Ultimately, the Company's mission is to create a healthier community and bring joy to the faces of those the Company serves during these check-up camps. (2) **Khusiyon ka Angan**, was dedicated to promoting the education of girl students. To ensure that the Company reaches those who need it most, the Company created an online form for nominations to this program. The Company's aim is to provide educational opportunities to underprivileged girls and empower them to achieve their full potential. (3) **Hunar se Parichay** focused on empowering women through micro-businesses. The Company provided training, resources, and support to help women establish their own businesses, with a goal to promote women's livelihood and create a sustainable source of income for them. Through the Company's mission, it was aimed to help women become self-sufficient, achieve financial independence, and lead a life with dignity. (4) **Swayam** aims to encourage the Company's employees to contribute their ideas for giving back to society. The Company believes in the power of collective action and is committed to making a positive impact on the communities. As part of this initiative, the Company distributed RO machines to police stations in various locations to provide them with safe drinking water, which is a basic need for every individual.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Amar Deshpande	Chairman of the Committee – Non-Executive Director	2	2
2.	Mr. Prabhakar Dalal	Member - Independent Non-Executive Director	2	2
3.	Ms. Bhama Krishnamurthy	Member - Independent Non-Executive Director	2	2
4.	Mr. Manish Jaiswal	Member – Managing Director & Chief Executive Officer	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

   Composition: https://poonawallahousing.com/secretarial-disclosures.php

   CSR Policy: https://poonawallahousing.com/investor-governance.php

   CSR projects: https://poonawallahousing.com/secretarial-disclosures.php

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

   Statutorily, the Company is not required to conduct Impact assessment study for its CSR projects.

5.

a) Average net profit of the Company as per section 135(5): ₹4,447.42 lacs
b) Two percent of average net profit of the Company as per section 135(5): ₹88.95 lacs
c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
d) Amount required to be set off for the Financial Year, if any: ₹6.09 lacs
e) Total CSR obligation for the Financial Year [(b)+(c)-(d)].: ₹82.86 lacs

6.

a) Amount spent on CSR Projects (both ongoing project and other than Ongoing Project): ₹82.91 lacs
b) Amount spent in Administrative overheads: ₹2.28 Lacs
c) Amount spent on Impact Assessment, if applicable: N.A.
d) Total Amount spent for the Financial Year [(a)+(b)+(c)]: ₹85.19 lacs
e) CSR amount spent or unspent for the Financial Year: ₹85.19 lacs

Total Amount Spent for the Financial Year. (in ₹ lacs)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
85.19	Nil		Nil		

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

S. No.	Particular	Amount (in ₹ lacs)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	88.95
	(b) Less: Excess amount set-off for the Financial year (from FY 21-22)	6.09
	(c) Total CSR Obligation for the Financial year	82.86
(ii)	Total amount spent for the Financial Year	85.19
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	2.33
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	2.33

g) Details of Unspent CSR amount for the preceding three financial years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ lacs)	Balance Amount in Unspent CSR Account under sub-section(6) of Section 135 (in ₹)	Amount spent in the reporting Financial Year (in ₹ lacs)	Amount transferred to any fund specified under Schedule VII as per section 135(5), if any.		Amount remaining to be spent in succeeding financial years. (in ₹lacs)	Deficiency, if any
					Amount (in ₹ lacs)	Date of transfer.		
1.	2019-20	NA	-	40.00	-	-	186.40	-
2.	2020-21	NA	-	256.54	-	-	NIL	-
3.	2021-22	NA	-	32.35	-	-	NIL	-

7. Whether any capital assets have been created or acquired through CSR amount spent in the Financial Year: No, The Company has not created or acquired any capital asset through CSR spent in the Financial Year 2022-2023.
8. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): The Company has successfully spent the entire obligated fund as per sec 135(5) during the Financial Year 2022-23.

For and on behalf of the Board of Directors

Amar Deshpande	**Manish Jaiswal**
Non-executive Director	Managing Director & Chief Executive Officer
DIN: 07425556	DIN: 07859441

Place: Pune
Date: 24 April, 2023

Annexure C to Board's Report

Related Party Policy

The Board of Directors (the "Board") of Poonawalla Housing Finance Limited (Formerly Magma Housing Finance Limited) (the "Company") had originally adopted this Policy on Related Party Transactions ("Policy") as required under the erstwhile Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 issued by National Housing Bank vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9 February, 2017 ('Direction') and Companies Act, 2013 ('the Act'). Thereafter, the policy is updated as and when required to accommodate amendments introduced in the Applicable Law.

EFFECTIVE DATE

This Policy is effective from the date of its adoption by the Board or such other date as may be prescribed by the Board. The Board may prescribe different effective date(s) for different provisions of this Policy.

SCOPE AND PURPOSE

The Companies Act, 2013 ('Act') read with the Rules framed thereunder and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI Directions) and amendments thereto, contain detailed provisions on Related Party Transactions.

This Policy has been framed as per the requirements of the Act and RBI Directions and is intended to ensure proper approval and reporting of the transactions between the Company and its Related Parties. This Policy also ensures adequate systems and procedures to address potential conflict of interest and compliance with the provisions of the Act and RBI Directions.

The Board recognizes that certain transactions present a heightened risk of conflict of interest or the perception thereof. Therefore, any dealings with a Related Party must be conducted in such a way that no preferential treatment is given and adequate disclosures and/or permissions are made/ sought as required under Applicable Laws and as per the applicable policies of the Company. Therefore, the Board has adopted this Policy to ensure that all Related Party Transactions are subject to this Policy and approval or ratification in accordance with Applicable Laws. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions.

DEFINITIONS

1. **"Act"** means Companies Act, 2013 including amendments, re-enactments, modifications, notifications, circulars and orders from time to time
2. **"Audit Committee or Committee"** means Committee of Board of Directors of the Company formed under section 177 of the Act and the RBI Directions.
3. **"Applicable Laws"** means the Act, the rules made thereunder and amendments thereto, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Directions") and amendments thereto, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereto ("LODR Regulations") to the extent applicable, applicable accounting standards issued by the Institute of Chartered Accountant of India or any other legislative authority entrusted with the task of issuing such accounting standards and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions, as may be in effect from time to time.
4. **"Company Secretary"** means a Company Secretary as defined in clause (c) of sub section (1) of Section 2 of the Company Secretaries Act, 1980 duly appointed by the Company to perform various act.
5. **"Compliance Officer"** means the Company Secretary of the Company or such Compliance Officer identified by the Board for the purpose of LODR Regulations.
6. **"Holding company"** means a holding company as defined in sub-section (46) of section 2 of the Act.
7. **"Key Managerial Personnel"** in relation to the Company means:
    I. the chief executive officer or the managing director or the manager;
    II. the company secretary;
    III. whole-time director;
    IV. the chief financial officer;
    V. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
    VI. such other person as may be prescribed from time to time.
8. **"Material Related Party Transactions"** mean such Related Party Transaction(s) where the transaction to be entered into individually or taken together

with previous Related Party transaction(s) during a financial year, which exceeds the threshold limits as specified under Sec 188 of the Act read with Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014 and LODR Regulations to the extent applicable as amended from time to time.

9. "RBI Direction" means Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India vide Notification No. RBI/2020-21/73 DOR.FIN. HFC.CC.No.120/03.10.136/2020-21 dated 17 February, 2021 including any amendment thereof.

10. **"Relative(s)"** shall have the same meaning as assigned to it under Section 2(77) of the Act and the Rules made thereunder and Regulation 2(1)(zd) of the LODR Regulations.

11. **"Related Party"** means any person who is

    i. a related party under Section 2(76) of the Companies Act, 2013 read with rules issued thereunder;

    ii. a related party under the applicable accounting standards; or

    iii. any person or entity forming a part of the promoter or promoter group of the Company;

    iv. any person or any entity, holding equity shares during anytime in the preceding financial year, either directly or on a beneficial interest basis, as provided under section 89 of the Act amounting to

        a. 20% or more with effect from April 1, 2022; or

        b. 10% or more, with effect from April 1, 2023

    v. any other person or entity covered under Applicable Laws.

12. **"Related Party Transaction(s)"** means a transaction involving a transfer of resources, services or obligations between:

    a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

    b. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;

    regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

The transaction shall inter-alia include the following:

i. purchases or sales of goods or materials (finished or unfinished);

ii. purchases or sales of property of any kind;

iii. rendering or receiving of services;

iv. leasing of property of any kind;

v. appointment of any agent for purchase or sale of goods, materials, services or properties;

vi. appointment of such related party to any office or place of profit in the Company, or its subsidiary or associate company;

vii. underwriting the subscription of any securities or derivatives thereof, of the company:

viii. Such other transactions as per Applicable Law.

Notwithstanding the foregoing, the following shall not be deemed to be a Related Party Transactions:

i. Any transaction that involves providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of the Act, in connection with his or her duties to the Company or any of its holding Company, subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party, including but not limited to –

    a. payment of dividend;

    b. subdivision or consolidation of securities;

    c. issuance of securities by way of a rights issue or a bonus issue; and

    d. buy-back of securities.

iii. Any other exception which is inconsistent with the Applicable Laws, including any rules or regulations made thereunder.

    All terms not defined herein shall take their meaning from the Applicable Laws.

POLICY STATEMENT

A. Procedures for approval and review of Related Party Transactions

"Compliance with regard to approval and review of Related Party Transactions pursuant to this Policy, shall be limited to the transactions which are entered into with a related party as defined in this Policy."

1. All Related Party Transactions or changes therein must be reported to the Company Secretary and shall be referred for approval by the Audit Committee, as may be required in accordance with this Policy including those transactions proposed to be entered in the ordinary course of its business and on arm's length basis. Any subsequent modification thereto, shall require approval of Audit Committee.
2. Related Party Transactions that are not in ordinary course of business but on arm's length basis cannot be entered into by the Company unless approved by Audit Committee. Where such Related Party Transactions fall under Section 188 (1) of the Act, the Audit Committee shall recommend the transaction for approval of the Board.
3. Related Party Transactions that are not on arm's length basis, irrespective whether those are covered under Section 188 or not, should be placed by the Audit Committee, along with its recommendations, to the Board for appropriate action.
4. For the ease of carrying out transactions/ contracts/ arrangements, the Audit Committee may grant omnibus approvals to certain transactions based on the following criteria:
   I. Volumes of transactions undertaken with such Related Party in a year:
      a. Frequency of the transactions in the last 2 years;
      b. Value of transaction undertaken with an associate, Holding and subsidiary Companies, for every financial year shall not exceed ₹25 Crores and with Company other than associate, Holding and subsidiary Companies shall not exceed ₹1 Crore.
      c. Extent and manner of disclosures that can be made to the Audit Committee at the time of seeking omnibus approval;
         i. All the transaction placed for omnibus approval shall be in the ordinary course of business;
         ii. All the transaction shall be at Arms' length basis;
         iii. Projected growth rate in the business with the Related Party in the financial year for which omnibus approval is sought;
         iv. Contractual terms offered by/to third parties for similar transactions;
         v. Contractual terms with such Related Parties, for instance, floor and cap on the pricing, credit terms, escalation in costs, quality checks etc.
   II. Review of transactions: All Related Party Transaction entered into by the Company pursuant to each of the omnibus approval made shall be reviewed by the Audit Committee on quarterly basis.
   III. Where the Audit Committee is not convinced on the need for granting omnibus approvals, the Audit Committee may reject the proposal placed before it with reasonable explanation for the same. Notwithstanding the generality of foregoing, Audit Committee shall not grant omnibus approval for following transactions:
      a. Transactions which are not in ordinary course of business or not on arm's length basis;
      b. Transactions in respect of selling or disposing of the undertaking of the Company;
      c. Transactions which are not in the interest of the Company;
      d. Such other transactions specified under Applicable Law from time to time.

   However, the Company may take Omnibus approval for continuing Related Party Transactions based on the decision of the Audit Committee or Board, as the case may be, from time to time.
5. Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the best interest of the Company.
6. The Omnibus Approval shall specify the following:
   i. the name/s of the related party;
   ii. nature of transaction;
   iii. period of transaction;

iv. maximum amount of transaction in aggregate and per transaction that can be entered into with Related Party;

v. the indicative base price / current contracted price;

vi. the formula for deviation in the price, if any;

vii. such other conditions as the Audit Committee may deem fit;

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

8. Further any such approvals shall be valid for one financial year only in which omnibus approval of the Audit Committee is granted.

9. Audit Committee shall grant omnibus approval for Related Party Transaction at the last meeting of every preceding financial year for which omnibus approval is to be granted and such omnibus approvals shall be valid for one financial year.

10. Transactions between holding company and its wholly owned subsidiary will be governed by criteria above unless exempted under the Applicable Laws.

11. The Audit Committee will undertake quarterly evaluation of the Related Party Transactions. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.

12. Related Party Transactions which are executed pursuant to the omnibus approval shall be quarterly placed before the Audit Committee/ Board for its review.

13. If a Related Party Transaction is of ongoing nature, the Board / Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. The Audit Committee of the Board, on at least an annual basis, shall review and assess on-going relationships with such Related Party to ensure that they are in compliance with the Applicable Laws and this Policy and that the Related Party Transaction remains appropriate.

14. If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to Applicable Laws, the same shall be put up for approval by the shareholders of the Company. The Board shall ensure that in accordance with Applicable Laws, Related Parties shall not vote in favour on any such resolution put to vote by the shareholders of the Company, irrespective of whether the said Related Party is a party to the said Related Party Transaction which is being put to vote.

15. Where, owing to exigencies, Related Party Transactions have been entered into without being placed for approval by the Audit Committee, reasoned explanation for the same must be received to the satisfaction of the Audit Committee. The Audit Committee may ratify such transactions or may put forth the transactions before the Board along with its recommendations within 3 months from the date of entering into such transaction, and the Board may either ratify such transactions or seek to avoid the same. The Audit Committee recommendations may also include appropriate measures authorising such transactions without approval of the Audit Committee.

16. If the Company has entered into a Related Party Transaction without the approval of the Board / general meeting, as may be required, then the said Related Party Transaction shall be ratified at the Board meeting / general meeting, within 3 months of entering in the Related Party Transaction, as the case may be.

17. In any case where either the Audit Committee/ Board/General Meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as the case may be, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification.

18. In case any transaction involving any amount not exceeding ₹1 crore is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within 3 (three) months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the Company against any loss incurred by it:

    Provided that the above provisions shall not apply to a transaction, other than a transaction referred to in section 188 of the Act, between a holding company and its wholly owned subsidiary company.

19. No Director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, and the Director/Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/Board.
20. Audit Committee/Board may review any Related Party Transactions involving Independent Directors as part of the annual determination of their independence.
21. Nothing in this Policy shall override any provisions of Applicable Laws made in respect of any matter stated in this Policy.
22. Management team shall formulate a defined procedure for identification/ monitoring/ approval of Related Party Transaction.

B. Standards for Review

A Related Party Transaction reviewed under this Policy will be considered, approved or ratified if it is authorized by the Audit Committee / Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction.

The Audit Committee / Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee / Board, as applicable, may approve / ratify / recommend to the shareholders, the Related Party Transaction only if the Audit Committee / Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee / Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

C. Determination of Ordinary Course of Business

The transactions which are incurred by the Company in carrying the main object of the Company shall be treated as transaction in the Ordinary Course of business. For determining "Ordinary Course of Business", the Company shall consider all acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, which, are done on a routine basis and are not standalone transaction(s). The Company would take into account the frequency of such activity and its continuity, in a normal organised manner, while determining what is in the ordinary course of business. Further, the transaction should not be:

A. any exceptional or extra-ordinary activity as per applicable accounting standards or financial reporting requirements.
B. any sale or disposal of any undertaking of the Company, as defined in explanation (i) to clause (a) of sub-section (1) of section 180 of the Act.

In order to decide whether or not a contract or arrangement is being entered by the Company in its ordinary course of business, the Company shall consider whether the contract/arrangement is germane to attainment of main objects as set out in the Memorandum of Association.

D. Determination of Arms' length nature of the Related Party Transaction

a. Price Determination

   At the time of determining the arms' length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

   i. The contracts/ arrangements are entered into with Related Parties, are at such prices/ discounts/ premiums and on such terms which are offered to unrelated parties of similar category/ profile.
   ii. Permissible methods of arms' length pricing as per Applicable Laws including such prices where the benefits of safe harbour is available under Applicable Laws.
   iii. For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

b. Underwriting and Screening of arms' length Related Party Transaction

   A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening/ selection criteria/underwriting standards and procedures as may be applicable in case of an unrelated party.

c. Further, in order to determine the optimum arm's length price, the Company may also apply the most appropriate method from any of the following methods as prescribed under Section 92C(1) of the Income Tax Act, 1961 read with Rule10B of the Income Tax Rules, 1962 –

   a. Comparable Uncontrolled Price method (CUP method)

b. Resale Price Method
c. Cost Plus Method
d. Profit Split Method
e. Transactional Net Margin Method
f. Other Method as prescribed by the Central Board of Direct Taxes

d. Such other criteria as may be issued under Applicable Law.

E. Identification of Potential Related Party Transactions

a. The Company Secretary shall:

i. Identify and keep on record the Related Parties of the Company, along with their personal/company details.

ii. Update the record of Related Parties whenever necessary and shall be reviewed at least once a year, as on 1st April every year.

b. Every Director/ Key Managerial Personnel of the Company or any of their relatives should not derive any undue personal benefit or advantage by virtue of their position or relationship with the Company.

c. Each Director/Key Managerial Personnel is responsible for providing written notice to the Company through the Company Secretary at the time of appointment and till such period he/she is associated with the Company of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary in consultation with other members of management and with the members of the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

d. Every Director/Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.

e. Where any Director/Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

f. A contract or arrangement entered into by the Company without disclosure or with participation by a Director/Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Board or of the shareholders, as the case may be and if the contract or arrangement is with a related party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

g. In addition, each Director/Key Managerial Personnel is required to file a disclosure statement in connection with the disclosures about their Relatives.

F. Disclosures

a. The Company shall disclose related party Transactions in the Financial Statements and Annual Report of the Company in accordance with the Act, accounting standards, the RBI Directions and other applicable law.

b. The Company shall also disclose the Policy on the website of the Company and in the Annual Report of the Company.

c. The Company shall keep one or more registers as specified under Applicable Laws giving separately the particulars of all contracts or arrangements with any Related Party.

G. Operational Framework

The Company shall follow the operational framework for related party transactions annexed as Annexure A.

REVIEW & AMENDMENTS

This Policy shall be reviewed by the Board of Directors or the Audit Committee of the Board periodically or as and when required and any changes made in the Policy shall be recorded in the change control record sheet attached with this Policy.

Annexure A

OPERATIONAL FRAMEWORK FOR RELATED PARTY TRANSACTIONS:

The RPT would be identified in the following manner:

(1) Identification of Related Parties:

The Company shall identify Related Parties as defined under Clause 3 of the Policy with respect to the given specific transactions. The list of Related Parties needs to be updated once in a year, on 1st April every year, and during the year, on the basis of the specific events bringing change to the list of related parties. The list of Related Parties maintained by the Company should include Related Parties of its Subsidiary companies as received from the concerned officer of such Subsidiary Company.

The Compliance officer should at all times ensure:

The list of Related Parties should be updated by Secretarial Department of the Company and respective departments of its Subsidiaries, upon receipt of disclosures from the Directors and Key Managerial Personnel of the Company. The list would be circulated with accounts and other concerned department.

Prior to entering into any transaction, whatsoever, the Business/ Functional Heads shall refer to the latest Related Party list circulated by the Secretarial team to assess whether the party with whom the transaction is proposed to be entered is a Related Party.

If the party is not a Related Party, then they shall be required to follow the normal business protocol for executing such transactions. However, if the party is identified as a Related Party, the Business/ Functional Heads would need to ensure that the RPT is being entered in accordance with the framework for RPT and seek a prior approval of the Audit Committee for undertaking such RPT in accordance with this Policy.

(2) Identification of Transactions:

Every transaction with Related Parties shall be screened through the transactions mentioned under section 188(1) of the Act and Regulation 2(zc) of LODR Regulations. If any transaction qualifies, approval of the Board of Directors shall be required for transactions other than for those entered in ordinary course of business and on arm's length basis.

If the said transaction also qualifies to be a Material Related Party Transaction as defined under this Policy, prior approval of the members shall be required before entering into the transaction.

(3) Parameters of applicability of Ordinary Course of Business and transaction pricing at Arm's Length:

a. The Company generally undertakes transactions with Related Parties in its ordinary course of business and at arms' length basis and such transaction do not require prior approval of the Board of Directors under the purview of Section 188 of Act. However, such transactions need to be approved by the Audit Committee.

b. The parameters for Arm's length nature be gauged based on any one or more of the following criteria:

The illustrative test for determining pricing shall be as follows:

i. Price charged by the Company to Unrelated Parties

ii. Obtaining two or three quotes from Unrelated Parties for similar transactions, subject to the availability of the same.

iii. Independent Valuations

iv. Market Price if readily available and if the market exists for the same

v. Commercially negotiated contract

The terms of contract/arrangement other than pricing are generally on a basis similar to those as may be applicable for similar category of goods/ services for similar category of counterparties. Also, the Company as and when required, shall seek professional advice for determination of arm's length basis. The rest of the considerations for determining the arm's length nature of any related party transaction will be in accordance with Clause D of the Policy.

c. Arm's Length criteria/process to be observed:

i. In order to ensure compliance with the principle of arms' length nature in terms of section 188 of the Act, originator of such transactions shall provide comparative analysis of the similar transaction with an unrelated party.

ii. The responsibility of ensuring that the transactions with Related Party are undertaken at arm's length basis rests with the Head of the respective Department originating the transaction. Any transactions with the Related Parties shall primarily be reviewed by the following:

(1) Chief Financial Officer

(2) Company Secretary,

(3) Compliance Officer (RBI/NHB)

(4) Head of the respective Department (Originator)

(5) and such other person as may deem appropriate in the given situation/ transaction having relevant expertise and experience to assess the RPT.

The Audit Committee shall consider all relevant facts and circumstances regarding the RPT and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT.

Approval Matrix

The Reviewers shall review the proposed RPT within the parameters defined herein and accordingly shall advise the course of action for the proposed RPT:

SL. No.	Particulars	Details
(1)	**Originator's Responsibilities**	Originators seeking approval of RPT shall provide: (a) Name/s of the Related Party(ies) and the nature of the relationship (b) Provide the justification for entering into the RPT (Commercial/ Ordinary Course of Business and Arm's Length) The information should be received well in advance from the respective parties so as to allow reviewers adequate time to obtain and review information about the proposed transaction.
(2)	**RPT Evaluation by the Reviewers**	With respect to each transaction sent for approval; Reviewers shall comment and confirm the following: - Whether the proposed transaction is a RPT within the meaning of RPT as per Applicable Law - Justification for the intended RPT (Commercial/ Ordinary Course of Business and the sufficiency of the documentation for Arm's Length) - Whether the transaction is covered under the omnibus approval given by the Audit Committee for the financial year In assessing a Related Party Transaction, the Reviewers shall consider such factors as it deems appropriate including but not limited to the following: (i) the business reasons for the Company to enter into the Related party transaction; (ii) the commercial reasonableness of the terms of Related Party Transaction; (iii) materiality of the Related Party Transaction to the Company; (iv) whether the terms of Related Party Transaction, other than pricing, are fair to the Company and on the same basis as would apply if the transactions did not involve a Related Party (v) the extent of Related Party's interest in the Related Party Transaction (vi) the actual or apparent conflict of interest of related party participating in the related party transaction and (vii) regulatory guidelines, if any. In case where it is assessed that the transaction does not meet the criteria of Ordinary Course of Business or Arms' Length Price, such transaction shall be referred for the approval of the Board of Directors or Shareholder, as the case may be, in terms of Section 188 of the Act. All RPTs shall require prior approval of Audit Committee.

SL. No.	Particulars	Details
(3)	Approval of the RPTs	Pursuant to the review of the RPT and its documentary substantiation, the Reviewer may take the following actions: (a) Recommend the RPT for approval of Audit Committee. (b) Recommend the RPT for approval of Board of Directors or Shareholders, as may be applicable. In case the transactions specified under Applicable Law are proposed to be entered with the holding Company, the resolution passed by the holding company shall be sufficient for the purpose of entering into the RPT between the Holding Company and the Company. The Company will not be required to pass a resolution separately.
(4)	Arm's Length Report	Arm's length Report on transactions with Related Parties on half yearly basis would be obtained from a Chartered Accountant Firm and placed before the Audit Committee.

Annexure I

Threshold of Section 188 of the Companies Act, 2013

Sl. No.	Transactions	Threshold Limits
a	Sale, Purchase or Supply of goods/materials directly or through appointment of agent	10% of the turnover
b	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent	10% of the networth
c	Leasing of property of any kind	10% of the turnover
d	Availing or rendering of any services directly or through appointment of agents	10% of the turnover
e	Relates to appointment to any office or place of profit in the company, its subsidiary company or associate Company	Monthly remuneration exceeding ₹2.5 lac
f	The remuneration for underwriting the subscription of any securities or derivatives thereof of the company	1% of the Net worth

Note: The turnover or net worth referred above shall be computed on the basis of the audited financial statement of the preceding financial year.

For and on behalf of the Board of Directors

Amar Deshpande
Non-executive Director &
Chairman of CSR Committee
DIN: 07425556

Manish Jaiswal
Managing Director &
Chief Executive Officer
DIN: 07859441

Place: Pune
Date: 24 April, 2023

Annexure D to Board's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

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

To,

The Members,

Poonawalla Housing Finance Limited

(Formerly Magma Housing Finance Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Poonawalla Housing Finance Limited** (Formerly, Magma Housing Finance Limited) **("Company")**. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment in India, Overseas Direct Investments and External Commercial Borrowings; (Not applicable during the year under review)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):

a. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable during the year under review).

b. The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Agreement/Regulations);

d. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

e. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;

f. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable during the year under review);

g. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable during the year under review);

h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable during the financial year); and

j. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable during the financial year).

(vi) Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate system and process in place for compliance with the following laws applicable specifically to the Company:

a. Laws and Directions and guidelines, directions and instructions issued by Reserve Bank of India ("RBI")/National Housing Bank ("NHB") through notifications and circulars relating thereon; and

b. Prevention of Money Laundering Act, 2002 and the Prevention of Money Laundering (Amendment) Act, 2012 as applicable.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India; and
2. Listing Agreement/Regulations: The Company is a Debt listed Company and therefore compliance with listing agreement/regulations is limited only to that effect.

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned herein above, to the extent applicable.

Other statutes, Acts, Laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

(i) Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

(ii) Acts as prescribed under Direct Tax and Indirect Tax;

(iii) Stamp Acts and Registration Acts of respective States;

(iv) Labour Welfare Act of respective States; and

(v) Such other Local laws etc. as may be applicable in respect of various offices of the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors and Key Managerial Personnel (KMP) that took place during the year under review were carried out in compliance with the provisions of the Act. During the year under review, Mr. Manish Jaiswal was re-appointed as the Managing Director and Chief Executive Officer of the Company for a period of 5 years w.e.f. June 26, 2022 to June 25, 2027.

Adequate notice was given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in certain cases where the meetings were held through shorter notice after due compliance of the applicable provisions, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Further, 18^{th} Annual General Meeting was held on June 21, 2022 through shorter notice after due compliance of the applicable provisions.

During the year under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

We further report that during the year under review, the Company has undertaken following events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

(i) At the Board Meeting held on May 11, 2022 the Board, inter-alia, approved revalidation of authorization for the issuance of Non-Convertible Debentures on private placement basis for an amount not exceeding ₹1500 Crores during the financial year 2022-23 for general corporate purposes of the Company in accordance with RBI Master direction and Section 42, 71, 179 and 180(1c) of the Companies Act, 2013.

(ii) The Board of Directors at their meeting held on May 12, 2022, inter-alia, accorded its in-principle approval for raising funds by way of preferential issue (in one or more tranches) for an amount not exceeding ₹1000 crores (in any event not exceeding 15% of the total paid up capital of the Company) during the financial year 2022-23.

(iii) The Nomination and Remuneration Committee of the Board at its meeting held on July 13, 2022 allotted 4,93,333 equity shares of face value ₹10 each at an exercise price of ₹10 to Mr. Manish Jaiswal, Managing Director and Chief Executive Officer of the Company under the Poonawalla Housing Restricted Stock Option Plan, 2018. Resultantly, pursuant to the said allotment, the shareholding of Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) (PFL), the holding Company, stands reduced to 99.02%, and the Company continues to be a subsidiary of PFL.

(iv) The Board of Directors at their meeting held on July 25, 2022, inter-alia approved Inter-Corporate Loan Limits (Give/Avail) (ICL) with Poonawalla

Fincorp Limited, Holding Company, upto ₹300 crores (related party transaction).

(v) At the Board Meeting held on October 19, 2022 the Board, inter-alia, approved

a. Appointment of Mr. Rahul Mishra as Head – Internal Audit of the Company for a tenure of three years with effect from October 19, 2022 as recommended by the Nomination & Remuneration Committee and the Audit Committee.

b. Revalidation of authorization for the issuance of debt securities on private placement basis for an amount not exceeding ₹1500 Crores during the financial year 2022-23 for general corporate purposes of the Company in accordance with RBI Master direction and Section 42, 71, 179 and 180(1c) of the Companies Act, 2013 (including any amendment(s), statutory modification(s) and re-enactment thereof).

(vi) The Board at its meeting held on December 14, 2022, recorded the draft of the Share Purchase Agreement to be executed amongst Poonawalla Fincorp Limited ("PFL"), Perseus SG Pte. Ltd. ("PSPL"), an entity affiliated to TPG Global LLC and Poonawalla Housing Finance Limited ("Company") for the sale of controlling stake in the Company by PFL to PSPL and accorded consent to make an application to RBI - Housing Finance Company division ("HFC Division") for transfer of shareholding of 26% or more of the paid-up equity capital of the HFC, together with the acquisition of control of HFC pursuant to Chapter VII – Acquisition/ Transfer of Control of RBI Master Directions as amended from time to time.

(vii) The Board of Directors at their meeting held on January 21, 2023, inter-alia, approved following matters:

a. Authorization for issuance of debt securities on private placement basis for an amount not exceeding ₹1500 Crores for the financial year 2023-24 in one or more tranches for general corporate purposes of the Company in accordance with RBI Master direction and Section 42, 71, 179 and 180(1)(c) of the Companies Act, 2013; and

b. Authorization for issuance of Commercial Paper (CPs) aggregating ₹500 crore to be issued during FY2023-24

(viii) During the year under review the Company redeemed 100 Nos. of Secured Redeemable Non-Convertible Debentures of face value of ₹10 Lakh each, aggregating to ₹10 crore (Rupees Ten Crore only) on 31 March, 2023.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157
UDIN: F005682E000175753

Date: April 24, 2023
Place: Mumbai

This report is to be read with our letter of even date which is annexed as Annexure A and forms and Integral part of this report

'Annexure A'

To,
The Members,
Poonawalla Housing Finance Limited
(Formerly Magma Housing Finance Limited)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157
UDIN: F005682E000175753

Date: April 24, 2023
Place: Mumbai

FINANCIAL STATEMENTS

Independent Auditor's Report

The Members of Poonawalla Housing Finance Limited
(Formerly known as Magma Housing Finance Limited)

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Poonawalla Housing Finance Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at March 31, 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') 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.

Key Audit Matters

4. 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.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key audit matter	Audit Procedures
1.	**Impairment losses on loans assets:** Refer Note No. 2 (h) (vi) of significant accounting policies and Note No. 43 A for credit risk disclosures. As at March 31, 2023, the Company has reported gross loan assets of ₹5497.85 Crores against which expected credit loss of ₹59.28 Crores has been recorded. The accounting policies in respect of impairment losses on loans is given vide note No. 2 (h) (vi) to the financial statements.	**Significant audit procedures included the following:** ◆ Our audit approach was a combination of test of internal controls and substantive procedures. ◆ Obtained an understanding of the ECL modelling techniques adopted by the Company including the key inputs and assumptions. Ensured completeness and the appropriateness of data on which the calculation is based. ◆ The Probability of Default and the Loss given Default ratios are computed based on the recoveries of the loan accounts using its own historical data. Further, changes in macro-economic environment /CPI factors are also applied to PDs. We reviewed and ensured that there is no management intervention and bias in computing these fundamental parameters for provisioning.

Sr. No.	Key audit matter	Audit Procedures
	Determination of fair and adequate impairment losses is a complex process and is based on application of significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. Considering the significance of the above matter to the overall financial statements, and extent of management's estimates and judgements involved, we have identified this as a key audit matter for the audit of current year.	◆ Carried out audit procedures for ensuring the correctness of DPD days and categorization of Stages of ECL. Tested the existence and effectiveness of controls over completeness and accuracy of the key inputs and reviewed the completeness of ECL by comparing the loan dumps with the books of account and the financial statements and also with the ECL schedules in order to ensure that the entire loan portfolio is subjected to application of ECL provision. We also carried out analytical procedures to satisfy that no unusual trends exist. ◆ Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows with reference to the agreed repayment schedules of the borrowers which included the impact of restructuring in the applicable cases. ◆ We have examined, on a test basis, data inputs to the discounted cash flow models, including the latest collateral valuations supporting the estimation of future cash flows and present value. We also carried out review of collection efficiency of the company. ◆ Compared the provision for ECL vis-à-vis provision as per the Reserve Bank of India (RBI) IRAC norms and confirmed that there is no shortfall of ECL when compared to the IRAC norms to ensure compliance with the mandated provisions prescribed by the RBI. ◆ Evaluated the appropriateness of the Company's impairment methodologies as required under Ind AS 109, "Financial Instruments" and reasonableness of assumptions used, including post model adjustments ensuring that the adjustment to ECL Model was in conformity with the approved policy of the Company.
2. .	**Information Technology system for the financial reporting process:** The Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations. The Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting including loans, interest income and impairment. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Accordingly, we have determined key IT systems and controls as a key audit matter for current year audit.	**Significant audit procedures included the following:** ◆ We involved our internal IT expert to carry out the testing of IT general controls and other controls relevant for financial reporting. ◆ Obtained an understanding of the Company's IT related control environment, IT applications and databases relevant for the purpose of our audit of the financial statements. ◆ Also, obtained an understanding of the changes that were made to the IT applications during the audit period. ◆ Tested the design and operating effectiveness of the Company's IT controls over the IT applications and databases. Tested IT general controls particularly, logical access, segregation of duties, change management and other aspects of IT operational controls. ◆ Tested that request for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization.

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

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The accompanying financial statements have been approved by the Company's Board of Directors. 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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.

8. 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.

9. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. 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 Standards on Auditing 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.

11. As part of an audit in accordance with Standards on Auditing, 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 with reference to financial statements in place and the operating effectiveness of such controls;

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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;

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. 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.
14. 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

15. As required by section 197(16) of the Act, based on our examination of the books of account of the Company, we report that the Company has paid/provided for managerial remuneration in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('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 paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
    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 financial statements dealt with by this report are in agreement with the books of account;
    d. in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
    e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of section 164(2) of the Act;
    f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
    g. with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company, as detailed in note No. 55 to the financial statements, has disclosed the impact of pending litigation on its financial position as at March 31, 2023;
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2023;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023;

iv. The management has represented that to the best of its knowledge and belief, 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(s) or entity(ies) including foreign entities (intermediaries) with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

v. The management has represented that to the best of its knowledge or belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any other person(s) or entity(ies) including foreign entities (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;

vi. Based on the audit procedures considered reasonable and appropriate in the circumstances carried out by us, nothing has come to our notice that has caused us to believe that the representation under clause (i) & (ii) of Rule (e) contain any material misstatements.

vii. The company has not declared or paid any dividend during the year and as such the compliance of section 123 of the Act has not been commented upon.

viii. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

For, G.D. Apte & Co
Chartered Accountants
Firm Registration No: 100 515W

C. M. Dixit
Partner
Membership No.: 017532
UDIN: 23017532BGYLNZ3535
Date: 24th April 2023
Place: Pune

Annexure A referred to in Paragraph 16 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited) for the year ended March 31, 2023

In terms of the information and explanations sought by us and given by the Company and on the basis of our examination of the books of accounts and records of the company in the normal course of audit and to the best of our knowledge and belief, we report that:

i. (a) (A) The company is maintaining proper records showing full particulars including quantitative details and situation of Property, plant and equipment.

(B) The company is maintaining proper records showing full particulars of Intangible assets.

(b) The Company has regular programme of physical verification of its property, plant and equipment in a phased manner over a period of three years for assets other than Information Technology assets and yearly for Information Technology Assets wherein no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.

(c) The title deeds of all the immovable properties are held in the name of the Company.

(d) The Company has not revalued its property, plant and equipment or intangible assets during the year.

(e) 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.

ii. (a) The Company is a housing finance company primarily engaged in the business of lending towards housing loans and does not hold any inventories. Accordingly, reporting under clause 3(ii) is not applicable.

(b) During the year, the company has availed working capital limits from banks in excess of ₹5 Crores on the basis of security of current assets. On the basis of audit procedures carried out by us we report that the quarterly statements filed by the company with banks were in agreement with the books of account of the company of the respective periods which were not subjected to audit.

iii. (a) The Company is a housing finance company primarily engaged in the business of lending. Accordingly reporting under clause (iii) (a) of the order is not applicable.

(b) During the year the Company has not provided any advances in the nature of loans, guarantee or security to any other entity. The company has not made any investments in companies, firms, limited liability partnerships or any other parties. The investments in mutual funds, treasury bills, Govt. securities and the terms and conditions of the grant of loans and advances are not prejudicial to the interests of the company.

(c) According to the information and explanations given to us and on the basis of our examination of books of account and other records of the company, we report that the schedule of repayment of principal and payment of interest has been stipulated in respect of loans granted by the Company. We further report that the repayments or receipts in respect of loans are regular except 4039 number of loan accounts where the overdues as at March 31, 2023 were aggregating to ₹21.95 Crore.

(d) According to the information and explanations given to us and on the basis of our examination of books of account and other records of the company, we report that the loans overdue for more than 90 days aggregated to ₹13.77 Crore as at March 31, 2023 in respect of 569 number of loan accounts. In our opinion, reasonable steps have been taken by the Company for recovery of principal and interest.

(e) The Company is a housing finance company primarily engaged in the business of lending towards housing loans. Accordingly reporting under clause (iii) (e) of the order is not applicable.

(f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

iv. There are no loans, investments, guarantees and securities given where the provisions of section 185 and 186 of the Act are applicable.

v. The Company is registered with National Housing Bank (NHB) to carry on the business of housing finance without accepting public deposits as such provisions of section 73 are not applicable to the company. The company has not accepted any public deposits and amounts deemed to be deposits as per the provisions of Companied Act and rules made thereunder. Further the Company has not accepted any deposits before the commencement of the Act. As such provisions of 74, 75 & 76 are not applicable to the Company. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

vi. The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the companies Act, 2013 in respect of Company's services. Accordingly, the provisions of clause 3 (vi) of the order are not applicable to the company.

vii. (a) The company is generally regular in depositing the undisputed statutory dues including provident fund, income tax, employees state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services Tax, Cess and other material statutory dues as applicable with appropriate authorities except for few delays in respect of provident fund, profession tax and labour welfare fund. We further report that there were no undisputed statutory dues as at the last day of the financial year which were outstanding for a period of more than six months except as stated above.

(b) According to the information and explanations given to us and on the basis of examination of books of account and records of the company, we report that there are no dues in respect of provident fund, income tax, employees state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services Tax, cess and other material statutory dues which have not been deposited on account of any dispute except as stated under:

Name of the Statute	Nature of dues	Amount (₹ In Crore)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demands	1.93	Commissioner of Income Tax, Appeals

viii. There are no transactions, which were not recorded in the books of account but have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) The company has not defaulted in repayment loans or borrowings to any financial institution, or debenture holders during the year.

(b) According to the information and explanations given to us and on the basis of examination of books of account and other records of the company and representations received from the management of the company, we report that the company has not been declared to be a wilful defaulter by any bank, financial institution or other lender.

(c) According to the information and explanations given to us and on the basis of overall examination of books of account and other records of the company, we report that the term loans availed by the Company were applied for the purpose for which the loans were obtained. However, funds which were not required for immediate utilisation were invested in short term deposits with Bank, treasury bills. Govt. securities and units of mutual funds.

(d) According to the information and explanations given to us and on the basis of overall examination of books of account and other records of the company, no funds raised on short term basis have been utilised for long term purposes.

(e) The company does not have any subsidiaries, associates or joint ventures and as such reporting on the clause 3 (ix) (e) whether the company has taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures is not applicable.

(f) The company does not have any subsidiaries, associates or joint ventures and as such reporting on the clause 3 (ix) (f) whether the company has raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies is not applicable.

x. (a) During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). As such, reporting under clause 3(x)(a) is not be applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures.

xi. (a) According to the information and explanations given to us and based on our examination of books and records, no material frauds by the Company or on the Company have been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanations given to us and on the basis of examination of records of the company, there were no complaints of whistle-blower received during the year by the Company.

xii. The Company is not a Nidhi Company within the meaning of Section 406 of the Act. As such, reporting under clause 3 (xii) (a) to (c) is not applicable.

xiii. Based on the audit procedures performed, we report that the transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details as required by the applicable Indian Accounting Standards have been disclosed in the Financial Statements.

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

(b) The internal audit reports of the company have been considered by us during the course of our audit.

xv. Based upon the audit procedures performed by us and according to the information and explanations given to us, we report that the Company has not entered into any non-cash transactions of the nature as described in Section 192 of the Act.

xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The company is a housing finance company and it holds a Certificate of Registration (CoR) from the Reserve Bank of India and has accordingly conducted housing finance activities during the year.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) According to the information and explanations given to us and based on the representation received from the management, we report that there is no core investment company within the group.

xvii. The Company has not incurred any cash losses in the current financial year FY 2022-23 and during immediately preceding financial year, FY 2021-22.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the order is not applicable.

xix. According to the information and explanations given to us and 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, our knowledge of the plans of the Board of Directors and management 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 that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and 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) We report that the Company does not have unspent amounts which are required to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

(b) The Company does not have any amount remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project, which is required to be transferred to special account in compliance with the proviso to sub-section (6) of section 135 of the said Act;

xxi. The reporting under clause 3 (xxi) is applicable in respect of audit of consolidated financial statements. As such not applicable for the reporting in standalone financial statements.

For, G.D. Apte & Co
Chartered Accountants
Firm Registration No: 100 515W

C. M. Dixit
Partner
Membership No.: 017532
UDIN: 23017532BGYLNZ3535
Date: 24th April 2023
Place: Pune

Annexure B referred to in Paragraph 17 (f) of the Independent Auditor's Report of even date to the members of the Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited) for the year ended March 31, 2023

Independent Auditor's Report on the internal financial controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. We have audited the internal financial controls over financial reporting of Poonawalla Housing Finance Limited ('the Company') as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Responsibilities of Management for Internal Financial Controls

2. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls Over Financial Reporting

3. 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 Standards on Auditing as specified under section 143(10) of the Act, issued by ICAI, to the extent applicable to an audit of internal financial controls over financial reporting, and the Guidance Note issued by the ICAI. 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 were established and maintained and if such controls operated effectively in all material respects.

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

5. 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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial controls 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 controls over financial reporting include those policies and procedures that:

    - pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
    - provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
    - provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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 controls 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

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2023, based on internal financial controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For, G.D. Apte & Co
Chartered Accountants
Firm Registration No: 100 515W

C. M. Dixit
Partner
Membership No.: 017532
UDIN: 23017532BGYLNZ3535
Date: 24th April 2023
Place: Pune

Independent Auditor's Additional Report for the year ended 31 March 2023 pursuant to the requirements of Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 issued by the Reserve Bank of India

To
The Board of Directors of
Poonawalla Housing Finance Limited
(Formerly Magma Housing Finance Limited)
602, Zero One IT Park, Survey No. 79/1,
Ghorpadi, Mundhwa Road, Pune 411036

1. This report is issued in accordance with the terms of our engagement letter dated 07 September 2021 with Poonawalla Housing Finance Limited, (the 'Company') and pursuant to the paragraph 70 and 71 of Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 ('Master Directions') issued by the Reserve Bank of India ('the RBI') and amended from time to time.

2. We have audited the accompanying financial statements of the Company which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Financial Statements") annexed thereto and have issued an unmodified opinion vide our report dated April 24, 2023.

Management's Responsibility for the financial statements

3. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

4. The management of the Company is also responsible for compliance with the applicable provisions of Reserve Bank of India Act, 1934 ('the RBI Act'), National Housing Bank Act, 1987 ('the NHB Act'), the Master Directions, and other circulars and directions issued by the RBI thereunder and for providing all the required information to the RBI and the National Housing Bank ('the NHB').

Auditor's Responsibility

5. Pursuant to the requirements of the Master Directions, it is our responsibility to provide reasonable assurance on the matters specified in paragraph 70 of the Master Directions, to the extent applicable to the Company, on the basis of our audit of the financial statements of the Company for the year ended 31 March 2023 and examination of books of accounts and other records maintained by the Company for the year then ended.

6. We conducted our examination of the audited books of accounts other records of the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control

(SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by the ICAI.

Opinion

8. Based on our audit of the financial statements for the year ended 31 March 2023 and examination as above, evidences obtained and the information and explanations, along with the representations provided by the management, we report that:

    a. The Company is holding Certificate of Registration (no. DOR-00155) issued by Department of Regulation, Reserve Bank of India (RBI) dated 02 August 2021 (issued in lieu of earlier certificate dated 12 July 2017 issued by NHB) to carry on business of a housing finance institution without accepting public deposits, as required under Section 29A of the NHB Act, 1987. The Company meets the 'Principal Business Criteria' as laid down under Paragraph 4.1.17 of the Master Directions. As disclosed in Note No. 50 of the Financial Statements, the 'percentage of total assets towards housing finance' and 'percentage of total assets towards housing finance for individuals' as at 31 March 2023 are 63.84% and 63.82% respectively as against the minimum regulatory requirement of 60% and 50% respectively. As such the conditions specified in paragraph 4.1.17 of the Master Directions, dated February 17, 2021, in respect of Principal Business Criteria are met.

    b. The Company as on 31 March 2023 has met the Net Owned Fund ('NOF') requirement as prescribed under Section 29A of the National Housing Bank Act, 1987;

    c. The Company has complied with the provisions of Section 29C of the NHB Act relating to 'Reserve Fund';

    d. The total borrowings of the Company are within the limits prescribed under paragraph 27.2 of the Master Directions;

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

    f. The capital adequacy ratio as disclosed in the half yearly statutory returns for the period ended 30 September 2022, submitted to the NHB, as per directions issued by the NHB have been correctly determined and such ratio is in compliance with the prescribed minimum capital to risk weighted asset ratio (CRAR);

    g. The Company has furnished the half-yearly statutory return to the NHB, as specified in the directions issued by NHB, within the stipulated period;

    h. The Company has neither accepted any public deposits nor it is holding any public deposits. Accordingly, submission of quarterly statutory returns on Statutory Liquid Assets to the NHB in format as per in Schedule III, as specified in the directions issued by NHB, is not applicable;

    i. Based on our review on sample basis of the intimations to NHB in respect of opening of new branches / closure of existing branches, the Company has complied with the requirements of the Master Directions in respect of new branches/offices opened and closed during the year.

    j. During the year ended 31 March 2023, the Company has not granted any loan against security of shares or security of single product - gold jewellery in terms of paragraph 3.1.3 and 3.1.4 of the Master Directions. The Company has not granted any loan against its own shares in terms of paragraph 18 of the Master Directions, during the year ended 31 March 2023;

    k. The Board of Directors of the Company has passed a resolution by circulation on 23rd April 2022 for non-acceptance of any public deposits for the financial year 01 April 2022 to 31 March 2023; and

    l. The Company has not accepted any public deposits during the year ended 31 March 2023.

Restriction on distribution or use

9. Our work was performed solely to assist you for ensuring compliance of the Company with the Master Directions. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have as statutory auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are subject

of this report, will extend any duty of care we may have in our capacity as statutory auditors of the Company.

10. This report is addressed to and provided to the Board of Directors of the Company pursuant to our obligations under the Master Directions requiring us to submit a report on the additional matters as stated in the aforesaid directions and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For, G.D. Apte & Co
Chartered Accountants
Firm Registration No: 100 515W

C. M. Dixit
Partner
Membership No.: 017532
UDIN: 23017532BGYLOA4539
Date: 24th April 2023
Place: Pune

POONAWALLA HOUSING FINANCE
Apna Ghar, Apni Pehchan

Poonawalla Housing Finance Limited
(Formerly Magma Housing Finance Limited)

Balance Sheet as at 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Financial Assets			
(i) Cash and cash equivalents	3	154.81	19.53
(ii) Bank balances other than cash and cash equivalents	4	40.38	41.95
(iii) Derivative financial instruments	5	-	0.51
(iv) Loans	6	5,438.57	4,176.91
(v) Investments	7	97.35	-
(vi) Other financial assets	8	143.96	85.76
		5,875.07	**4,324.66**
Non-financial Assets			
(i) Current tax assets (net)	9	0.99	10.35
(ii) Property, plant and equipment	10	15.01	8.34
(iii) Intangible assets under development	11	1.28	-
(iv) Other intangible assets	12	3.05	1.53
(v) Right of use assets	13	48.86	15.72
(vi) Assets held for sale	14	-	2.05
(vii) Other non-financial assets	15	26.51	24.34
		95.70	**62.33**
Total Assets		**5,970.77**	**4,386.99**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
(i) Derivative financial instruments	5	-	0.27
(ii) Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	6.26	2.42
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	15.02	7.07
(iii) Debt securities	17	283.49	293.20
(iv) Borrowings (other than debt securities)	18	4,227.45	2,804.79
(v) Subordinated liabilities	19	99.71	99.61
(vi) Lease liabilities	13	51.31	16.99
(vii) Other financial liabilities	20	43.24	51.49
		4,726.48	**3,275.84**
Non-financial Liabilities			
(i) Provisions	21	2.61	2.40
(ii) Deferred tax liabilities (net)	22	15.55	8.11
(iii) Other non-financial liabilities	23	17.55	18.85
		35.71	**29.36**
EQUITY			
(i) Equity share capital	24	252.29	251.79
(ii) Other equity	25	956.29	830.00
		1,208.58	**1,081.79**
Total Liabilities and Equity		**5,970.77**	**4,386.99**
Notes 1 to 67 form an integral part of these financial statements			

This is the Balance Sheet referred to in our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration no : 100515W

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

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07859441)

Amar Deshpande
Director
(DIN: 07425556)

C. M. Dixit
Partner
Membership No.: 017532

Pankaj Rathi
Chief Financial Officer

Place : Pune
Date : 24 April 2023

Place : Pune
Date : 24 April 2023

Place : Pune
Date : 24 April 2023

Poonawalla Housing Finance Limited
(Formerly Magma Housing Finance Limited)

Statement of Profit and Loss for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations			
(i) Interest income	26	635.30	448.14
(ii) Fees and commission income	27	20.19	15.37
(iii) Net gain on fair value changes	28	-	0.86
(iv) Net gain on derecognition of financial instruments	29	48.13	-
Total revenue from operations		**703.62**	**464.37**
Other income	30	12.43	5.78
Total income		**716.05**	**470.15**
Expenses			
(i) Finance costs	31	279.77	207.53
(ii) Net loss on fair value changes	32	0.53	-
(iii) Net loss on derecognition of financial instruments	33	-	5.47
(iv) Impairment on financial instruments	34	36.39	8.95
(v) Employee benefits expenses	35	168.69	103.79
(vi) Depreciation, amortisation and impairment	36	8.97	3.81
(vii) Others expenses	37	67.51	39.44
Total expenses		**561.86**	**368.99**
Profit before tax		**154.19**	**101.16**
Tax expense:			
(i) Current tax	38	31.40	23.59
(ii) Deferred tax		7.63	(0.12)
(iii) Tax expense of earlier years		(0.06)	0.30
		38.97	**23.77**
Profit for the year		**115.22**	**77.39**
Other comprehensive income			
(I) Items that will not be reclassified to profit or (loss)			
(i) Remeasurement benefits of the defined benefit plans		0.19	(0.59)
(ii) Income tax relating to these items		(0.05)	0.15
		0.14	**(0.44)**
(II) Items that will be reclassified to profit or (loss)			
- Cash flow hedge reserve		-	(0.08)
- Changes in fair valuation of financial assets		-	8.38
		-	**8.30**
Income tax relating to these items			
- Cash flow hedge reserve		-	0.02
- Changes in fair valuation of financial assets		-	(2.11)
		-	**(2.09)**
Other comprehensive income		**0.14**	**5.77**
Total comprehensive income for the year		**115.36**	**83.16**
Earnings per equity share			
Basic (₹)	39	4.57	3.27
Diluted (₹)		4.56	3.26
Notes 1 to 67 form an integral part of these financial statements			

This is the Statement of Profit & Loss referred to in our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration no : 100515W

C. M. Dixit
Partner
Membership No.: 017532

Place : Pune
Date : 24 April 2023

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

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07859441)

Amar Deshpande
Director
(DIN: 07425556)

Pankaj Rathi
Chief Financial Officer

Place : Pune
Date : 24 April 2023

Place : Pune
Date : 24 April 2023

Statement of Cash flows for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

		Year ended 31 March 2023	Year ended 31 March 2022
A.	**Cash flow from operating activities**		
	Profit before tax	154.19	101.16
	Adjustments for:		
	Depreciation and amortisation expense	8.97	3.81
	Net loss/(gain) on financial instruments at fair value through profit or loss	3.32	(0.38)
	Allowance for impairment loss	36.39	8.95
	Liability no longer required written back	(0.76)	(0.51)
	Loss on sale of property, plant and equipment	0.05	0.05
	Net (gain)/ loss on derecognition of financial instruments	(48.13)	5.47
	Finance cost	279.77	207.53
	Interest received on investments	(1.06)	-
	Interest on income tax refund	(0.40)	-
	Gain on redemption of mutual fund	(2.79)	(0.48)
	Expense on employee stock option scheme	10.86	0.40
	Operating profit before working capital changes	**440.41**	**326.00**
	Changes in working capital:		
	(Increase) in loans	(1,249.92)	(1,375.93)
	(Increase)/Decrease in other financial assets	(60.49)	44.62
	Decrease/(Increase) in other non financial assets	0.58	(5.27)
	Decrease in held for sale assets	1.08	1.59
	Decrease in other bank balances	1.57	28.85
	(Decrease)/Increase in derivative financial instrument	0.24	(3.07)
	Increase/(Decrease) in trade and other payables	12.55	(5.47)
	(Decrease)/Increase in other financial liabilities	(8.25)	2.16
	(Decrease)/Increase in other non financial liabilities	(1.30)	3.71
	Increase/ (Decrease) in provisions	1.00	(0.02)
	Cash (used in) operating activities	**(862.53)**	**(982.83)**
	Income tax paid (net of refunds)	(21.58)	(26.65)
	Net cash (used in) operating activities (A)	**(884.11)**	**(1,009.48)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment including capital advances	(10.09)	(8.11)
	Sale of property, plant and equipment	0.01	0.01
	Purchase in intangible assets and intangible assets under development	(3.30)	(0.12)
	Purchase of investments measured at amortised cost	(1,411.24)	-
	Interest received on investments	1.06	-
	Net proceeds from redemption in Mutual fund	1,317.76	0.48
	Net cash (used in) investing activities (B)	**(105.80)**	**(7.74)**

Statement of Cash flows for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

		Year ended 31 March 2023	Year ended 31 March 2022
C.	**Cash flow from financing activities***		
	Proceeds from issue of equity shares including securities premium (Net of issue expenses)	0.49	504.61
	Repayment of debt securities	(10.00)	(160.00)
	Proceeds from borrowings other than debt securities	3,369.96	2,858.15
	Repayment of borrowings other than debt securities	(1,949.32)	(2,040.42)
	Finance Cost Paid	(279.40)	(215.28)
	Payment of lease liability	(6.54)	(3.32)
	Net cash generated from financing activities (C)	**1,125.19**	**943.74**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**135.28**	**(73.48)**
	Cash and cash equivalents at the beginning of the year	**19.53**	**93.01**
	Cash and cash equivalents at the end of the year	**154.81**	**19.53**
	Components of cash and cash equivalents:		
	Cash on hand	-	1.67
	Balances and deposits with banks	154.81	17.86
		154.81	**19.53**

* Refer note 48 for reconciliation of liabilities arising from financing activities

All figures in brackets indicate cash outflow

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows".

This is the Statement of Cash Flows referred to in our report of even date.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration no : 100515W

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

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07859441)

Amar Deshpande
Director
(DIN: 07425556)

C. M. Dixit
Partner
Membership No.: 017532

Pankaj Rathi
Chief Financial Officer

Place : Pune
Date : 24 April 2023

Place : Pune
Date : 24 April 2023

Place : Pune
Date : 24 April 2023

Statement of Changes in Equity for the year ended 31 March 2023

A. Equity share capital

(1) Current reporting period

(All amounts ₹ in Crores unless otherwise stated)

Balance at the beginning of the current reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
251.79	-	251.79	0.49	252.29

(2) Previous reporting period

Balance at the beginning of the current reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capitalduring the current year	Balance at the end of the current reporting period
165.83	-	165.83	85.96	251.79

B. Other equity

(1) Current reporting period

Particulars	Securities premium	Reserves and Surplus		Retained earnings	Items of other comprehensive income			Total
		Statutory reserves	Share option reserve account		Financial instruments through other comprehensive income	Cash flow hedge reserve	Remeasurement of defined benefit plans	
Balance as at 01 April 2022	**500.91**	**74.09**	**3.01**	**252.42**	**-**	**(0.06)**	**(0.38)**	**829.99**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting Period	500.91	74.09	3.01	252.42	-	(0.06)	(0.38)	829.99
Profit for the year	-	-	-	115.22	-	-	-	115.22
Employee Stock Options Expense	0.32	-	10.05	-	-	-	-	10.37
Proceeds from Right Issue to holding company	-	-	-	-	-	-	-	-
Exercise of Employee stock option plans (Refer Note 24)	0.49	-	-	-	-	-	-	0.49
Other Comprehensive Income (Net of taxes)								

Statement of Changes in Equity for the year ended 31 March 2023

B. Other equity

(1) Current reporting period (contd.)

(All amounts ₹ in Crores unless otherwise stated)

Particulars	Securities premium	Reserves and Surplus		Retained earnings	Items of other comprehensive income			Total
		Statutory reserves	Share option reserve account		Financial instruments through other comprehensive income	Cash flow hedge reserve	Remeasurement of defined benefit plans	
- Remeasurement of defined benefit plans	-	-	-	-	-	-	0.17	-
- Changes in fair value of loans and advances	-	-	-	-	-	-	-	-
- Cash flow hedge reserve	-	-	-	-	-	0.06	-	0.23
Adjustments to loans and advances stated at amortised cost consequent to reclassification (refer note 59)	-		-	-	-	-	-	-
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987 (including special reserve u/s 36 (1) (viii) of Income Tax Act, 1961)	-	23.04	-	(23.05)	-	-	-	(0.01)
Balance as at 31 March 2023	**501.72**	**97.13**	**13.06**	**344.59**	**-**	**-**	**(0.21)**	**956.29**

(2) Previous reporting period

Particulars	Securities premium	Reserves and Surplus		Retained earnings	Other items of Other Comprehensive Income			Total
		Statutory reserves	Share option reserve account		Financial instruments through other comprehensive income	Cash flow hedge reserve	Remeasurement of defined benefit plans	
Balance as at 01 April 2021	**82.27**	**58.61**	**5.83**	**190.51**	**(6.27)**	**-**	**0.06**	**331.01**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting Period	82.27	58.61	5.83	190.51	(6.27)	-	0.06	331.01
Profit for the year	-	-	-	77.39	-	-	-	77.39
Employee Stock Options Expense	-	-	0.40	-	-	-	-	0.40
Proceeds from Right Issue to holding company (Net of Share issue expenses of ₹0.59 Crores) (Refer Note 24)	415.42	-	-	-	-	-	-	415.42

Statement of Changes in Equity for the year ended 31 March 2023

B. Other equity

(2) Previous reporting period (contd.)

(All amounts ₹ in Crores unless otherwise stated)

Particulars	Securities premium	Reserves and Surplus		Retained earnings	Other items of Other Comprehensive Income			Total
		Statutory reserves	Share option reserve account		Financial instruments through other comprehensive income	Cash flow hedge reserve	Remeasurement of defined benefit plans	
Exercise of Employee stock option plans (Refer Note 24)	3.22	-	(3.22)	-	-	-	-	-
Other Comprehensive Income (Net of taxes)								
-Remeasurement of defined benefit plans	-	-	-	-	-	-	(0.44)	(0.44)
-Changes in fair value of loans and advances	-	-	-	-	(7.37)	-	-	(7.37)
-Cash flow hedge reserve	-	-	-	-	-	(0.06)	-	(0.06)
Adjustments to loans and advances stated at amortised cost consequent to reclassification (refer note 59)	-	-	-	-	13.64	-	-	13.64
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987 (including special reserve u/s 36 (1) (viii) of Income Tax Act, 1961)	-	15.48	-	(15.48)	-	-	-	-
Balance as at 31 March 2022	**500.91**	**74.09**	**3.01**	**252.42**	**-**	**(0.06)**	**(0.38)**	**829.99**

Notes 1 to 67 form an integral part of these financial statements

This is the Statement of Changes in Equity referred to in our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration no : 100515W

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

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07859441)

Amar Deshpande
Director
(DIN: 07425556)

C. M. Dixit
Partner
Membership No.: 017532

Pankaj Rathi
Chief Financial Officer

Place : Pune
Date : 24 April 2023

Place : Pune
Date : 24 April 2023

Place : Pune
Date : 24 April 2023

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

Note 1

Company Overview:

Poonawalla Housing Finance Limited (Formerly Magma Housing finance limited) (“PHF”, or “the Company”) was incorporated on 21 April 2004 under the provisions of Companies Act, 1956, to carry on the business of housing finance in India. The Company was registered as a non-deposit taking housing finance company with the National Housing Bank (“NHB”) in October 2004. The Company commenced business operations in November 2004. The Company is domiciled in India and its registered office is situated at 602, 6th floor, Zero One IT Park, Sr. No. 79/1, Ghorpadi, Mundhwa Road, Pune - 411036

Note 2:

Significant accounting policies and key accounting estimates and judgements

a) Statement of compliance and Basis of preparation

The Financial Statements for the year ended 31 March 2023 have been prepared by the Company in accordance with the recognition and measurement principle of Indian Accounting Standards (“Ind AS”) prescribed under Section 133 of the Companies Act, 2013 (the “Act”), read with relevant rules issued thereunder and other accounting principles generally accepted in India, requirements prescribed under the Schedule III - Division III of the Act, the circulars and guidelines issued by the Reserve Bank of India (the “RBI”) and National Housing Bank (the “NHB”) from time to time to the extent applicable.

The Balance Sheet, Statement of Profit and Loss and Statement of changes in Equity of the Company are prepared and presented in the format prescribed in the Division III of Schedule III of the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7.

These financial statements have been approved and adopted by the Board of Directors in their meeting held on 24 April 2023.

b) Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company’s functional currency. All amounts have been denominated in Crores and rounded off to the nearest two decimal, except when otherwise indicated. The Company has changed the presentation currency of financial statements from ₹ in lacs to ₹ in Crores in the current year and accordingly all the previous year figures have been rounded off to the nearest Crores.

c) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following material items:

- Certain financial assets at Fair value through other comprehensive income (FVTOCI).
- Financial instruments at Fair value through profit and loss (FVTPL) that is measured at fair value
- Net defined benefit (asset)/ liability - fair value of plan assets less present value of defined benefit obligation

d) Property, Plant and Equipment

Recognition and measurement

Property, plant and equipment (PPE) held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight, and other incidental expenses related to the acquisition and installation of the respective assets. PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company. Subsequent expenditure on PPE after its purchase is capitalised if it is probable that the future economic benefits will flow to the enterprise.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

Depreciation:

Depreciation on each part of an item of property, plant and equipment is provided using the Straight-Line Method based on the useful life of the asset as prescribed in Schedule II to the Act. Depreciation is calculated on a pro-rata basis from the date of installation till date the assets are sold or disposed.

The estimated useful life considered by the Company are as under:

Sl. No.	Item	Life (in Years)
1	Buildings	60
2	Furniture and Fixtures	10
3	Office Equipment	5
4	Server	6
5	Network	6
6	Printer	3
7	Tablet	3

Leasehold improvements are amortised over the underlying lease term on a straight line basis.

For the following class of assets, based on internal assessment, the management believes that the useful lives as given below best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013:

Desktop	6 years
Laptops / Hand Held Device	4 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

De-recognition:

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit or loss.

Capital work-in-progress:

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress" and carried at cost, comprising direct cost, related incidental expenses and attributable interest.

e) Intangible assets

Recognition and Measurement:

Intangible assets with finite useful lives that are acquired separately are capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company.

Expenditure on software development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.

Amortization:

Intangible assets are amortised over their estimated useful lives, not exceeding six years, on a straight-line basis, commencing from the date the asset is available to the Company for its use.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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De-recognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

f) Assets held for sale (Repossession)

To mitigate the credit risk on financial assets, the company seeks to use collateral, as per the powers conferred under the SARFAESI Act, 2002. In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but generally engages external or internal agents to recover funds through auction process. Any surplus funds over the contractual receivables are returned to the customer/obligors. Accordingly, the properties which are repossessed and where there is a reasonable certainty to recover the amount in the foreseeable future, are recorded on the balance sheet as assets held for sale at (i) fair value less cost to sell or (ii) loan outstanding, whichever is lower.

g) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If, at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the Statement of Profit and Loss.

h) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Initial recognition and measurement:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs and revenues of financial assets or financial liabilities carried at fair value through the profit or loss account are recognised immediately in the Statement of Profit or Loss. Trade Receivables are measured at transaction price. Trade receivables and debt securities issued are initially recognised when they are originated.

ii) Classifications:

Financial assets

On initial recognition, depending on the Company’s business model and contractual cash flow characteristics for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

- amortised cost;
- fair value through other comprehensive income (FVTOCI); or
- fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Business model assessment

The business model in respect of any portfolio or sub-portfolio is not static, and therefore, may emerge over time. Therefore, PHFL has adopted the approach of reviewing the business model classification based on the frequency and value of disposal of loan assets during the year. In this regard, there may be requirements to re-classify the portfolio and the basis of the same has been laid down as below:

Re-classification from FVTOCI to Amortised Cost

If there has been a considerable time period elapsed since the past sale transaction and the management estimates that there is very limited probability of selling down the portfolio other than stressed portfolio then such portfolio can be re-classified from FVTOCI to Amortised Cost category.

Re-classification from Amortised Cost to FVTOCI

If there has been multiple sale transaction of portfolios except as allowed under Ind AS 109 i.e. for stress case scenarios, and the management estimates that the Company may continue to sell down the loan assets for the purpose of meeting other business objectives then such part of the loan assets (if specifically identified) shall be re-classified to FVTOCI measurements from Amortised Cost Category.

Financial instruments at Amortized Cost

A financial asset is measured at amortized cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')

A financial asset is measured at FVTOCI only if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost, as appropriate.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs."

III) Subsequent measurement:

Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any loss allowance.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss. The transaction costs and fees are also recorded related to these instruments in the statement of profit and loss.

FVTOCI

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the statement of Profit and Loss.

iv) Derecognition of financial assets and financial liabilities:

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. The Company continues to recognize the assets on finance on books which has been securitized under pass through arrangement and does not meet the de-recognition criteria.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Securitization and Assignment

In case of transfer of loans through securitisation and direct assignment transactions, the transferred loans are de-recognised and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract.

In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

v) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

vi) Impairment of Financial Assets:

The Company recognises loss allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

ECL are probability weighted estimate of future credit losses based on the staging of the financial asset to reflect its credit risk. They are measured as follows:

- Stage 1: financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Stage 2: financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- Stage 3: financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.

The Company's policy for determining significant increase in credit risk is set out in Note 43(A)(f).

The Company has established a policy to perform an assessment, at the end of each reporting period, of 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 instrument.

Management overlay is used to estimate the ECL allowance in circumstances where management believes that the existing inputs, assumptions and model techniques do not factor the related exception scenario or captures all the risk factors relevant to the Company's lending portfolios.

To mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the powers conferred on the Non-Banking Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

However, financial assets that are written off could still be subject to enforcement activities under the company's recovery procedures, taking into account legal advice wherever appropriate. Any recoveries made are credited to impairment loss on actual realization from customer.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Presentation of ECL allowance for financial asset:

ECL allowance for financial asset measured at Amortised Cost or FVTOCI is shown as a deduction from the gross carrying amount of the assets

Modification 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.

i) Fair value of financial instruments

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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 is based on the presumption 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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1: quoted (unadjusted) market prices 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: inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same."

j) Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a nonfinancial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date

The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks and interest rate risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet liabilities. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item

Hedge accounting:

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR)

k) Revenue recognition

Interest income from financial assets (assets on finance) is recognized on accrual basis using Effective Interest Rate ('EIR') method. EIR is applied on future principal of amortized cost of assets on finance. Interest income on stage 3 assets is recognized on net basis.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

The EIR is the rate that discounts the estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset. The interest income is recognized on EIR method on a time proportion basis applied on the carrying amount for financial assets including credit impaired financial assets.

The calculation of the effective interest rate include transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Income from direct assignment (sale) transactions represents the present value of excess interest spread receivables on de-recognised assets computed by discounting net cash flows from such assigned pools on the date of transactions.

Overdue interest and other charges are treated to accrue on realization, due to uncertainty of realization and is accounted for accordingly.

Income from collection and support services is recognized over time as the services are rendered as per the terms of the contract.

Fair value changes from financial instrument measured at FVTPL are recognized in revenue from operations basis their fair valuation and provision.

Dividend is recognized when the right to receive the dividend is established.

Net gain or loss on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss. Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVTOCI is recognised in net gain / loss on fair value changes.

Recoveries of financial assets written off

The Company recognizes income on recoveries of financial assets written off on realisation basis.

Net gain or loss on derecognition of financial instruments under amortised cost category

Net gain or loss on derecognition of financial instruments under amortised cost category is recognised upfront in the statement of profit and loss, being the difference between the carrying amount (measured at the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed).

Other income:

All other items of income are accounted for on accrual basis.

l) Finance cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts, and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest expense on lease liabilities is computed by applying the notional borrowing rate and has been included under

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

finance costs. It also includes discounting charges paid for securitisation transactions entered under 'pass-through' arrangement.

m) Income Taxes

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax base and book base). It is recognised in statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax:

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

The amount of current tax reflects the best estimate of the tax amount expected to be paid after considering the uncertainty, if any, related to income taxes.

Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

n) Provisions and contingencies related to claims, litigation, etc.

A provision is recognised if, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date

I) Onerous contracts

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

II) Contingencies related to claims, litigation, etc.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

o) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable. Contingent assets are reviewed at each Balance Sheet date.

p) Foreign Currency Transactions

Transactions in currencies other than Company's operational currency are recorded on initial recognition using the exchange rates prevailing on the date of the transaction. The foreign currency borrowing being a monetary liability is restated to INR (being the functional currency of the Company) at the prevailing rates of exchange at the end of every reporting period with the corresponding exchange gain/ loss being recognized in statement of profit or loss. 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.

q) Goods and Services Input Tax Credit

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

r) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other 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, and bank overdrafts.

s) Employee Benefits

I) Short Term Employee Benefits:

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. This includes performance linked incentives. Short term employee obligations are measured at undiscounted basis.

II) Post-employment benefit:

a. Defined contribution plans:

A defined contribution plan is a post–employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts.

Provident Fund:

Contributions paid / payable to the recognised provident fund, which is a defined contribution scheme, are expensed as the related service is provided and recognised as personnel expenses in statement of profit or loss.

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(All amounts ₹ in Crores unless otherwise stated)

Recognition and measurement of defined contribution plans:

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund."

b. Defined benefits plans:

Gratuity:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income is recognized in the statement of profit and loss. Re-measurements of net defined benefit liability/ (asset) which comprise of the below are recognized in other comprehensive income:

- Actuarial gains and losses;
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability / (asset).

Other long-term employee benefits:

Compensated absences:

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expenses and actuarial gain / loss on account of the above benefit plans are recognised in the statement of profit and loss on the basis of actuarial valuation.

Share based payment:

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in other equity.

In case, the company modifies the terms and condition on which the equity instruments were granted in a manner that is beneficial to the employees, the incremental cost will be recognized over the period starting from the modification date till the date of vesting if the modification occurs during the vesting period. In case, modification occurs after the vesting period, the incremental cost will be recognized immediately.

t) Leases

I) The Company as a lessee

i) Right to use assets and Lease liability:

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

Recognition and initial measurement:
At the lease commencement date, the Company recognises a right-of-use ("RoU") asset and equivalent amount of lease liability. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent measurement:
The Company depreciates the right-of-use assets on a straight-line basis from the lease 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 Company also assesses the right-of-use asset for impairment when such indicators exist.

At the lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the notional borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments). Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in the in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Presentation:
Lease liability and Right of Use assets have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

ii) De-recognition:

An item of right to use assets and lease liability is de-recognized upon termination of lease agreement. Any difference between the carrying amount of right to use asset and lease liability is recognized in statement of profit or loss.

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(All amounts ₹ in Crores unless otherwise stated)

II) The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

u) Earnings per equity share

Basic earnings per share have been computed by dividing net income attributable to ordinary equity holders by the weighted average number of shares outstanding during the year. Partly paid-up equity share, if any, is included as fully paid equivalent according to the fraction paid up.

Diluted earnings per share have been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive

v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of providing financial services to customers in India.

w) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

x) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash future, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

y) Dividend payable (including dividend distribution tax, if any)

Interim dividend declared to equity shareholders, if any, is recognised as liability in the period in which the said dividend has been declared by the Board of Directors. Final dividend declared, if any, is recognised in the period in which the said dividend has been approved by the Shareholders.

The dividend payable (including dividend distribution tax, if any) is recognised as a liability with a corresponding amount recognised directly in equity.

Significant areas of estimation uncertainty, critical judgements and assumptions in applying accounting policies:

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

Key sources of estimation uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

Note 34 - Impairment of financial instruments:

This includes determining the relevant inputs into the Expected Credit Loss (ECL) model, including incorporation of forward-looking information and assumptions used in estimating recoverable cash flows. Also, the management regularly assesses the adequacy of provisions and if required necessary additional provisions are created over above ECL Model.

Note 42 - Determination of the fair value of financial instruments with significant unobservable inputs:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques which requires a degree of judgment. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

Note 35 - Measurement of defined benefit obligations:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

Note 22 - Recognition of deferred tax assets:

Key assumption is availability of future taxable profit against which carry-forward tax losses can be utilized.

Note 10 – Determining useful lives of depreciable assets:

Key assumption is the estimation of the useful lives of depreciable assets, based on the expected utility of the assets.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

3 Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Cash on hand	-	1.67
Balances with banks		
In current accounts	154.81	7.89
In deposits with original maturity of 3 months or less	-	9.97
	154.81	**19.53**

4 Bank balances other than cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
In deposits with original maturity of more than 3 months*	40.38	41.95
	40.38	**41.95**

*Includes cash collateral for securitisation of receivables amounting to ₹22.93 Crores (31 March 2022 : ₹25.37 Crores)

5 Derivative Financial Instruments

Part I	As at 31 March 2023			As at 31 March 2022		
Particulars	Notional Amounts	Fair value -Assets	Fair value -Liabilities	Notional Amounts	Fair value -Assets	Fair value -Liabilities
(i) Currency Derivatives - Forward contract	-	-	-	138.70	0.51	0.27
Total Derivative financial Instruments	**-**	**-**	**-**	**138.70**	**0.51**	**0.27**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Cashflow Hedge - Currency Derivatives	-	-	-	138.70	0.51	0.27
Total Derivative financial Instruments	**-**	**-**	**-**	**138.70**	**0.51**	**0.27**

The Company has a Board approved policy for entering derivative transactions. Derivative transactions comprise of currency forward contracts. The Company undertakes such transactions to manage its exposure to foreign exchange rate risk on account of borrowings. The Asset Liability Management Committee periodically monitors and reviews the risk involved. During the FY 2022-23, the Company has closed all derivative contracts.

Refer note 43(F) on foreign currency risk

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

6 Loans

Particulars	As at 31 March 2023			As at 31 March 2022		
	At Amortised Cost (AC)	At Fair Value Through other comprehensive income (FVTOCI)	Total	At Amortised Cost (AC)	At Fair Value Through other comprehensive income (FVTOCI)	Total
(A)						
(i) Term loans#						
- Housing Loans*	3,941.18	-	3,941.18	2,954.65	-	2,954.65
- Loan against properties	1,556.67	-	1,556.67	1,295.02	-	1,295.02
(ii) Loans to staff	-	-	-	0.03	-	0.03
Total (A) -Gross	**5,497.85**	**-**	**5,497.85**	**4,249.70**	**-**	**4,249.70**
Less: Impairment loss allowance	59.28	-	59.28	72.79	-	72.79
Total (A) - Net	**5,438.57**	**-**	**5,438.57**	**4,176.91**	**-**	**4,176.91**
(B)						
(i) Secured by tangible assets	5,497.85	-	5,497.85	4,249.67	-	4,249.67
(ii) Covered by government guarantee	-	-	-	-	-	-
(iii) Unsecured	-	-	-	0.03	-	0.03
Total (B) - Gross	**5,497.85**	**-**	**5,497.85**	**4,249.70**	**-**	**4,249.70**
Less: Impairment loss allowance	59.28	-	59.28	72.79	-	72.79
Total (B) - Net	**5,438.57**	**-**	**5,438.57**	**4,176.91**	**-**	**4,176.91**
(C) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	5,497.85	-	5,497.85	4,249.70	-	4,249.70
Total (C) - Gross	**5,497.85**	**-**	**5,497.85**	**4,249.70**	**-**	**4,249.70**
Less: Impairment loss allowance	59.28	-	59.28	72.79	-	72.79
Total (C) -Net	**5,438.57**	**-**	**5,438.57**	**4,176.91**	**-**	**4,176.91**

*It includes receivables amounting to ₹132.41 Crores as 31 March 2023 (₹94.36 Crores as on 31 March 2022) towards the insurance premium funded by the Company for the insurance cover availed by its customers.

Refer note 59 on reclassification of loan assets from FVTOCI to Amortised cost during FY 2021-22

The company has not granted any loans and advances that are repayable on demand or without specifying any terms or period of repayment to promoters, directors, KMPs and the related parties either severally or jointly with any other person.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

7 Investments

	As at 31 March 2023	As at 31 March 2022
(i) At fair value through profit or loss	-	-
	-	-
(ii) At Amortised cost		
In Government Securities/ T-Bill	97.35	-
	97.35	**-**
Out of above:		
In India	97.35	-
Outside India	-	-
	97.35	**-**

The fair value of the investments continues to be higher than the book value of the investment. Hence, the Company carries Nil provision on investments.[refer note 42(b).2]

8 Other financial assets

	As at 31 March 2023	As at 31 March 2022
Measured at Amortised cost:		
Receivables on assigned loans*	87.88	78.19
Security deposits	4.81	1.93
Others receivables	6.35	0.45
Measured at Fair value through profit or Loss:		
Security receipt	45.29	5.39
Total	**144.33**	**85.96**
Less: Impairment loss allowance on receivable on assigned loans	0.37	0.20
	143.96	**85.76**

*Represents present value of excess interest spread receivables on derecognised assets.

9 Current tax asset (net)

	As at 31 March 2023	As at 31 March 2022
Income tax assets (net of provision ₹ 60.44 Crores)(31 March 2022: ₹40.95 Crores)	0.99	10.35
	0.99	**10.35**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

10 Property, plant and equipment

	Buildings	Furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost					
As at 31 March 2021	**0.21**	**0.52**	**0.37**	**0.47**	**1.57**
Additions for the year	-	0.36	7.75	-	8.11
Disposals/adjustments	-	0.02	-	0.05	0.07
As at 31 March 2022	**0.21**	**0.86**	**8.12**	**0.42**	**9.61**
Additions for the year	-	3.61	6.48	-	10.09
Disposals/adjustments	-	0.01	0.06	0.04	0.11
As at 31 March 2023	**0.21**	**4.46**	**14.54**	**0.38**	**19.59**
Accumulated Depreciation					
As at 31 March 2021	**0.03**	**0.19**	**0.17**	**0.17**	**0.56**
Additions	-	0.06	0.60	0.06	0.72
Disposals/adjustments	-	0.01	-	0.01	0.02
As at 31 March 2022	**0.03**	**0.24**	**0.77**	**0.22**	**1.26**
Additions for the year	0.00	0.74	2.58	0.05	3.38
Disposals/adjustments	-	0.01	0.04	0.02	0.07
As at 31 March 2023	**0.03**	**0.97**	**3.32**	**0.25**	**4.58**
Net Block					
As at 31 March 2022	0.18	0.62	7.35	0.20	8.35
As at 31 March 2023	**0.18**	**3.49**	**11.22**	**0.13**	**15.01**

Title deed of immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in the favour of lessee) are held in the name of the company.

11 Intangible assets under development

Particulars	As at 31 March 2023	As at 31 March 2022
Intangible assets under development	1.28	-
	1.28	**-**

Intangible assets under development ageing schedule

As at 31/03/23

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	1.28	-	-	-	1.28
ii) Projects temporarily suspended	-	-	-	-	-

As at 31/03/22

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	-	-	-	-	-
ii) Projects temporarily suspended	-	-	-	-	-

There are no projects whose completion is overdue or the cost is exceeded against the original plan.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

12 Other intangible assets

	Computer software
Cost	
As at 01 April 2021	**3.08**
Additions	0.12
Disposals/adjustments	-
As at 31 March 2022	**3.20**
Additions	2.02
Disposals/adjustments	-
As at 31 March 2023	**5.22**
Accumulated amortisation	
As at 31 March 2021	**1.23**
Amortisation for the year	0.44
Disposals/adjustments	-
As at 31 March 2022	**1.67**
Amortisation for the year	0.50
Disposals/adjustments	-
As at 31 March 2023	**2.17**
Net Block	
As at 31 March 2022	1.52
As at 31 March 2023	**3.05**

13 Right of use assets

Information on Lease transactions as required by Ind AS - 116 - Leases are as follows :

	As at 31 March 2023	As at 31 March 2022
Opening Balance	15.72	7.25
Depreciation charge for the Period	(5.09)	(2.64)
Additions during the Period	39.28	11.58
Adjustment/Deletion	(1.05)	(0.47)
Closing Balance	**48.86**	**15.72**
(ii) Movement in the carrying value of the Lease Liability		
Opening Balance	16.99	7.89
Interest Expense	2.63	1.33
Lease Payments	(6.54)	(3.32)
Additions during the year	39.28	11.59
Adjustment/Deletion	(1.05)	(0.50)
Closing Balance	**51.31**	**16.99**
(iii) The following are the amount recognised in the Profit or Loss statement		
Depreciation expense of right-of-use assets	5.09	2.64
Interest expense on lease liabilities	2.63	1.33
Total amount recognised in profit or loss	**7.72**	**3.97**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

13 Right of use assets (contd.)

	As at 31 March 2023	As at 31 March 2022
(iv) Classification of current and non current liabilities of the lease liabilities		
Current liabilities	9.22	1.32
Non Current Liabilities	42.09	15.67
Total Lease liabilities	**51.31**	**16.99**

14 Assets held for sale

	As at 31 March 2023	As at 31 March 2022
Assets held for sale*	1.03	2.05
Less : Provision	1.03	-
	-	**2.05**

*Repossessed assets are valued at lower of outstanding amount of the loan or fair value less cost to sell as per 'Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations. During the financial year 2022-23, the company has fully provided for all assets held for sale. Hence, the net book value of the assets is NIL.

15 Other non-financial assets

	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	10.08	5.82
Gratuity (excess of plan assets over obligation)	1.24	0.93
Balances with government authorities	4.90	5.82
Balances with insurance company	9.35	10.91
Others	0.94	0.86
Total	**26.51**	**24.34**

16 Payables

	As at 31 March 2023	As at 31 March 2022
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises*	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6.26	2.42
Total	**6.26**	**2.42**
Other Payables		
Total outstanding dues of micro enterprises and small enterprises*	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	15.02	7.07
Total	**15.02**	**7.07**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

16 Payables (contd.)

Trade Payables ageing schedule

As at 31/03/23

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	5.67	0.56	0.03		6.26
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-

As at 31/03/2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	1.40	0.19	0.24	0.59	2.42
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-

*The Company has no dues to micro, small and medium enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, as at 31 March 2023 and 31 March 2022. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, and has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

17 Debt securities

(Measured at amortised cost)

Particulars	As at 31 March 2023	As at 31 March 2022
Secured Redeemable non-convertible debentures [refer notes (a) & (b) below]	283.49	293.20
Total	**283.49**	**293.20**
Debt securities in India	283.49	293.20
Total	**283.49**	**293.20**

(a) Nature of security

All the debentures are secured by exclusive charge by way of hypothecation on the Company's standard receivables. The total asset cover is hundred percent or above of the outstanding amount of the said debentures. 100 number of debentures allotted in March 2016 which are repaid in March 2023 and 200 number of debentures allotted in March 2015 and repaid in March 2022, as per the respective due dates. These were secured by first charge ranking pari-passu on the Company's book debts and loan instalments receivables along with mortgage created over the immovable property situated at Barasat, Dist. - 24 Parganas (N).

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

17 Debt securities (contd.)

(b) Terms of repayment for Secured redeemable non-convertible debentures

Number of Debentures	Face Value (₹ in Crores)	Month of Allotment	Month of Redemption	Interest rate	As at 31 March 2023	As at 31 March 2022
100*	0.1	Mar-16	Mar-23	10.00%	-	9.99
750	0.1	Jul-20	Apr-23	8.75%	76.52	76.43
200	0.1	Jul-20	Apr-23	8.75%	20.40	20.31
750	0.1	Jun-20	Jun-23	9.00%	80.15	80.12
500	0.1	Jun-20	Jun-23	9.00%	53.43	53.40
500	0.1	Jul-20	Jul-23	9.00%	52.99	52.95
					283.49	**293.20**

The above debentures carry interest rates ranging from 8.75% p.a. to 10.00% p.a. (31 March 2022: from 8.75% p.a. to 10.00% p.a.)

* The debentures issued in March 2016 for the tenor of 7 years has been repaid in March 2023 as per the repayment schedule.

The Company has not defaulted/delayed in repayment of any principal and interest during the year.

18 Borrowings (other than debt securities)

(Measured at amortised cost)

(Secured)

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Term loans from banks (refer note (a)(ii) & (b)(i) below)	3,879.57	2675.04
(b) Securitisation liability (refer note (a)(i) & (b)(ii) below)	72.88	98.46
(c) Loans repayable on demand from banks (refer note (a)(ii) & (b)(iii) below)	275.00	31.29
	4,227.45	**2,804.79**
Borrowings in India	4,227.45	2,804.79
	4,227.45	**2,804.79**

(a) Nature of security

(i) Securitisation liability represents amounts received in respect of securitisation transactions (net of repayments & investment therein) as these transactions do not meet the derecognition criteria specified under Ind AS. These are secured by way of hypothecation of designated assets on finance receivables.

(ii) During FY 2022-23, the term loan, cash credit facilities and working capital demand loans from banks are secured under pari-passu arrangement by way of hypothecation over standard receivables of the Company (except for Term Loan from Bank of Baroda and National Housing Bank which is secured by way of exclusive charge over standard receivables of the Company).

During FY 2021-22, the cash credit facilities and working capital demand loans from banks are secured by way of first charge over entire receivables & the underlying assets out of finance (except those exclusively financed by other loans) of the Company both present & future receivables of the Company (except for ICICI Bank where exclusive charge by way of hypothecation over the standard receivables of the Company)

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

17 Debt securities (contd.)

(b) Terms of repayment

(i) Schedule of repayment for term loans from banks and financial institutions

Frequency	Repayment commencing from	Repayment Maturity	Remaining no. of instalments	Interest rate	As at 31 March 2023
Quarterly	Oct-22	Jan-32	35	7.90%	16.60
Quarterly	Apr-22	Oct-31	33	7.80%	45.21
Quarterly	Apr-22	Oct-31	31	7.80%	10.94
Quarterly	Jul-22	Jul-31	30	7.90%	32.79
Quarterly	Apr-22	Oct-31	29	7.75%	5.63
Quarterly	Apr-22	Oct-31	28	7.90%	3.61
Quarterly	Sep-23	Jun-30	28	8.20%	650.00
Quarterly	Jan-23	Oct-29	27	7.75%	96.28
Quarterly	Jul-22	Jan-32	26	7.90%	30.22
Monthly	Jul-21	Mar-25	24	8.55%	31.53
Quarterly	Dec-24	Sep-30	24	8.10%	50.00
Quarterly	Sep-24	Jun-30	24	8.10%	100.00
Quarterly	Oct-24	Jul-30	24	8.10%	50.00
Quarterly	Jun-23	Mar-29	24	8.20%	114.93
Quarterly	Jun-24	Mar-30	24	8.10%	99.95
Quarterly	Mar-22	Dec-28	23	8.15%	121.87
Quarterly	Mar-23	Dec-28	23	8.05%	239.51
Quarterly	Jul-22	Jan-29	22	2.94%	114.27
Quarterly	Jul-22	Jan-29	22	2.94%	90.94
Monthly	Apr-21	Dec-24	21	8.20%	46.37
Quarterly	Oct-20	Apr-30	20	7.80%	26.28
Quarterly	Apr-22	Oct-28	20	2.94%	173.72
Quarterly	Jun-24	Mar-29	20	8.45%	199.83
Quarterly	Mar-24	Dec-28	20	8.10%	399.81
Quarterly	May-23	Mar-28	20	8.00%	50.31
Quarterly	Oct-20	Apr-30	19	6.40%	24.25
Quarterly	Dec-23	Mar-28	18	8.50%	49.97
Quarterly	Jun-22	Sep-27	18	8.45%	50.01
Quarterly	Jul-22	Oct-27	18	8.45%	50.01
Quarterly	Aug-22	Nov-27	18	8.45%	60.01
Quarterly	Sep-22	Dec-27	18	8.45%	100.02
Quarterly	Jun-24	Mar-28	16	8.80%	10.00
Quarterly	Sep-22	Mar-27	16	8.50%	75.59
Monthly	Apr-20	Mar-24	12	8.50%	37.51
Monthly	Feb-20	Jan-24	10	8.30%	15.50
Quarterly	Oct-20	Apr-25	8	6.60%	18.60
Quarterly	Jun-21	Mar-25	8	8.50%	73.72
Quarterly	Oct-20	Apr-25	8	8.05%	22.10
Half yearly	Sep-24	Mar-28	8	8.60%	29.97
Quarterly	Jan-21	Oct-24	7	8.45%	43.59

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

18 Borrowings (other than debt securities) (contd.)

Frequency	Repayment commencing from	Repayment Maturity	Remaining no. of instalments	Interest rate	As at 31 March 2023
Quarterly	Jul-22	Oct-24	7	8.37%	140.03
Quarterly	Oct-22	Jan-29	6	2.80%	12.75
Quarterly	Dec-20	Jul-24	6	8.50%	37.38
Half yearly	Jun-25	Dec-27	6	8.61%	99.98
Half yearly	Aug-25	Feb-28	6	8.25%	99.98
Quarterly	Mar-20	Dec-23	3	7.85%	28.00
					3,879.57

The above term loans carry interest rates ranging from 2.80% p.a. to 8.80% p.a.

The Company has not defaulted/delayed in repayment of any principal and interest during the year

Frequency	Repayment commencing from	Repayment Maturity	Remaining no. of instalments	Interest rate	As at 31 March 2022
Quarterly	Jul-22	Jan-32	39	6.45%	45.00
Quarterly	Apr-22	Oct-31	38	6.05% to 6.35%	76.66
Quarterly	Jul-22	Jul-31	37	6.45%	40.00
Monthly	Jul-21	Mar-25	36	7.30%	47.55
Monthly	Apr-21	Dec-24	33	7.30%	72.77
Quarterly	Oct-20	Apr-30	32	6.40%	34.55
Quarterly	Oct-20	Apr-30	32	6.40%	36.86
Quarterly	Sep-21	Mar-29	28	8.50%	138.60
Quarterly	Mar-22	Dec-28	27	7.25%	142.88
Quarterly	Jul-22	Jan-29	27	2.94%	247.28
Quarterly	Apr-22	Oct-28	26	2.94%	231.30
Quarterly	Jun-23	Mar-29	24	6.31%	100.02
Quarterly	Mar-23	Dec-28	24	6.65%	174.98
Monthly	Apr-20	Mar-24	24	8.50%	75.02
Quarterly	Jun-24	Mar-30	24	6.70%	99.95
Monthly	Feb-20	Jan-24	22	7.05%	34.25
Quarterly	Jun-24	Mar-29	20	6.60%	74.95
Quarterly	Mar-24	Dec-28	20	6.90%	324.95
Quarterly	Sep-22	Mar-27	19	6.25%	89.97
Quarterly	Oct-20	Apr-25	12	6.50%	28.20
Quarterly	Jun-21	Mar-25	12	6.00%	109.95
Quarterly	Oct-20	Apr-25	12	6.50%	33.70
Quarterly	Jan-21	Oct-24	11	7.05%	68.50
Quarterly	Dec-20	Jul-24	10	6.00%	62.42
Quarterly	Jul-22	Oct-24	10	6.33%	200.03
Quarterly	Mar-20	Dec-23	7	7.25%	65.82
Quarterly	Jun-19	Mar-23	4	7.25%	18.89
					2,675.04

The above term loans carry interest rates ranging from 2.94% % p.a. to 8.50% p.a.

The Company has not defaulted/delayed in repayment of any principal and interest during the year

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

18 Borrowings (other than debt securities) (contd.)

(ii) Terms of maturity of securitisation liability

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
> 5 years	8.20% - 9.60%	8.20% - 8.75%	53.78	68.09
3 - 5 Years	8.20% - 9.60%	8.20% - 8.75%	8.05	13.08
1 - 3 Years	8.20% - 9.60%	8.20% - 8.75%	7.38	11.66
0 - 1 Years	8.20% - 9.60%	8.20% - 8.75%	3.67	5.63
			72.88	**98.46**

(iii) The Company has not utilised cash credit facility in the financial year 2022-23. The interest rates for working capital demand loans in the financial year 2022-23 carry interest rates ranging from 6.13% p.a. to 8.65% p.a. As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature.

The cash credit facilities for the Financial year 2021-22 carried interest rate at 6.65% p.a. to 7.20% p.a. Working capital demand loans in the financial year carried interest rates ranging from 6.00% p.a. to 7.20% p.a. As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature.

The quarterly returns and statements of current assets filled by the company with banks are in agreement with the books of accounts.

19 Subordinated liabilities

(Measured at amortised cost)

(Tier II Capital):

Particulars	As at 31 March 2023	As at 31 March 2022
From banks (subordinated debts)(Unsecured)	99.71	99.61
Total	**99.71**	**99.61**
Subordinated liabilities in India	99.71	99.61
	99.71	**99.61**

(i) Terms of repayment of subordinated liabilities

Frequency	Interest rate	Repayment due	No. of instalments payable	As at 31 March 2023	As at 31 March 2022
On maturity	12.50%	Mar-26	1	99.71	99.61
				99.71	99.61

The Company has not defaulted/delayed in repayment of any principal and interest during the year

20 Other financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Amount payable on assigned loans	24.76	37.85
Employee expenses payable	18.48	13.64
	43.24	**51.49**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

21 Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits		
- Provision for compensated absences	2.61	2.40
	2.61	**2.40**

22 Deferred tax liabilities (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred tax liability arising on account of:		
Statutory reserve	17.10	12.38
Fair valuation of financial assets	22.50	19.80
Depreciation and amortisation on property, plant and equipment and Intangible assets	0.78	0.51
Others	0.46	0.26
	40.84	**32.95**
Deferred tax asset arising on account of:		
Impairment loss allowance on loan assets	15.02	18.37
Amortisation of transaction cost/income on assets on finance as per EIR model	7.18	3.82
Recognition/de-recognition of income and expenses pertaining to direct assignment transactions	-	1.03
Fair valuation of financial assets	1.82	0.75
Provision for expenses	1.27	0.87
	25.29	**24.84**
Total deferred tax liability (net)	**15.55**	**8.11**

i) Movement in deferred tax liabilities for year ended 31 March 2023:

Particulars	As at 01 April 2022	Statement of Profit or Loss	Other Comprehensive Income	As at 31 March 2023
Deferred tax liabilities for taxable temporary differences on:				
Statutory reserve	12.38	4.72	-	17.10
Fair valuation of financial assets	19.80	2.70	-	22.50
Depreciation and amortisation on property, plant and equipment and Intangible assets	0.51	0.27	-	0.78
Others	0.26	0.15	0.05	0.46
Total	**32.95**	**7.84**	**0.05**	**40.84**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

22 Deferred tax liabilities (net) (contd.)

Particulars	As at 01 April 2022	Statement of Profit or Loss	Other Comprehensive Income	As at 31 March 2023
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	18.37	(3.35)	-	15.02
Amortisation of transaction cost/income on assets on finance as per EIR model	3.82	3.36	-	7.18
Recognition/de-recognition of income and expenses pertaining to direct assignment transactions	1.03	(1.03)	-	-
Fair valuation of financial assets				
- Cash Flow Hedge Reserve	0.02	(0.02)	-	-
- Security deposits	0.13	0.26	-	0.39
- Security receipt (measured at FVTPL)	0.60	0.57	-	1.17
- Assets held for sale	-	0.26	-	0.26
Provision for expenses	0.87	0.40	-	1.27
Total	**24.84**	**0.45**	**-**	**25.29**
Deferred tax liabilities, net	**8.11**	**7.39**	**0.05**	**15.55**

ii) Movement in deferred tax liabilities for year ended 31 March 2022:

Particulars	As at 01 April 2021	Statement of Profit or Loss	Other Comprehensive Income	As at 31 March 2022
Deferred tax liabilities for taxable temporary differences on:				
Statutory reserve	9.19	3.19	-	12.38
Fair valuation of financial assets	29.00	(9.20)	-	19.80
Amortisation of transaction cost/income on assets on finance as per EIR model	-	-	-	-
"Depreciation and amortisation on property, plant and equipment and Intangible assets"	0.16	0.35	-	0.51
Others	0.05	0.36	(0.15)	0.26
Total	**38.40**	**(5.30)**	**(0.15)**	**32.95**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

22 Deferred tax liabilities (net) (contd.)

Particulars	As at 01 April 2021	Statement of Profit or Loss	Other Comprehensive Income	As at 31 March 2022
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	26.42	(8.05)	-	18.37
Amortisation of transaction cost/income on assets on finance as per EIR model	0.24	3.58	-	3.82
Recognition/de-recognition of income and expenses pertaining to direct assignment transactions	2.10	(1.07)	-	1.03
Fair valuation of financial assets				-
- Cash Flow Hedge Reserve	-		0.02	0.02
- Portfolio Valuation	2.11	-	(2.11)	-
- Security deposits	0.06	0.07	-	0.13
- Security receipt (measured at FVTPL)	0.64	(0.04)	-	0.60
Provision for expenses	0.54	0.33	-	0.87
Total	**32.11**	**(5.18)**	**(2.09)**	**24.84**
Deferred tax liabilities, net	**6.29**	**(0.12)**	**1.94**	**8.11**

23 Other non-financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Advances from customers	9.75	11.84
Statutory dues payable	7.80	7.01
	17.55	**18.85**

24 Share capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Authorized share capital				
Equity shares of ₹10 each	275,000,000	275.00	275,000,000	275.00
Total	**275,000,000**	**275.00**	**275,000,000**	**275.00**
Issued, subscribed and fully paid up				
Equity shares of ₹10 each	252,287,783	252.29	251,794,450	251.79
	252,287,783	**252.29**	**251,794,450**	**251.79**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

24 Share capital (contd.)

(a) Reconciliation of the number of equity shares outstanding and the amount of share capital:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Balance at the beginning of the reporting year	251,794,450	251.79	165,829,853	165.83
Equity share capital issued during the year				
(i) Issue to Holding Company*	-	-	83,991,264	83.99
(ii) Employees Stock Option (ESOP) / Restricted Stock option (RSOP) Scheme**	493,333	0.49	1,973,333	1.97
Balance at the end of the reporting year	**252,287,783**	**252.28**	**251,794,450**	**251.79**

*During the previous year, the Company had allotted 83,991,264 equity shares of face value ₹10 each to Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) (holding Company) (PFL), amounting to 4,999,999,945.92/- (Rupees Four Hundred Ninety Nine Crore Ninety Nine Lakhs Ninety Nine Thousand Nine Hundred Forty Five and Ninety Two paise only), including premium of ₹49.53 per share. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

**The Company has on 29 November, 2021 and 13 July, 2022 allotted 19,73,333 and 4,93,333 equity shares, respectively, of the face value of ₹10/- each to the eligible employee of the Company under Restricted Stock Option Plan 2018, as amended from time to time. Consequent to the said allotment on 29 November, 2021, the Company ceased to be a wholly owned subsidiary of PFL, and continues to be a subsidiary of PFL, with PFL holding 99.02% shares. The equity shares issued and allotted as aforesaid rank paripassu with the existing equity shares of the Company in all respects.

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 each. Each shareholder of the Company is entitled to one vote per share. The dividend as and when proposed by the Board of Directors will be subject to the approval of the shareholders to be obtained in the Annual General Meeting, which shall be paid in Indian rupees. In the event of liquidation of the Company, the equity shareholders of the Company are entitled to receive the remaining assets of the Company after discharging all liabilities of the Company in proportion to the number of equity shares held by the equity shareholders. Dividend on shares is recorded as a liability on the date of approval by the shareholders at the Annual General Meeting.

(c) Shares held by Holding company and details of shareholders holding more than 5% shares in the Company

	As at 31 March 2023		As at 31 March 2022	
	Number	Percentage	Number	Percentage
Equity shares of ₹10 each:				
Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited)	249,821,117	99.02%	249,821,117	99.22%

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

24 Share capital (contd.)

(d) Shares held by the promoters in the Company

Shares held by promoters at the end of the year (31 March 2023)

S. No.	Promoter name	No. of Shares	%of total shares	% Change during the year
1	Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited)#	24,98,21,117	99.02%	-0.20%
Total			**99.02%**	

Includes 50 Shares held by nominee shareholders, the beneficial interest of which, lies with Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited).

While the shareholding of PFL remained unchanged during the year, on account of allotment to the eligible employee of the Company under Restricted Stock Option Plan 2018, the shareholding percentage of PFL has been diluted.

Shares held by promoters at the end of the year (31 March 2022)

S. No.	Promoter name	No. of Shares	%of total shares	% Change during the year
1	Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited)#	24,98,21,117	99.22%	0.78%
Total		**24,98,21,117**	**99.22%**	

Includes 50 Shares held by nominee shareholders, the beneficial interest of which, lies with Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited)

25 Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
Retained earnings	344.59	252.42
Statutory reserves	97.13	74.09
Securities premium	501.72	500.92
Share options outstanding account	13.06	3.00
Other comprehensive income	(0.21)	(0.43)
Total	**956.29**	**830.00**

(a) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfer to general reserves, statutory reserve, dividends and other distributions made to the shareholders.

(b) Statutory reserves

Statutory reserve represents the Reserve Fund created under section 29C of the National Housing Bank Act, 1987. Under section 29C, the Company is required to transfer a sum not less than twenty percent of its net profit for the financial year to the statutory reserve. The statutory reserve can be utilized for the purposes as may be specified by the National Housing Bank from time to time.

(c) Securities premium

Securities premium represents premium received on issue of shares. This amount can be utilised in accordance with the provisions of the Companies Act 2013.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

25 Other equity (contd.)

(d) Share options reserve account

The Company instituted the Magma Housing Finance Limited - Employee Stock Option Plan (MESOP) in 2018, and Poonawalla Housing - Restricted Stock Option Plan 2018 (PHRSO) in 2018 as amended and PHFL - Employee Stock Option Plan in 2021, which were approved by the Board of Directors and shareholders of the Company. The reserve is used to recognise the fair value of the options issued to the employees of the Company under the Plan.

Refer Note 45 for further details on employee stock options.

(e) Other comprehensive income

During FY 2022-23, The Company has recognized remeasurement benefits of the defined benefit plans as per acturial valuation.

During FY 2021-22, The Company has recognized changes in fair value of loan assets and derivatives financial instruments in other comprehensive income. The Company transfers amounts from this reserve to retained earnings when the relevant financial asset is derecognised.(Refer note 59 on reclassification of loan assets from FVTOCI to Amortised cost)

26 Interest income

Particulars	Year ended 31 March 2023			Year ended 31 March 2022		
	On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost	Total	On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost	Total
Interest on loans*	-	617.84	617.84	439.73	2.20	441.93
Interest income from investments	-	1.06	1.06	-	-	-
Interest on deposits with banks	-	16.20	16.20	-	6.11	6.11
Other interest Income	-	0.20	0.20	-	0.10	0.10
	-	**635.30**	**635.30**	**439.73**	**8.41**	**448.14**

*Refer note 59 on reclassification of loan assets from FVTOCI to Amortised cost during FY 2021-22

27 Fees and commission income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Collection and support services	1.67	1.16
Foreclosure charges	6.56	5.17
Login fees	10.14	8.35
Others	1.82	0.69
	20.19	**15.37**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

28 Net gain on fair value changes

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(A) Net gain on financial instruments at fair value through profit or loss		
(B) Others		
Investment in mutual funds	-	0.48
Unrealised gain on security receipts	-	0.38
	-	**0.86**

29 Net gain on de-recognition of financial instruments

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Gain from derecognition on account of direct assignment transactions	42.71	-
Gain from derecognition on account of financial assets	6.53	-
[Net of reversal of provision of ₹25.85 Crores]		
Loss on sale of non performing assets	(1.11)	-
[Net of reversal of provision of ₹1.38 Crores]	**48.13**	**-**

30 Other income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Liabilities no longer required written back	0.76	0.51
Income from other services	11.21	5.15
Gain from sale of repossessed assets*	0.05	0.12
Interest on Income Tax Refund	0.40	-
Miscellaneous income	0.01	-
	12.43	**5.78**

*The gain from sale of repossessed assets represents recoveries against overdue loans written off by the company. Any excess recovery is accounted for as a financial liability and refunded to the borrower.

31 Finance cost (on Financials liabilities measured at Amortised Cost)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest on debt securities	25.36	38.15
Interest on borrowings (other than debt securities)	235.57	148.63
Interest on subordinated liabilities	12.61	12.61
Other borrowing costs	6.23	8.14
	279.77	**207.53**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

32 Net loss on fair value changes

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(A) Net loss on financial instruments at fair value through profit or loss		
On trading portfolio:		
Realised gain on investment at FVTPL	(2.79)	-
(B) Others		
Unrealised loss on security receipts	2.29	-
Provision on Asset held for sale	1.03	-
Total	**0.53**	**-**

33 Net loss on de-recognition of financial instruments

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Loss on sale of non performing assets	-	5.47
(31 March 2022: ₹7.59 Crores)	**-**	**5.47**

34 Impairment on financial instruments

Particulars	Year ended 31 March 2023			Year ended 31 March 2022		
	On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost	Total	On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost	Total
Impairment on loans	-	13.88	13.88	(23.52)	(0.87)	(24.39)
Bad debts written-off (net of recoveries)*	-	22.51	22.51	34.22	(0.88)	33.34
	-	**36.39**	**36.39**	**10.70**	**(1.75)**	**8.95**

*During the year bad debts recovery for ₹7.63 Crores on financial assets measured at amortised cost has been netted off with bad debts written off. (31 March 2022-bad debts recovery for ₹32.52 Crores on financial assets measured at fair value through OCI and ₹1.29 Crores on financial assets measured at amortised cost has been netted off with bad debts written off)

Note : Also refer Note 57

35 Employee benefits expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	143.45	95.67
Contribution to provident and other funds	8.58	5.60
Share based payments to employees	10.86	0.40
Staff welfare expense	5.80	2.12
	168.69	**103.79**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

35 Employee benefits expenses (contd.)

(a) Defined contribution plans:

Eligible employees of the Company receive benefits under the Provident Fund which is a defined contribution plan wherein both the employee and the Company make monthly contributions equal to a specific percentage of covered employees' salary. These contributions are made to the Fund administered and managed by the Government of India and the Company has no further obligation beyond making its contribution. The Company's monthly contributions are charged to Statement of profit and loss in the period in which they are incurred.

(b) Defined benefits plans:

Gratuity (funded)

Gratuity is a post employment benefit and is a defined benefit plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The liability recognized in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date, less the fair value of plan assets (if any), together with adjustment for unrecognized actuarial gains or losses and past service cost. Independent actuaries calculate the defined benefit obligation annually using the Projected Unit Credit Method. Actuarial gains/losses are credited/ charged to the Statement of Other Comprehensive Income in the year in which such gains or losses arise.

The following table summarizes the components of defined benefit expense recognized in the Statement of Profit and Loss/Other Comprehensive Income ('OCI') and the funded status and amounts recognized in the Balance Sheet for the respective plans:

(i) **Change in present value of the defined benefit obligation:**

	Year ended 31 March 2023	Year ended 31 March 2022
Present value of the obligations at the beginning of the year	3.41	2.15
Current service cost	1.08	0.75
Interest cost	0.23	0.15
Past service cost	-	-
Actuarial loss arising from assumption changes	(0.34)	(0.09)
Actuarial (gain) from demographic assumptions	-	-
Actuarial (gain)/loss arising from experience adjustments	0.15	0.74
Benefits paid	(0.72)	(0.29)
Present value of the obligations at the end of the year	**3.81**	**3.41**

(ii) **Change in fair value of plan assets:**

	Year ended 31 March 2023	Year ended 31 March 2022
Plan assets at the beginning of the year	4.34	2.21
Expected return on plan assets	0.30	0.15
Actual company contributions	1.13	2.21
Benefits paid	(0.72)	(0.29)
Actuarial Gain/(Loss) on Plan Assets	-	0.06
Plan assets at the end of the year	**5.05**	**4.34**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

35 Employee benefits expenses (contd.)

(iii) Reconciliation of present value of defined benefit obligation and the fair value of plan assets

	Year ended 31 March 2023	Year ended 31 March 2022
Present value obligation as at the end of the year	3.81	3.41
Fair value of plan assets as at the end of the year	5.05	4.34
Net (asset) recognized in balance sheet	**(1.24)**	**(0.93)**

(iv) Components of net cost charged to the Statement of profit and loss

	Year ended 31 March 2023	Year ended 31 March 2022
Employee benefits expense:		
Service cost	1.08	0.75
Interest costs	0.23	0.15
Interest income	(0.30)	(0.15)
Net impact on profit before tax	**1.01**	**0.75**

(v) Components Remeasurement losses in other comprehensive income

	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial loss arising from assumption changes	(0.34)	(0.09)
Actuarial loss arising from experience adjustments	0.15	0.68
Remeasurement (gains)/losses in other comprehensive income	**(0.19)**	**0.59**

(vi) The Company's gratuity scheme for permanent employees is administered through a trust with the Life Insurance Corporation of India. The funding requirements are based on the gratuity funds actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purpose for which assumptions are same as set out below. Employees do not contribute to the plan.

(vii) Assumptions used

With the objective of presenting plan assets and obligations of the defined benefit plans at their fair value at Balance Sheet date, assumptions used under Ind AS 19 are set by reference to market conditions at the valuation date.

	Year ended 31 March 2023	Year ended 31 March 2022
Discount rate (per annum)	7.30%	6.89%
Salary escalation rate (per annum)	5.00%	5.00%
Expected average remaining working lives of employees (years)	4.77	7.66
Mortality	"IALM(2012-14) ultimate table"	"IALM(2012-14) ultimate table"

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

35 Employee benefits expenses (contd.)

(viii) Sensitivity analysis

A quantitative sensitivity analysis for significant assumption is as shown below:

	Year ended 31 March 2023	Year ended 31 March 2022
DBO with discount rate +0.25pt	3.77	3.36
DBO with discount rate -0.25pt	3.86	3.47
DBO with +0.5% salary escalation	3.92	3.53
DBO with -0.5% salary escalation	3.71	3.30
DBO with +2% withdrawal rate	3.80	3.42
DBO with -2% withdrawal rate	3.82	3.42
DBO with +1% mortality rate	3.81	3.41
DBO with -1% mortality rate	3.81	3.41

Methods and assumptions used in preparing sensitivity analysis and their limitations:

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the Balance Sheet.

(ix) Maturity analysis of the benefit payments:

	As at 31 March 2023	As at 31 March 2022
Year 1	0.49	0.25
2 to 5 years	2.41	1.42
6 to 10 years	1.79	1.88
More than 10 years	0.92	1.22

(c) Aforesaid defined benefit plans typically expose the Company to actuarial risks:

Investment risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Market Risk (Interest Rate)

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Longevity Risk

The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.

Actuarial Risk

Salary Increase Assumption : Actual Salary increase that are higher than the assumed salary escalation, will result in increase to the Obligation at a rate that is higher than expected.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

35 Employee benefits expenses (contd.)

Attrition/Withdrawal Assumption: If actual withdrawal rates are higher than assumed withdrawal rates, the benefits will be paid earlier than expected. Similarly if the actual withdrawal rates are lower than assumed, the benefits will be paid later than expected. The impact of this will depend on the demography of the company and the financials assumptions.

Regulatory Risk

Any Changes to the current Regulations by the Government, will increase (in most cases) or Decrease the obligation which is not anticapated. Sometimes, the increase is many fold which will impact the financials quite significantly.

36 Depreciation, amortisation and impairment

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation on property plant and equipment	3.38	0.73
Depreciation on Right of use asset	5.09	2.64
Amortisation of Intangible assets	0.50	0.44
	8.97	**3.81**

37 Other expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Rent, taxes and energy costs	4.11	4.99
Repairs and maintenance	13.40	3.83
Communication costs	3.24	2.12
Printing and stationery	2.09	1.06
Advertisement and publicity	4.02	1.18
Directors fees, allowances and expenses	0.77	0.72
Auditor's fees and expenses*	0.42	0.43
Legal charges and professional charges	19.51	8.82
Travelling and conveyance	10.01	5.21
Corporate social responsibility expenditure (refer note 56)	0.85	0.32
Outsourcing expense	2.91	6.15
Office maintenance	1.02	0.86
Record retention charges	2.74	0.96
Meeting and seminar expenses	-	0.02
Insurance expenses	0.15	0.04
Miscellaneous expenses	2.27	2.73
	67.51	**39.44**

***Payment to auditors**

	Year ended 31 March 2023	Year ended 31 March 2022
Audit fees	0.20	0.17
Limited review	0.08	0.06
Other services	0.14	0.19
Reimbursement of expenses	-	0.01
	0.42	**0.43**

Foreign exchange earnings and outgo

During FY 2022-23, the Company did not have any foreign exchange earnings in terms of actual inflow and the foreign exchange outgo in terms of actual outflow amounted to ₹0.07 Crore (FY2022 – NIL).

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

38 Tax expenses

(a) Income tax recognised in the Statement of Profit and Loss:

	Year ended 31 March 2023	Year ended 31 March 2022
Current tax	31.40	23.59
Deferred tax	7.63	(0.12)
Tax expenses of earlier years	(0.06)	0.30
	38.97	**23.77**

(b) Income tax recognized in other comprehensive income comprises:

	Year ended 31 March 2023	Year ended 31 March 2022
Tax impact on remeasurement of defined benefit plans	(0.05)	0.15
Tax impact on fair valuation of financial assets	-	(2.09)
	(0.05)	**(1.94)**

(c) Reconciliation of income tax expense and the accounting profit for the year:

	Year ended 31 March 2023	Year ended 31 March 2022
Profit before tax	154.19	101.16
Enacted tax rates (%)	**25.17%**	**25.17%**
Income tax expense calculated at corporate tax rate	38.81	25.46
Tax expenses allowable/(disallowable) under IT act	0.22	(1.99)
Impact of tax relating to earlier years	(0.06)	0.30
Others	-	-
Income tax expense recognised in statement of profit and loss	**38.97**	**23.77**

39 Earnings per equity share (EPS)

	Year ended 31 March 2023	Year ended 31 March 2022
Net profit attributable to equity shareholders	115.22	77.39
Nominal value of equity share (₹)	10	10
Weighted average number of equity shares for basic earning per share	252,148,568	236,679,320
Add : Diluting effect of potential equity shares issued as employee stock options	443,092	901,440
Weighted average number of equity shares for diluted earning per share	252,591,661	237,580,760
Earnings per share		
- Basic earnings per share (₹)	4.57	3.27
- Diluted earnings per share (₹)	4.56	3.26

40 Segment reporting

The Company is primarily engaged in mortgage-based finance and as such no separate information is required to be furnished in terms of Ind AS 108 “Operating segments” specified under section 133 of the Act. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment of providing financial services to customers in India. The entire revenues are billable within India and there is only one geographical segment

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

41 Related party disclosures

Information on related party transactions as required by Ind AS - 24 - Related Party Disclosures are as follows :

(a) List of related parties with whom transactions have been entered

(i) Parties where control exists

	Name of the related party	Nature of Relationship	Country of incorporation	% of holding as on 31 Mar 2023	% of holding as on 31 Mar 2022
(a)	Rising Sun Holdings Pvt Ltd.	Ultimate Holding Company	India		
(b)	Poonawalla Fincorp Limited (Formerly Known as Magma Fincorp Limited)	Holding Company	India	99.02%	99.22%

(ii) Subsidiary of holding company to which Company is also a subsidiary

Poonawalla Finance Private Limited

(iii) Entities Under Common Control

Magma HDI General Insurance Company Limited [1]

(iv) Director & Key management personnel

Name of the related party	Nature of Relationship
Adar Poonawalla	Chairman & Non-Executive Director (w.e.f 08.07.2021)
Manish Jaiswal	Managing Director and Chief Executive Officer
Bhama Krishnamurthy	Non Executive Independent Director (w.e.f 24.05.2021)
Prabhakar Ramchandra Dalal	Non Executive Independent Director (w.e.f 24.05.2021)
Amar Deshpande	Non Executive Director (w.e.f 20.07.2021)
Pankaj Mahesh Kumar Rathi	Chief Financial Officer (w.e.f. 01.07.2021)
Priti Saraogi	Company Secretary (up to 05.04.2023)
Sajid Fazalbhoy	Non Executive Independent Director (w.e.f. 24.05.2021 up to 14.01.2022)
Sanjay Chamria	Non Executive Director (up to 23.11.2021)
Raman Uberoi	Non Executive Independent Director (up to 09.06.2021)
Deena Mehta	Non Executive Independent Director (up to 09.06.2021)
Abhay Bhutada	Non-Executive Director(w.e.f. 08.07.2021 and up to 16.09.2021)
Ajay Arun Tendulkar	Chief Financial Officer (up to 30.06.2021)

(b) Transactions with related parties

	Name of the party	Nature of transaction	Year ended 31 March 2023	Year ended 31 March 2022
(i)	**Holding Company**			
	Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited)	Common cost allocation (expense)	5.47	12.67
		Inter Corporate Loan taken	-	250.00
		Inter Corporate Loan refunded	-	250.00
		Equity Share Capital	-	83.99
		Share Premium	-	416.01

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

41 Related party disclosures (contd.)

	Name of the party	Nature of transaction	Year ended 31 March 2023	Year ended 31 March 2022
		Interest paid on Inter Corporate Loan taken	-	0.65
		Direct Assignment Servicing Fees received	0.21	0.26
(ii)	**Subsidiary of holding company to which Company is also a subsidiary**			
	Poonawalla Finance Private Limited	Advance given for Assets Purchase	-	0.88
		Advance adjusted for Assets Purchase	-	0.88
(iii)	**Entities Under Common Control**			
	Magma HDI General Insurance Company Limited [1]	Advance recoverable	8.78	14.10
		Premium adjusted against advance given [3]	15.32	10.33
		Advance Insurance premium paid (Including Mediclaim)	0.88	0.30
		Claim Received (Mediclaim)	-	0.13
		Premium for Employees Mediclaim [4]	2.69	1.91
(iv)	**Director & Key management personnel**			
	Manish Jaiswal [2,5]	Directors' remuneration	4.05	4.23
		Equity Share Capital	0.49	1.97
	Pankaj Rathi [5]	Salary	1.52	0.49
	Priti Saraogi [5]	Salary	0.27	0.25
	Ajay Arun Tendulkar	Salary	-	0.26
	All KMPs	Mediclaim paid recoverable	-	0.01
	Adar Poonawalla	Sitting Fees	0.01	0.03
	Amar Deshpande	Sitting Fees	0.25	0.16
	Bhama Krishnamurthy	Sitting Fees	0.23	0.17
	Prabhakar Ramchandra Dalal	Sitting Fees	0.22	0.18
	Deena Asit Mehta	Sitting Fees	-	0.02
	Raman Uberoi	Sitting Fees	-	0.02
	Sajid Fazalbhoy	Sitting Fees	-	0.08
	Abhay Bhutada	Sitting Fees	-	0.02
(v)	**Others**			
	Celica Developers Private Limited (CDPL) [6]	Interest income	-	2.70
		Repayment of loan	-	24.45

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

41 Related party disclosures (contd.)

(c) Balances with related parties

	Name of the party	Nature of transaction	Year ended 31 March 2023	Year ended 31 March 2022
(i)	Holding Company			
	Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited)	Collection fees receivable	0.01	0.02
(ii)	Entities Under Common Control			
	Magma HDI General Insurance Company Limited [1]	Loans and advances given	0.08	6.62
		Premium for Employees Mediclaim	2.69	
		Insurance Premium for policies underwritten	0.06	-

(d) Compensation of key Managerial Personnel

	Year ended 31 March 2023	Year ended 31 March 2022
Short-term employee benefits (including remuneration)	5.76	5.18
Post-employment benefits [5]	0.09	0.05

[1] MHDI ceased to be a Joint Venture of PFL w.e.f. 09.06.2022, however MHDI continues to be related party of the Company as per IND AS.

[2] Share application money received on 29.06.2022, the allotment for which was approved by the Nomination & Remuneration Committee (NRC) on 13.07.2022. The remuneration excludes perquisites value of ₹3.05 Crores (FY 22- ₹9.77 Crores) on account of of 4,93,333 no (FY 22- 19,73,333 no) of Restricted Stock Options exercised during the year

[3] Includes advance refunded of Rs 7.70 Crores

[4] Premium amount was paid on 31.03.2023, policy effective from 01.04.2023

[5] As provisions for gratuity and leave benefits are made for the company as a whole, the amount pertaining to key management personnel is not specifically identified and hence are not included above Further KMP remuneration excludes all provisions

[6] Celica Properties Private Limited (CPPL) ceased to be a related party w.e.f. 09.06.2020. CPPL had provided its underlying property for one of the loans to CDPL as security provider. The said loan has been repaid by CDPL on 10.11.2021.

42 Fair value measurements

a Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category as follows:

Particulars	Note	As at 31 March 2023	As at 31 March 2022
(i) Financial assets measured at amortized cost			
- Cash and cash equivalents	3	154.81	19.53
- Other bank balances	4	40.38	41.95
- Loans*	6	5,438.57	4,176.91
- Investments	7	97.35	-
- Other financial assets	8	98.67	80.37

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

42 Fair value measurements (contd.)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
(ii) Financial assets measured at fair value through profit and loss			
- Other financial assets (Security receipts)	8	45.29	5.39
(iii) Financial assets measured at fair value through other comprehensive income			
- Derivative financial instruments	5	-	0.51
Total		**5,875.07**	**4,324.66**
(i) Financial liabilities measured at amortized cost			
- Trade payables	16	6.26	2.42
- Other payables	16	15.02	7.07
- Debt securities	17	283.49	293.20
- Borrowings (other than debt securities)	18	4,227.45	2,804.79
- Subordinated liabilities	19	99.71	99.61
- Lease liabilities	13	51.31	16.99
- Other financial liabilities	20	43.24	51.49
(ii) Financial liabilities measured at fair value through other comprehensive income			
- Derivative financial instruments	5	-	0.27
Total		**4,726.48**	**3,275.84**

b Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the Statement of Profit and Loss and other comprehensive income are grouped into three levels of a fair value hierarchy. These three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

b.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

As at 31 March 2023	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income				
Loans*	-	-	-	**-**
Derivative financial instruments	-	-	-	**-**
Financial assets at fair value through profit and loss				
Other financial assets - Security receipts	-	45.29	-	**45.29**
Liabilities				
Derivative financial instruments	-	-	-	**-**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

42 Fair value measurements (contd.)

As at 31 March 2022	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income				
Loans*	-	-	-	-
Derivative financial instruments	-	0.51	-	**0.51**
Financial assets at fair value through profit and loss				
Other financial assets - Security receipts	-	5.39	-	**5.39**
Liabilities		-		
Derivative financial instruments	-	0.27	-	**0.27**

b.2 Fair value of financial instruments measured at amortized cost

Fair value of instruments measured at amortized cost for which fair value is disclosed is as follows:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	154.81	154.81	19.53	19.53
Other bank balances	40.38	39.20	41.95	42.01
Loans*	5,438.57	5,473.39	4,176.91	4,160.12
Investments	97.35	97.38	-	-
Other financial assets	98.67	98.67	80.37	80.37
Total	**5,829.78**	**5,863.45**	**4,318.76**	**4,302.03**
Financial liabilities				
Trade payables	6.26	6.26	2.42	2.42
Other payables	15.02	15.02	7.07	7.07
Debt securities	283.49	282.81	293.20	292.00
Borrowings (other than debt securities)	4,227.45	4,227.45	2,804.79	2,804.79
Subordinated liabilities	99.71	99.71	99.61	99.61
Lease liabilities	51.31	51.31	16.99	16.99
Other financial liabilities	43.24	43.24	51.49	51.49
Total	**4,726.48**	**4,725.80**	**3,275.57**	**3,274.37**

The management assessed that fair values of cash and cash equivalents, other financial assets, trade payables, other payables, borrowings (other than debt securities), subordinated liabilities and other financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. Lease liabilities are recognised as per Ind-AS 116. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

42 Fair value measurements (contd.)

b.3 Financial instruments measured at fair value and fair value of financial instruments carried at amortized cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortized cost	Discounted cash flows : The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting	Not applicable	Not applicable
	For Investments Net Asset Value based method has been considered		
Financial assets measured at FVTPL	Net Asset Value based method	Not applicable	Not applicable
Financial assets and liabilities measured at FVOCI	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates	The discount rate is the average lending rate at which the loans are disbursed	There is an inverse correlation. Higher the discount rate i.e. average lending rate for the disbursed loans, lower the fair value of the assets.
	Marked to market positions for derivative financials instruments valuation techniques	Marked to market basis the input received from respective institution	There is an direct relationship with the amount/input as provided by the respective financial instruments

b.4 Movement in Level 3 financial instruments measured at fair value

Particulars	As at 1 April 2022	Disbursed	Receipts	Transfer into Level 3	Transfer from Level 3	Net Interest income	Other Comprehensive Income	As at 31 March 2023
Loans**	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

Particulars	As at 1 April 2021	Disbursed	Receipts	Transfer into Level 3	Transfer from Level 3	Net interest income	Other Comprehensive Income	As at 31 March 2022
Loans**	2,891.83	1,894.74	998.35	-	4236.32.	439.73	8.38	-
	2,891.83	**1,894.74**	**998.35**	**-**	**4236.32.**	**439.73**	**8.38**	**-**

*Refer note 59 on reclassification of loans from FVTOCI to Amortised cost during FY 2021-22

** The above numbers are gross carrying amounts.(Refer Note 6)

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

43 Financial risk management

The Company assumes credit risk, operational risk, market risk, compliance risk and reputational risk in the normal course of it business. This exposes the Company to a substantial level of inherent financial risk.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors have established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring, managing and reporting of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

A Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's asset on finance.

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit impaired asset and significant increase in credit risk is assessed by the following observable data:

- a breach of contract such as a default or past due event;
- when a borrower becomes 90 days past due in its contractual payments;"

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc.

b) Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analyzed by jurisdictions or region and type of product or borrower as well as by DPD. The Company employs statistical models to analyze the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

c) Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss(ECL) calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

43 Financial risk management (contd.)

whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

An asset migrates down the ECL Stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

d) Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation;

To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

e) Loss given default (LGD)

Loss given default (LGD) represents estimated financial loss the Company is likely to suffer in respect of default account and it is used to calculate provision requirement on EAD along with PD. The Company uses collection details on previously defaulted cases for calculating LGD including estimated direct cost of collection from default cases. Appropriate discounting rates are applied to calculate present value of future estimated collection net of direct collection cost. LGD thus calculated is used for all Stages, i.e. Stage 1, Stage 2 and Stage 3.

f) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition; if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

The Company has applied a three-Stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortized cost and FVOCI. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive Stages of delinquency to write-off. Assets migrate through following three Stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no 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.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

43 Financial risk management (contd.)

g) Expected credit loss on Loans

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, product type, collateral type, and other relevant factors.

The Company considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information such as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Model. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

The following table provides information about the exposure to credit risk and expected credit loss for loans :

Loans measured at amortized cost*

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit - impaired
As at 31 March 2023				
Current (not past due)(Stage 1)	5,150.47	0.31%	15.90	No
1-30 days past due(Stage 1)	168.20	3.22%	5.41	No
31-60 days past due(Stage 2)	113.60	10.55%	11.99	No
61-90 days past due(Stage 2)	28.50	18.39%	5.24	No
More than 90 days past due (Stage 3)	37.08	55.93%	20.74	Yes
	5,497.85	**1.08%**	**59.28**	
As at 31 March 2022				
Current (not past due)(Stage 1)	3,735.32	0.26%	9.76	No
1-30 days past due(Stage 1)	124.24	2.17%	2.69	No
31-60 days past due(Stage 2)	216.22	11.69%	25.27	No
61-90 days past due(Stage 2)	133.04	14.87%	19.78	No
More than 90 days past due (Stage 3)	40.84	37.44%	15.29	Yes
	4,249.66	**1.71%**	**72.79**	

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

43 Financial risk management (contd.)

Loans at fair value through other comprehensive income*

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit - impaired
As at 31 March 2023				
Current (not past due)(Stage 1)	-	-	-	-
1-30 days past due(Stage 1)	-	-	-	-
31-60 days past due(Stage 2)	-	-	-	-
61-90 days past due(Stage 2)	-	-	-	-
More than 90 days past due (Stage 3)	-	-	-	-
	-	**-**	**-**	
As at 31 March 2022				
Current (not past due)(Stage 1)	-	-	-	-
1-30 days past due(Stage 1)	-	-	-	-
31-60 days past due(Stage 2)	-	-	-	-
61-90 days past due(Stage 2)	-	-	-	-
More than 90 days past due (Stage 3)	-	-	-	-
	-	**-**	**-**	

Expected credit loss on other financial assets

Other financial assets primarily includes excess interest spread receivable and security receipts. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Security receipts are measured at FVTPL and hence the credit risk is already factored in the fair value.

Cash and cash equivalents and other Bank Balance

The Company has cash and cash equivalents and bank balance of ₹195.19 Crores at 31 March 2023 (31 March 2022: ₹61.48 Crores). These are held with bank and financial institution counterparties with acceptable credit ratings to reduce the credit risk.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows :

(h) Movements in the gross carrying amount in respect of loans and other financial assets

(i) Loans measured at amortized cost*

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 31 March 2021	**19.70**	**-**	**0.03**
Transfer to Stage 1	-	-	-
Transfer to Stage 2	(9.98)	9.98	-
Transfer to Stage 3	-	-	-
Loans assets originated or purchased	2.22	-	-
Net Financial assets that have been derecognised/repaid(excluding write offs)	(9.65)	-	0.15
Write offs (net of recoveries)	-	-	0.88
Transfer from Fair value through OCI to Amortised cost	3,857.26	339.28	39.78
Gross carrying amount on 31 March 2022	**3,859.56**	**349.26**	**40.84**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

43 Financial risk management (contd.)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	159.14	(156.76)	(2.38)
Transfer to Stage 2	(63.67)	64.87	(1.20)
Transfer to Stage 3	(19.50)	(11.38)	30.88
Loans assets originated or purchased	2,313.96	5.83	1.35
Net Financial assets that have been derecognised/repaid(excluding write offs)	(920.35)	(97.82)	(32.27)
Write offs (net of recoveries)	(10.47)	(11.90)	(0.14)
Gross carrying amount on 31 March 2023	**5,318.67**	**142.10**	**37.08**

Loans at fair value through other comprehensive income*

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 31 March 2021	**2,593.04**	**252.57**	**46.21**
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	33.23	(29.19)	(4.04)
Transfer to Stage 2	(174.44)	177.04	(2.60)
Transfer to Stage 3	(15.63)	(18.15)	33.79
Loans assets originated or purchased	1,893.50	1.24	-
Loans assets that have been derecognised/repaid(excluding write offs)	(464.38)	(31.84)	(19.82)
Write offs (net of recoveries)	(8.07)	(12.39)	(13.76)
Transfer from Fair value through OCI to Amortised cost	(3,857.26)	(339.28)	(39.78)
Gross carrying amount on 31 March 2022	**-**	**-**	**-**
Transfer from Amortised cost to Fair value through OCI	**-**	**-**	**-**
Transfer to Stage 1	-	-	-
Transfer to Stage 2	-	-	-
Transfer to Stage 3	-	-	-
Loans assets originated or purchased	-	-	-
Loans assets that have been derecognised/repaid(excluding write offs)	-	-	-
Write offs (net of recoveries)	-	-	-
Transfer from Fair value through OCI to Amortised cost	-	-	-
Gross carrying amount on 31 March 2023	**-**	**-**	**-**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

43 Financial risk management (contd.)

ii) Movements in the allowance for impairment in respect of loans and other financial assets

The movement in the allowance for impairment in respect of asset on finance is as follows:

Loans measured at amortized cost*

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses(Stage 1)	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Financial assets for which credit risk has increased significantly and credit-impaired (Stage 3)
Loss allowance on 31 March 2021	**1.89**	**-**	**0.01**
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	-	-	-
Transfer to Stage 2	(1.03)	1.03	-
Transfer to Stage 3	-	-	-
Loans assets originated or purchased	0.01	-	-
Loans assets that have been derecognised/repaid(excluding write offs)	(0.86)	-	0.17
Write offs (net of recoveries)	-	-	0.88
Transfer from Fair value through OCI to Amortised cost	12.44	44.02	14.23
Loss allowance on 31 March 2022	**12.45**	**45.05**	**15.29**
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	13.79	(13.67)	(0.12)
Transfer to Stage 2	(8.09)	8.23	(0.14)
Transfer to Stage 3	(7.30)	(10.26)	17.56
Loans assets originated or purchased	2.24	0.71	0.48
Loans assets that have been derecognised/repaid(excluding write offs)	18.68	(0.93)	(12.19)
Write offs (net of recoveries)	(10.46)	(11.90)	(0.14)
Loss allowance on 31 March 2023	**21.31**	**17.23**	**20.74**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

43 Financial risk management (contd.)

Loans at fair value through other comprehensive income*

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses(Stage 1)	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	Financial assets for which credit risk has increased significantly and credit-impaired (Stage 3)
Loss allowance on 31 March 2021	**23.98**	**54.85**	**23.94**
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	0.23	(0.20)	(0.03)
Transfer to Stage 2	(19.53)	19.82	(0.29)
Transfer to Stage 3	(5.65)	(6.85)	12.50
Loans assets originated or purchased	4.84	0.13	-
Loans assets that have been derecognised/repaid(excluding write offs)	16.63	(11.34)	(8.13)
Write offs (net of recoveries)	(8.06)	(12.39)	(13.76)
Transfer from Fair value through OCI to Amortised cost	(12.44)	(44.02)	(14.23)
Loss allowance on 31 March 2022	**-**	**-**	**-**
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	-	-	-
Transfer to Stage 2	-	-	-
Transfer to Stage 3	-	-	-
Loans assets originated or purchased	-	-	-
Loans assets that have been derecognised/repaid(excluding write offs)	-	-	-
Write offs (net of recoveries)	-	-	-
Transfer from Fair value through OCI to Amortised cost	-	-	-
Loss allowance on 31 March 2023	**-**	**-**	**-**

i) **Concentration risk**

Pursuant to the guidelines of the National Housing Bank, credit exposure of banks to an individual borrower must not exceed 15% of owned fund and 25% of owned fund of the Company to any single group of borrower. The Company is in compliance with these guidelines.

In addition, the Company views the concentration of risk on the basis of below product type category.

Loans	As at 31 March 2023	As at 31 March 2022
Housing Loans	3,941.18	2,942.45
Construction Finance	-	12.20
Loan against property	1,556.67	1,295.02

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

43 Financial risk management (contd.)

Assets obtained by taking possession of collateral

Details of financial and non-financial assets obtained by the Company during the year by taking possession of collateral held as security against loans held at the year end, are shown below:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022"
Property	23	13
Principal outstanding and installment overdue*	2.19	1.37

*The above amount includes principal and other dues (after factoring retention ratio).

B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows :

March 31, 2023	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	288.14	-	-	288.14
Borrowings (other than debt securities)	916.00	1,793.18	2,217.04	4,926.22
Subordinated liabilities	12.53	124.97	-	137.50
Payables	21.28	-	-	21.28
Other financial liabilities	43.24	-	-	43.24
Lease liabilities	9.23	17.09	24.99	51.31
Total	**1,290.42**	**1,935.24**	**2,242.03**	**5,467.69**

March 31, 2022	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	35.06	288.14	-	323.20
Borrowings (other than debt securities)	613.31	1,327.64	1,351.52	3,292.47
Subordinated liabilities	12.50	25.03	112.47	150.00
Payables	9.77	-	-	9.77
Other financial liabilities	51.49	-	-	51.49
Lease liabilities	1.32	5.38	10.29	16.99
Total	**723.45**	**1,646.19**	**1,474.28**	**3,843.92**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

43 Financial risk management (contd.)

C) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company – primarily INR. In addition, interest on borrowings is denominated in the currency of the borrowing.

D) Interest rate risk

Exposure to interest rate risk:

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Fixed rate instruments		
Financial assets	996.20	640.68
Financial liabilities	644.72	556.83
Variable rate instruments		
Financial assets	4,878.87	3,683.98
Financial liabilities	4,081.76	2,719.02

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below :

Particulars	Profit or loss	
	100 bp increase	100 bp decrease
31 March 2023		
Variable rate instruments	7.97	(7.97)
Cash flow sensitivity (net)	**7.97**	**(7.97)**
31 March 2022		
Variable rate instruments	9.65	(9.65)
Cash flow sensitivity (net)	**9.65**	**(9.65)**

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period. This analysis assumes that all other variables remain constant.

E) Legal and operational risk

Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalized procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced. The Company also has well established legal procedures to scrutinize product offerings and manage risks arising out of its transactions.

As at 31 March 2023, there were legal cases pending against the Company aggregating ₹0.04 Crores (31 March 2022: ₹0.01 Crores). Based on the opinion of the Company's legal advisors, the management believes that no liability is likely to arise from these cases.

Operational risk

Operational risk framework is designed to cover all functions and verticals towards identifying the key risks in the underlying processes.

The framework, at its core, has the following elements

1. Documented Operational Risk Management Policy
2. Well defined Governance Structure
3. Use of Identification & Monitoring tools such as Loss Data Capture, Risk and Control Self Assessment, Key Risk Indicators
4. Standardized reporting templates, reporting structure and frequency
5. Regular workshops and training for enhancing awareness and risk culture

The Company has adopted the internationally accepted 3-lines of defense approach to operational risk management.

First line - Each function/vertical undergoes transaction testing to evaluate internal compliance and thereby lay down processes for further improvement. Thus, the approach is "bottom-up", ensuring acceptance of findings and faster adoption of corrective actions, if any, to ensure mitigation of perceived risks.

Second line – Independent risk management vertical supports the first line in developing risk mitigation strategies and provides oversight through regular monitoring. All key risks are presented to the Risk Management Committee on a quarterly basis.

Third line – Internal Audit conducts periodic risk-based audits of all functions and process to provide an independent assurance to the Audit Committee.

F) Foreign Currency Risk

The Company's activities expose it to the financial risks of changes in foreign exchange rates. The Company uses derivative contracts to hedge its exposure to movements in foreign exchange.

The Company uses hedging instruments that are governed by the policies of the Company which is approved by board of directors which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The Board constituted Risk Management Committee (RMC) of the company manages risk on the company's derivative portfolio. All derivative transactions that are entered into by the company are reported to the board, and the mark-to-market on its portfolio is monitored regularly by the senior management.

To hedge its risks on the principal and/ or interest amount for foreign currency borrowings on its balance sheet, the company has currently used foreign exchange forward contracts. The use of these derivative contracts reduce the risk or cost to the Company and the Company does not use those for trading or speculation purposes.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

44 Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business and meets the Capital Adequacy Requirements (CRAR) requirement of the National Housing Bank (NHB) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB. The Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The funding requirements are met through equity, non-convertible debentures and other long-term/ short-term borrowings. The Company's policy is aimed at appropriate combination of short-term and long term borrowings. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

i. Regulatory capital

The Company's regulatory capital consists of the sum of the following elements :

Tier 1 capital, which includes ordinary share capital, retained earnings and reserves and deduction for intangible assets and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities and impairment provision in respect of standard assets.

	As at 31 March 2023	As at 31 March 2022
CRAR (%)	34.83	42.77
CRAR -Tier I Capital (%)	32.60	39.91
CRAR -Tier II Capital (%)	2.23	2.86

Note :

(i) In pursuant to RBI circular dated RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020, CRAR have been calculated with securitisation transaction being treated as zero risk weighted assets.

(ii) Restructured loans related to resolution framework for COVID-19-related Stress dated 06 August 2020 has been assigned normal weights considering it as regulatory dispensation given by RBI.

ii. Capital allocation

Management uses regulatory capital ratios to monitor its capital base. There is no allocation of capital required as Company is operating primarily in a single segment i.e. financing. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

The Company monitors capital on the basis of total equity and debt on periodic basis. Equity comprises of all component of equity including the fair value impact. Debt includes long term loan and short term loan.

The Company is regular in payment of its debt service obligation and the company has not received any communication from its lenders for non compliance of any debt covenant.

* The company had categorised its FVTOCI loan assets into AC in FY 21-22 (Refer note 59)

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

45 Employee Stock Option Plan / Scheme (ESOP/ RSO)

A Description of share-based payment arrangements

The Company instituted the Magma Housing Finance Limited - Employee Stock Option Plan (ESOP 2018) in 2018, Poonawalla Housing - Restricted Stock Option Plan 2018 (PHRSO 2018) in 2018 and PHFL - Employee Stock Option Plan 2021 (ESOP 2021) in 2021, which were approved by the Board of Directors and shareholders of the Company. Implementation of ESOP 2018 and PHRSO 2018 have been made through Trust route with a view to efficiently manage the Stock Option Plans. The Company had set up the Poonawalla Housing ESOP Trust on 31 March, 2018. The ESOP Trust is managed by Independent Professionals as Trustees.

Pursuant to the resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting (EGM) held on 31 March 2018, the Company had approved the ESOP 2018. There were no fresh grants made during the year under ESOP 2018.

Further, pursuant to the resolution passed by the shareholders of the Company at the Annual General Meeting (AGM) held on 18 August 2021, the Company had approved the ESOP 2021. During the year, the Nomination and Remuneration Committee (NRC) has granted 72,70,000 options under ESOP 2021 to eligible employees. NRC at its meeting held on 13 July, 2022 also approved the change in vesting schedule of options granted on 7 May, 2022 under ESOP 2021.

Also, pursuant to the resolution passed by the shareholders of the Company at the EGM held on 25 January, 2022, the Company had amended the Restricted Stock Option Plan - 2018 of the Company (PHRSO 2018). The Board of Directors at its meeting held on 11 May, 2022 has approved the cancellation of 1,40,000 ungranted Options under the PHRSO 2018 based on the recommendation of NRC. 33,60,000 Options already granted under PHRSO 2018 to eligible employee shall remain operational with all its existing terms and conditions (as amended from time to time) until such options are exercised/ lapsed. Further, the NRC on 13 July 2022, approved the allotment of 4,93,333 equity shares to eligible employee pursuant to exercise of Restricted Stock Options granted under PHRSO 2018.

Particulars	ESOP 2018	PHRSO 2018	ESOP 2021
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.	The vesting conditions are linked to profitability.	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.
Vesting period	The vesting period for Tranche 4 to 6 is as follows: (a) 30% of the options shall vest on the expiry of one year from the date of the Grant. (b) 30% of the options shall vest on the expiry of two years from the date of the Grant. (c) 40% of the options shall vest on the expiry of three years from the date of the Grant.	Revised vesting criteria of RSO a) 1,480,000 to be deemed vested effective FY 22 upon execution of necessary documents and resetting the AUM and RoE targets for FY'20 vesting. b) Balance 1,480,000 in three tranches annually by FY'23 subject to performance conditions on AUM and ROE. c) Enable catchup of unvested component in FY'23 if average actual RoE exceeds average target RoE by 1%	The vesting period for all three tranches i.e. Tranche 1 to 3 is as follows: (a) 33% of the options shall vest on the expiry of one year from the date of the Grant. (b) 33% of the options shall vest on the expiry of two years from the date of the Grant. (c) 34% of the options shall vest on the expiry of three years from the date of the Grant.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

45 Employee Stock Option Plan / Scheme (ESOP/ RSO) (contd.)

B Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans were as follows:

ESOP, 2018 :

Particulars	As at 31 March 2023 No. of options	As at 31 March 2022 No. of options
Outstanding at the beginning of the year	6,30,000	19,35,000
Granted during the year	-	-
Lapsed during the year	2,40,000	13,05,000
Outstanding options at the end of the year	3,90,000	6,30,000
Exercisable at the end of the year	2,92,000	2,50,500

The options outstanding at 31 March 2023 have exercise price of ₹36.66 (Tranche 4 and 5), ₹58.39 (Tranche 6) and weighted average remaining contractual life of 0.83 years (31 March 2022: 1.27 years)

PHRSO, 2018 :

Particulars	As at 31 March 2023 No. of options	As at 31 March 2022 No. of options
Outstanding options at the beginning of the year	13,86,667	29,60,000
Granted during the year	-	4,00,000
Forfeited during the year	-	-
Exercised during the year	4,93,333	19,73,333
Expired/ lapsed during the year	-	-
Outstanding options at the end of the year	8,93,334	13,86,667
Exercisable at the end of the year	4,00,000	-

The options outstanding at 31 March 2023 have an exercise price of ₹10 (31 March 2022: ₹10) and a weighted average remaining contractual life of 0.24 years (31 March 2022: 0.76 years)

ESOP 2021 :

Particulars	As at 31 March 2023 No. of options	As at 31 March 2022 No. of options
Outstanding options at the beginning of the year	-	-
Granted during the year	72,70,000	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired/ lapsed during the year	14,55,000	-
Outstanding options at the end of the year	58,15,000	-
Exercisable at the end of the year	-	-

(i) The options outstanding at 31 March 2023 have an exercise price of ₹71.88 (31 March 2022: NIL) and a weighted average remaining contractual life of 1.14 years (31 March 2022: NIL)

(ii) There are no identified employees who were granted ESOP, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

45 Employee Stock Option Plan / Scheme (ESOP/ RSO) (contd.)

C The fair value of the options granted is determined on the date of the grant using the "Black-Scholes model" and the inputs used in the measurement of the fair value as on grant date as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Fair market value of option as on the date of grant	20.89 - 31.76	20.89 - 31.76
Exercise price	10.00 - 71.88	10.00 - 58.39
Expected volatility (%) of share price	41.76% - 47.65%	41.76% - 45.73%
Expected option life (weighted average)	up to 1 years	up to 1 years
Risk free interest rate (p.a.)	4.70% to 6.98%	4.70% to 6.43%

The stock based compensation expenses determined using fair value method and charged to statement of profit and loss account is ₹10.86 Crores (March 31, 2022: ₹0.40 Crores) .

46 The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the effective interest rate.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
Financial assets				
Cash and cash equivalents	154.81	-	19.53	-
Other bank balances	28.14	12.24	34.45	7.50
Derivative financial instruments	-	-	0.51	-
Loans	905.56	4,533.01	747.76	3,429.15
Investments	97.35	-	-	-
Other financial assets	46.96	97.00	29.85	55.91
Total financial assets	**1,232.82**	**4,642.25**	**832.10**	**3,492.56**
Non Financial assets				
Current tax assets (net)	-	0.99	-	10.35
Property, plant and equipment	-	15.01	-	8.34
Intangible assets under development	-	1.28	-	-
Other intangible assets	-	3.05	-	1.53
Right of use assets	8.64	40.22	3.25	12.47
Assets held for sale	-	-	2.06	-
Other non-financial assets	10.29	16.22	18.63	5.71
Total non financial assets	**18.93**	**76.77**	**23.94**	**38.40**
TOTAL	**1,251.75**	**4,719.02**	**856.04**	**3,530.96**
Financial Liabilities				
Derivative financial instruments	-	-	0.27	-
Payables				
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

46 (contd.)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6.26	-	2.42	-
Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15.02	-	7.07	-
Debt securities	283.49	-	23.24	269.96
Borrowings (other than debt securities)	917.69	3,309.76	504.02	2,300.77
Subordinated liabilities	0.03	99.69	0.03	99.57
Lease liability	9.23	42.08	1.32	15.67
Other financial liabilities	43.24	-	51.49	-
Total financial liabilities	**1,274.96**	**3,451.53**	**589.86**	**2,685.97**
Non Financial Liabilities				
Provisions	0.65	1.96	2.40	-
Deferred tax liabilities (net)	-	15.55	-	8.11
Other non-financial liabilities	17.55	-	18.85	-
Total non financial liabilities	**18.20**	**17.51**	**21.25**	**8.11**
TOTAL	**1,293.16**	**3,469.04**	**611.11**	**2,694.08**
Shareholders fund	**-**	**1,208.58**	**-**	**1,081.79**

47 Transfer of financial assets

A Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Securitisation transactions :	As at 31 March 2023	As at 31 March 2022
Carrying amount of transferred assets measured	81.06	107.32
Carrying amount of associated liabilities	72.88	98.46
Fair value of assets	75.91	107.08
Fair value of associated liabilities	75.37	105.70
Net position at fair value	0.54	1.37

Loans and advances to customers are sold by the Company to a Special Purpose Entity ("SPE") which in turn issues PTCs to investors collateralised by the purchased assets. In these securitisation transactions entered, the Company transfers loans and advances to an unconsolidated SPE but, it, however, it retains some credit risk (principally through credit enhancements provided by it).

Since substantially all the risks and rewards of the loans transferred has been retained by the Company, it does not derecognise the loans transferred in its entirety and recognise an associated liability for the consideration received.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

48 Change in liabilities arising from financing activities

Particulars	As at 1 April 2022	Loan Taken	Loan Paid	Non Cash Changes*	As at 31 March 2023
Debt securities	293.20	-	(10.00)	0.29	283.49
Borrowings (other than debt securities)	2,804.79	3,369.96	(1,949.32)	2.02	4,227.45
Subordinated liabilities	99.61	-	-	0.10	99.71
Total Liabilities from financing activities	**3,197.60**	**3,369.96**	**(1,959.32)**	**2.41**	**4,610.65**

Particulars	As at 1 April 2021	Loan Taken	Loan Paid	Non Cash Changes*	As at 31 March 2022
Debt securities	459.99	-	(160.00)	(6.79)	293.20
Borrowings (other than debt securities)	1,982.43	2,858.15	(2,040.42)	4.63	2,804.79
Subordinated liabilities	99.50	-	-	0.11	99.61
Total Liabilities from financing activities	**2,541.92**	**2,858.15**	**(2,200.42)**	**(2.05)**	**3,197.60**

*Represents adjustments on account of EIR and other adjustments

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions

(a) Capital	As at 31 March 2023	As at 31 March 2022
(i) CRAR (%)	34.83	42.77
(ii) CRAR -Tier I Capital (%)	32.60	39.91
(iii) CRAR -Tier II Capital (%)	2.23	2.86
(iv) Amount of subordinated debt raised as Tier- II Capital*	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

Note : Restructured loans related to resolution framework for COVID-19-related Stress dated 06 August 2020 has been assigned normal weights considering it as regulatory dispensation given by RBI.
*The outstanding amount of Sub debt as on 31 March 2023 is ₹99.71 Crores (31 March 2022 : ₹99.61 Crores). However, during the FY2021-22 and FY 2022-23, the Company had not raised any Subordinated Debt.

(b) Reserve Fund u/s 29C of NHB Act, 1987	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of the NHB Act 1987	24.41	21.60
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	49.68	37.01
c) Total	**74.09**	**58.61**
Additions/Appropriation/Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	4.27	2.81
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	18.77	12.67

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions
(contd.)

(b) Reserve Fund u/s 29C of NHB Act, 1987	As at 31 March 2023	As at 31 March 2022
Less:		
a) Amount appropriated from the Statutory reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special reserve u/s 36(1)(viii) Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory reserve u/s 29C of the NHB Act, 1987	28.68	24.41
b) Amount of Special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	68.45	49.68
c) **Total**	**97.13**	**74.09**

(c) Investments	As at 31 March 2023	As at 31 March 2022
1 Value of Investments		
(i) Gross Value of Investments		
(a In India*	97.35	-
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India*	97.35	-
(b) Outside India	-	-

*Investment includes investment made by the company in treasury bill and G-sec .Investment in Security Receipts amounting to ₹45.29 Crores (31 March 2022 ₹5.39 Crores) is classified as "Other Financial Assets" and hence not included above.

	As at 31 March 2023	As at 31 March 2022
2 Movement of provisions held towards depreciation on 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	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

(d) Derivatives

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

Particulars	As at 31 March 2023	As at 31 March 2022
The notional principal of swap agreements	Nil	Nil
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
Collateral required by the FC upon entering into swaps	Nil	Nil
Concentration of credit risk arising from the swaps	Nil	Nil
The fair value of the swap book Receivable/(Payable)	Nil	Nil

Exchange Traded Interest Rate (IR) Derivative:

Particulars	Currency Derivatives	Interest Rate Derivatives
Notional principal amount of exchange traded IR derivatives undertaken During the Year	Nil	Nil
Notional principal amount of exchange traded IR derivatives outstanding as on 31 March 2023	Nil	Nil
Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil
Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil

The Company's activities expose it to the financial risks of changes in foreign exchange rates. The Company uses derivative contracts to hedge its exposure to movements in foreign exchange. The use of these derivative contracts reduce the risk or cost to the Company and the Company does not use those for trading or speculation purposes.

The Company uses hedging instruments that are governed by the policies of the Company which is approved by board of directors which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The Board constituted Risk Management Committee (RMC) of the company manages risk on the company's derivative portfolio. All derivative transactions that are entered into by the company are reported to the board, and the mark-to-market on its portfolio is monitored regularly by the senior management.

To hedge its risks on the principal and/ or interest amount for foreign currency borrowings on its balance sheet, the company has currently used foreign exchange forward contracts.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value). Derivative assets and liabilities are recognized on the balance sheet at fair value. Fair value of derivatives is ascertained from the mark to market and accrual values received from the counterparty banks. Changes in the fair value of derivatives other than those designated as hedges are recognized in the Statement of Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, no longer qualifies for hedge accounting or the Company chooses to end the hedging relationship."

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

Particulars	Currency Derivatives	Interest Rate Derivatives
Derivatives (Notional Principal Amount)	Nil	Nil
Marked to Market Positions	Nil	Nil
(A) Assets (+)	Nil	Nil
(B) Liabilities (-)	Nil	Nil
Credit Exposure	Nil	Nil
Unhedged Exposures	Nil	Nil

	(e) Securitisation[1]	As at 31 March 2023	As at 31 March 2022
	(i) Outstanding amount of Securitized assets as per books of the SPVs[2]		
1	No of SPEs holding assets for securitisation transactions originated by the originator[3]	4	4
2	Total amount of securitized assets as per books of the SPVs sponsored	75.68	102.24
3	Total amount of the exposures retained by the HFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	11.65	11.65
	Others	2.90	3.92
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitisation		
	First loss	-	-
	Others	11.07	11.07
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	(i) Exposure to own securitisation		
	First loss	-	-
	Others	52.92	42.59
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

		As at 31 March 2023	As at 31 March 2022
5	(i) Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	NIL	NIL
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing etc. :	- Cash collateral in the form FD (First Loss) : ₹11.65 Crores (Lien marked) - Liquidity support in form of Cash Collateral as FD (Second Loss) : ₹11.07 Crores (Lien marked)[4] - Post Securitization assets servicing fee charged on monthly basis @ 0.10% on the outstanding amount.[5]	- Cash collateral in the form FD (First Loss) : ₹11.65 Crores (Lien marked) - Liquidity support in form of Cash Collateral as FD (Second Loss) : ₹11.07 Crores (Lien marked)[4] - Post Securitization assets servicing fee charged on monthly basis @ 0.10% on the outstanding amount.[5]
7	Performance of facility provided : (a) Amount paid (b) Repayment received (c) Outstanding Amount	A) Details of the FD placed for this purpose as under:[4] (i) Against First Loss : (a) Amount of FD Placed : ₹12.94 Crores (b) Lien Marked amount : ₹11.65 Crores (90% of original FD value) (ii) Against Second Loss : (a) Amount of FD Placed : ₹12.36 Crores (b) Lien Marked amount :₹11.07 Crores (90% of original FD value) (B) Other Credit Enhancement:[6] Further the Company has provided credit enhancement through investment in subordinated tranches of PTC as mentioned below : (a) Amount paid : ₹8.09 Crores (b) Repayment received : ₹5.20 Crores (c) Outstanding amount : ₹2.90 Crores (36% of original investment)	A) Details of the FD placed for this purpose as under[4]: (i) Against First Loss : (a) Amount of FD Placed : ₹12.94 Crores (b) Lien Marked amount : ₹11.65 Crores (90% of original FD value) (ii) Against Second Loss : (a) Amount of FD Placed : ₹12.36 Crores (b) Lien Marked amount :₹11.07 Crores (90% of original FD value) (B) Other Credit Enhancement[6] Further the Company has provided credit enhancement through investment in subordinated tranches of PTC as mentioned below : (a) Amount paid : ₹8.09 Crores (b) Repayment received : ₹4.17 Crores (c) Outstanding amount : ₹3.92 Crores (48% of original investment)
8	Average default rate of portfolios observed in the past (Home Loan) :	6.49%	6.10%
9	Amount and number of additional/top up loan given on same underlying asset (Home Loan) :	-	-
10	Investor complaints :		
	(a) Directly/Indirectly received	NIL	NIL
	(b) Complaints outstanding	NIL	NIL

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions

(contd.)

[1] Securitisation(PTC) transaction do not meet the de-recognition criteria under Ind AS and accordingly are recognized on books. Accordingly income and discounting charges are included in revenue from operations and finance cost respectively. Amounts stated above are for the limited purpose of disclosure.

[2] The above figures are being reported based on certificate issued by the auditors of the SPV, as required by revised guidelines on transfer of assets through securitisation.

[3] Only the SPVs relating to outstanding securitisation transactions are reported here.

[4] Amount is reduced on account of dropped out in the underlying asset amount.

[5] Company has entered into Collection & Servicing agreement with the trust for post securitization asset servicing. The Company has not provided any liquidity comfort or credit enhancement for collection & servicing arrangement.

[6] Repayment mentioned denotes repayment of the dues towards the subordinated PTCs in which the Company has invested.

(f) Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021

(i) Details of transfer through assignment in respect of loans not in default :

	As at 31 March 2023	As at 31 March 2022
Entity/Assignee	Bank	NIL
Count of Loan accounts Assigned	3438 Loans	NIL
Amount of Loan accounts Assigned	₹324.02 Crores	NIL
Retention of beneficial economic interest (MRR)*	10%	NIL
Weighted Average Maturity (Residual Maturity)**	136 Months	NIL
Weighted Average Holding Period	17 Months	NIL
Coverage of tangible security coverage	100%	NIL
Rating wise distribution of rated loans	Unrated	NIL

(ii) Details of acquired through assignment in respect of loans not in default :

	As at 31 March 2023	As at 31 March 2022
Entity/Assignor	HFC/NBFC	HFC/NBFC
Count of Loan accounts Assigned	3059 Loans	6590 Loans
Amount of Loan accounts Assigned	₹272.95 Crores	₹492.81 Crores
Retention of beneficial economic interest (MRR)*	10%	10%
Weighted Average Maturity (Residual Maturity)**	156 Months	171 Months
Weighted Average Holding Period	14 Months	25 Months
Coverage of tangible security coverage	100%	100%
Rating wise distribution of rated loans	Unrated	Unrated

* Retained by the originator.

** At the time of acquisition.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

(iii) Details of stressed loans transferred during the year ended 31 March 2023

Particulars	To ARCs	To permitted transferees	To other transferees
Number of accounts	745	-	-
Aggregate principal outstanding of loans transferred*	₹87.10 Crores	-	-
Weighted average residual tenor of the loans transferred	140 Months	-	-
Net book value of loans transferred (at the time of transfer)*	₹65.64 Crores	-	-
Aggregate consideration	₹72.92 Crores	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

Details of stressed loans transferred during the year ended 31 March 2022

Particulars	To ARCs	To permitted transferees	To other transferees
Number of accounts	297	303	-
Aggregate principal outstanding of loans transferred*	-	₹21.47 Crores	-
Weighted average residual tenor of the loans transferred	-	143	-
Net book value of loans transferred (at the time of transfer)*	-	₹13.88 Crores	-
Aggregate consideration	₹12.30 Crores	₹15.61 Crores	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

* The above figures includes sale of portfolio which have been written off in the past period. Hence, the net book value of such portfolio is Nil as on date of transfer.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

(g) Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

Maturity pattern of certain items of assets and liabilities as at 31 March 2023

	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one months upto 2 months	Over two months upto 3 months	Over three months to 6 months	Over 6 months to 1 Year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 Years	Total
Liabilities											
Borrowings from banks *	-	0.10	38.31	11.48	62.12	177.35	628.35	1,517.53	1,268.96	622.96	**4,327.16**
Market borrowings **	-	-	96.92	-	133.57	53.00	-	-	-	-	**283.49**
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	**-**
Assets											
Advances	17.77	-	51.24	68.21	113.87	198.76	519.23	1,344.52	1,065.71	2,290.37	**5,669.69**
Investments***	-	-	-	-	-	48.85	48.51	-	-	-	**97.35**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	**-**

Maturity pattern of certain items of assets and liabilities as at 31 March 2022

	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one months upto 2 months	Over two months upto 3 months	Over three months to 6 months	Over 6 months to 1 Year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 Years	Total
Liabilities											
Borrowings from banks *	0.85	-	16.25	9.57	49.44	129.83	298.11	1,037.22	728.03	635.09	**2,904.40**
Market borrowings **	-	-	-	-	8.52	4.87	9.85	269.96	-	-	**293.20**
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	**-**
Assets											
Advances	12.98	-	49.37	61.08	108.90	179.98	365.51	1,317.00	878.81	1,315.40	**4,289.04**
Investments***	-	-	-	-	-	-	-	-			**-**
Foreign Currency Assets	-	-	-	-	-	-	-	-			**-**

* Includes Cash credit facilities and working capital demand loans from banks which are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. It also includes loan from PTC investors.

** Includes secured redeemable non-convertible debentures.

***Security Receipts of ₹45.29 Crores (March 22 ₹5.39 Crores) included in "Other Financial Assets"

Note: Borrowings and advances are inclusive of interest accrued thereon

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

(h) (i) **Details of financing of parent company products**

The Company has not financed any products of parent company in the financial year ended 31 March 2023 and 31 March 2022.

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

The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2023 and 31 March 2022.

(iii) **Unsecured advances**

The Company has not given any advances against intangible securities such as charge over the rights, licenses, authority, etc. in the financial year ended 31 March 2023 and 31 March 2022.

(iv) **Exposure to group companies engaged in real estate business**

The Company does not have any exposure to group companies engaged in real estate business at the financial year ended 31 March 2023 and 31 March 2022.

(II) Miscellaneous

(a) **Registration obtained from other financial sector regulators**

The Company has not obtained any registration from other financial sector regulators other than NHB.

(b) **Disclosure of Penalties imposed by NHB/RBI and other regulators**

During FY 22-23 and FY 21-22, there were no penalties imposed by NHB or any other regulators on the company.

(c) **Related Party Transactions**

Refer note: 41 for related party transactions.

(d) **Details of ratings assigned by Credit Rating Agencies and migration of ratings during the year**

(₹ in Crores)

Facilities	Name of rating agency	Note	As at 31 March 2023	Amount	As at 31 March 2022	Amount
(i) Long term bank facilities	CRISIL Ratings Limited	Refer Note - 1	AA+ (RWN)	1500	AA+ (Stable)	1500
	CARE Ratings Limited	Refer Note - 2	AAA (RWN)	5200	AA+ (Stable)	3500
(ii) Secured non-convertible debentures	CRISIL Ratings Limited	Refer Note - 1	AA+ (RWN)	1500	AA+ (Stable)	1500
	CARE Ratings Limited	Refer Note - 2	AAA (RWN)	1500	AA+ (Stable)	1500
(iii) PTC (on account of securitisation transaction)	ICRA Limited	Refer Note - 5	AA (SO)	76	AA (SO)	102
(iv) Short Term Debt (Commercial debt)	CRISIL Ratings Limited	Refer Note - 3	A1+ (RWD)	500	A1+	500
	CARE Ratings Limited	Refer Note - 4	A1+	600	A1+	300

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

Note:

1. CRISIL have placed long term ratings under watch (RWN) with Negative implications post announcement by PFL to sell controlling stake in PHFL vide rating letter dated 20 December 2022
2. CARE upgraded the long-term rating by 1 notch to '**CARE AAA (Stable)**' with an enhanced long term rating bank facilities limit to ₹5,200 Crores from ₹3,500 Crores vide rating letter dated 30 September 2022. Further, CARE have placed long term ratings under watch with Negative implications post announcement by PFL to sell controlling stake in PHFL vide rating letter dated 23 December 2022
3. CRISIL have placed short term ratings under watch (RWD) with Developing implications post announcement by PFL to sell controlling stake in PHFL vide rating letter dated 20 December 2022
4. CARE enhanced rating limit to ₹600 Crores from ₹300 Crores vide rating letter dated 30 September 2022
5. ICRA Ratings have re-affirmed their ratings as AA (SO) for the PTC instruments issued by MHFL Securitisation Trust I, MHFL Securitisation Trust II, MHFL Securitisation Trust III and MHFL Securitisation Trust I vide letters dated 20 June 2022, 25 January 2023, 01 April, 2022 and 25 August 2022 respectively.

(e) Remuneration of Directors

Name of the non-executive directors	Nature of transaction	Year ended 31 March 2023	Year ended 31 March 2022
(i) Adar Poonawalla (w.e.f. 08.07.2021)	Director sitting fee	0.01	0.03
(ii) Abhay Bhutada (w.e.f. 08.07.2021 to 16.09.2021)	Director sitting fee	-	0.02
(iii) Amar Deshpande (w.e.f. 20.07.2021)	Director sitting fee	0.25	0.16
(iv) Bhama Krishnamurthy (w.e.f. 24.05.2021)	Director sitting fee	0.23	0.17
(v) Prabhakar Ramchandra Dalal (w.e.f. 24.05.2021)	Director sitting fee	0.22	0.18
(vi) Sajid Fazalbhoy (w.e.f. 24.05.2021 to 14.01.2022)	Director sitting fee	-	0.08
(vii) Deena Mehta (up to 09.06.2021)	Director sitting fee	-	0.02
(viii) Raman Uberoi (up to 09.06.2021)	Director sitting fee	-	0.02

(f) **Net Profit or Loss for the period, prior period items and changes in accounting policies**

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

(g) **Revenue Recognition**

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

(h) **Percentage of outstanding loans against collateral of gold jewellery to their outstanding total assets**

The Company did not have any outstanding loans against collateral of gold jewellery as on 31 March 2023 and 31 March 2022

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

(III) Additional Disclosures

(a) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended 31 March 2023	Year ended 31 March 2022
Provision for depreciation on investment	-	-
Under "Employee Benefit Expenses"		
(i) Provision for compensated absences	0.21	1.80
(ii) Provision for gratuity	1.01	0.75
Under "Impairment for Loss Allowances"		
(i) Provision towards non-performing assets (NPAs)*	28.50	(1.07)
(ii) Provision for standard assets	(14.62)	(23.32)

* For the financial year ended 31 March 2022, there has been write-back of provisions on account of reduction in NPAs due to write-off and reversal of management overlay made during FY2020-21 to manage the potential impact of COVID-19 pandemic. Refer to the Note 58 for further details in this regard.

Under "Tax expenses"	Year ended 31 March 2023	Year ended 31 March 2022
(i) Provision made towards Income tax (includes deferred tax)	38.97	23.77

Break up of Loans, Advances and Provisions thereon	Housing*	Non Housing	Housing*	Non Housing
	As at 31 March 2023		As at 31 March 2022	
Standard Assets				
(i) Total outstanding amount	3,781.99	1,671.33	2,821.20	1,358.28
(ii) Provision made	21.84	14.77	31.45	22.07
Sub-Standard Assets				
(i) Total outstanding amount	24.53	15.17	35.52	27.63
(ii) Provision made	11.71	8.01	9.89	6.65
Doubtful Assets-Category-I				
(i) Total outstanding amount	2.16	1.79	3.57	2.86
(ii) Provision made	1.10	0.96	1.20	0.93
Doubtful Assets-Category-II				
(i) Total outstanding amount	0.10	0.76	-	0.57
(ii) Provision made	0.11	0.75	-	0.57
Doubtful Assets-Category-III				
(i) Total outstanding amount	-	0.02	-	0.03
(ii) Provision made	-	0.03	-	0.03
Loss Asset				
(i) Total outstanding amount	-	-	-	-
(ii) Provision made	-	-	-	-
Total				
(i) Total outstanding amount	**3,808.78**	**1,689.07**	**2,860.29**	**1,389.37**
(ii) Provision made	**34.76**	**24.52**	**42.54**	**30.25**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

*It includes receivables amounting to ₹132.41 Crores as 31 March 2023 (₹94.36 Crores as on 31 March 2022) towards the insurance premium funded by the Company for the insurance cover availed by its customers.

Note:

a. The Total Outstanding Amount means Principal + accrued interest + other charges pertaining to loans without netting off.

b. Provision have been computed on exposure on loan accounts before any Ind-AS adjustments.

(b) Draw down from Reserves

The Company has not drawn any amount from Reserves during the financial year ended 31 March 2023 and 31 March 2022 respectively.

(c) Concentration of Public Deposits, Advances, Exposures and NPAs.

(i) Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

The Company has not taken any public deposits during the financial years ended 31 March 2023 and 31 March 2022 respectively.

	As at 31 March 2023	As at 31 March 2022
(ii) Concentration of Loans and Advances		
Total Loans and Advances to twenty largest borrowers	19.03	33.66
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	0.35%	0.79%
(iii) Concentration of all Exposures (including off-balance sheet exposure)		
Total Exposure to twenty largest borrowers / customers	19.15	33.96
Percentage of Exposures to twenty largest borrowers / customers to total Exposure of the HFC on borrowers / customers	0.30%	0.67%
(iv) Concentration of NPAs		
Total Exposure to top ten NPA accounts	5.06	5.47

(v) Sector-wise NPAs	% of NPAs to Total Advances in that sector	
	As at 31 March 2023	As at 31 March 2022
Sector		
(A) Housing Loan		
1 Individuals	0.70%	1.37%
2 Builders/Project Loans	-	-
3 Corporates	-	-
4 Others (specify)	-	-
(B) Non-Housing Loan	-	
1 Individuals	1.05%	2.24%
2 Builders/Project Loans	-	-
3 Corporates	1.19%	1.20%
4 Others (specify)	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

49 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions

(contd.)

(d) Movement of NPAs	As at 31 March 2023	Year ended 31 March 2022
i) Net NPAs to Net Advances (%)	0.40%	1.20%
ii) Movement of NPAs (Gross)		
a) Opening balance	70.17	37.92
b) Additions during the year	38.34	63.61
c) Reductions during the year	(63.96)	(31.36)
d) Closing balance	**44.55**	**70.17**
iii) Movement of Net NPAs		
a) Opening balance	50.90	17.30
b) Additions during the year	19.06	47.00
c) Reductions during the year	(48.08)	(13.40)
d) Closing balance	**21.88**	**50.90**
iv) Movement of provisions for NPAs (excluding provisions on standard assets)*		
a) Opening balance	19.27	20.62
b) Provisions made during the year	20.88	16.61
c) Write-off / (write-back) of excess provisions	(17.48)	(17.96)
d) Closing balance	**22.67**	**19.27**

* The provisions referred here is loss allowances for Expected Credit Loss (ECL)

The overall Gross NPAs to Gross advances for FY 2022-23 is 0.81% (FY 2021-22 : 1.65%)

(e) Overseas Assets

The Company does not have any overseas assets as at 31 March 2023 and 31 March 2022

(f) Off- Balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have any exposure to off balance sheet SPVs sponsored as at 31 March 2023 and 31 March 2022

50 Principle Business Criteria

	As at 31 March 2023	As at 31 March 2022
a) Individual Housing Loan to Total Tangible Assets	63.82%	64.92%
b) Total Housing Loan to Total Tangible assets	63.84%	65.22%

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

51 Disclosures pursuant to RBI Circular no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13.03.2020

Asset Classifications as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Differences between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	5,317.64	21.01	5,296.63	28.42	(7.41)
	Stage 2	135.67	15.43	120.24	4.81	10.62
Subtotal		**5,453.31**	**36.44**	**5,416.87**	**33.23**	**3.21**
Non Performing Assets (NPA)				-		-
Substandard*	Stage 1	0.79	0.16	0.63	0.12	0.04
	Stage 2	6.26	1.68	4.58	1.12	0.56
	Stage 3	32.67	17.88	14.79	7.10	10.78
Doubtful- up to 1 year*	Stage 1	0.25	0.05	0.20	0.06	(0.01)
	Stage 2	0.17	0.04	0.13	0.05	(0.01)
	Stage 3	3.53	1.97	1.56	1.87	0.10
1 to 3 years	Stage 3	0.86	0.86	-	0.84	0.02
More than 3 years	Stage 3	0.02	0.03	(0.01)	0.06	(0.03)
Subtotal for doubtful		**4.83**	**2.95**	**1.88**	**2.88**	**0.07**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**44.55**	**22.67**	**21.88**	**11.22**	**11.45**
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	266.06	0.09	265.97	-	0.09
	Stage 2	1.99	0.08	1.91	-	0.08
		268.05	**0.17**	**267.88**	**-**	**0.17**
Subtotal		**5,765.91**	**59.28**	**5,706.63**	**44.45**	**14.83**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

51 Disclosures pursuant to RBI Circular no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13.03.2020 (contd.)

Asset Classifications as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Differences between Ind AS 109 provisions and IRACP norms
Total	Stage 1	5,584.74	21.31	5,563.43	28.60	(7.29)
	Stage 2	144.09	17.23	126.86	5.98	11.25
	Stage 3	37.08	20.74	16.34	9.87	10.87
	Total	**5,765.91**	**59.28**	**5,706.63**	**44.45**	**14.83**

As at and for the year ended 31 March 2022

Asset Classifications as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Differences between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	3,862.85	11.92	3,850.93	11.53	0.39
	Stage 2	316.64	40.88	275.76	25.51	15.37
Subtotal		**4,179.49**	**52.80**	**4,126.69**	**37.04**	**15.76**
Non Performing Assets (NPA)				-		-
Substandard*	Stage 1	2.14	0.02	2.12	0.33	(0.31)
	Stage 2	26.99	3.94	23.05	4.80	(0.86)
	Stage 3	34.01	12.58	21.43	8.03	4.55
Doubtful- up to 1 year*	Stage 1	0.01	-	0.01	0.01	(0.01)
	Stage 2	0.19	0.02	0.17	0.05	(0.03)
	Stage 3	6.24	2.11	4.13	2.83	(0.72)
1 to 3 years	Stage 3	0.57	0.57	-	0.48	0.09
More than 3 years	Stage 3	0.03	0.03	-	0.03	-
Subtotal for doubtful		**7.04**	**2.73**	**4.31**	**3.40**	**(0.67)**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**70.18**	**19.27**	**50.91**	**16.56**	**2.71**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

51 Disclosures pursuant to RBI Circular no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13.03.2020 (contd.)

Asset Classifications as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Differences between Ind AS 109 provisions and IRACP norms
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	184.80	0.51	184.29	-	0.51
	Stage 2	2.13	0.21	1.92	-	0.21
		186.93	**0.72**	**186.21**	**-**	**0.72**
Subtotal		**4,436.60**	**72.79**	**4,363.81**	**53.60**	**19.19**
				-		-
Total	Stage 1	4,049.80	12.45	4,037.35	11.87	0.58
	Stage 2	345.95	45.05	300.90	30.36	14.69
	Stage 3	40.85	15.29	25.56	11.37	3.92
	Total	**4,436.60**	**72.79**	**4,363.81**	**53.60**	**19.19**

*In accordance with the RBI circular dated November 12, 2021, on “Prudential Norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances– Clarifications” and further clarifications provided by the RBI vide its circular dated February 15, 2022, the Company has implemented the requirements prescribed with respect to ‘Upgradation of accounts classified as NPAs’ and it has, accordingly, treated loans amounting to ₹7.47 Crores as on 31 March 2023 (₹29.33 Crores as on 31 March 2022) as Sub-Standard Assets under the IRACP even though the same have been rolled-back below 90DPPD. However, for accounting under the Ind AS, this amount of ₹7.47 Crores as on 31 March 2023 (₹29.33 Crores as on 31 March 2022) has not been shown under Stage 3 considering the recovery performance of such loans.

Note : Provisions have been computed on exposure on Loan accounts before any Ind-AS adjustments

** Represents loan cases sanctioned but not disbursed

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

52 Public disclosure on Liquidity Risk as at 31 March 2023

(i) Funding Concentration based on significant counterparty (both deposits and Liabilities)

Financial Year	Number of Significant Counterparties	Amount	% of total deposits	% of total Liabilities
2022-23	15	4550.21	NA	95.55%
2021-22	13	3160.06	NA	95.61%

Note : A 'Significant Counterparty' is a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Company's total liabilities.

(ii) Top 20 large deposits (amount ₹ in Crores and % of total deposits)

The Company is a non-deposit taking housing finance company and does not accept any deposits from the public.

(iii) Top 10 borrowings (amount ₹ in Crores and % of total borrowings)

Financial Year	Sanctioned	Outstanding	% of total Borrowings
2022-23	5,224.30	4,115.53	89.35%
2021-22	4,485.62	2,960.69	93.69%

(iv) Funding Concentration based on significant instrument/product

Name of the Instrument	FY 2022-23		FY 2021-22	
	Amount	% of total Liabilities	Amount	% of total Liabilities
Term Loan Facilities	3,885.15	81.58%	2,677.82	81.02%
Cash Credit Facilities	275.00	5.77%	-	0.00%
Non - Convertible Debentures	270.00	5.67%	280.00	8.47%
Subordinate Debt Instruments	100.00	2.10%	100.00	3.03%
Loan from PTC Investors	75.68	1.59%	102.24	3.09%

A single instrument/product shall be deemed as 'significant instrument/ product' if single instrument/ product or group of similar instruments/ products in aggregate amount to more than 1% of the Company total liabilities.

(v) Stock Ratios:

(a) Commercial papers as a % of total public funds, total liabilities and total assets

The Company has not raised any funds through issuance of Commercial Papers (CPs) and hence this disclosure is not applicable.

(b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets

The Company does not have any Non-convertible debentures with original maturity of less than one year and hence this disclosure is not applicable

(c) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets

Financial Year	Short term liabilities	% of Total Liabilities	% of Total Assets	% of Public Funds
2022-23	275.00	6.00%	4.61%	5.97%
2021-22	-	-	-	-

The above stated 'Other short-term liabilities' include cash credit & working capital demand loan facilities.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

52 Public disclosure on Liquidity Risk as at 31 March 2023 (contd.)

(vi) Institutional set-up for liquidity risk management

The Company has an Asset Liability Committee (ALCO), constituted by the Board, which periodically reviews asset liability position of the Company. It also ensures that there are no excessive concentration on either assets or liability side of the balance sheet.

ALM is monitored as a regular process and necessary steps are taken wherever required. Company also maintains sufficient liquidity buffer through credit lines and other means to meet its liability when they are due, under both normal and stressed conditions in a timely manner. Maturity profile of financial assets and financial liabilities is assessed along with borrowings and business and as a part of review of liquidity position.

The Company has obtained fund based working capital lines and Term Loans from various banks and financial institutions. Further, the Company has access to funds from debt markets through non-convertible debentures and other debt instruments. Cash Credit / WCDL limits are renewed on annual basis and are therefore revolving in nature.

The Company has an Asset Liability Management Policy (ALM Policy). Liquidity risk is managed in accordance with ALM Policy. Same is reviewed periodically to incorporate regulatory changes, economic scenario and business requirements.

53 Disclosures in respect of Guidelines on Maintenance of Liquidity Coverage Ratio (LCR) as referred in para 3.1.2 of the Master Direction-Non-Banking Financial Company -Housing Finance Company (Reserve Bank) Directions 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financials Company - Systematically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Appendix 1

Particulars	As on 31 March 23		As on 31 December 22	
	Total unweighted value (Average)*	Total weighted value (Average)#	Total unweighted value (Average)*	Total weighted value (Average)#
High Quality Liquid Assets				
1. Total High Quality Liquid Assets (HQLA)	396.18	396.18	358.51	358.51
Cash Outflows				
2. Deposits (for deposit taking companies)	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-
4. Secured wholesale funding	208.16	239.38	38.34	44.09
5. Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
6. Other contractual funding obligations	55.11	63.38	99.53	114.46
7. Other contingent funding obligations	89.55	102.98	70.91	81.54

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

53 Disclosures in respect of Guidelines on Maintenance of Liquidity Coverage Ratio (LCR) as referred in para 3.1.2 of the Master Direction-Non-Banking Financial Company -Housing Finance Company (Reserve Bank) Directions 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financials Company - Systematically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (contd.)

Particulars	As on 31 March 23		As on 31 December 22	
	Total unweighted value (Average)*	Total weighted value (Average)#	Total unweighted value (Average)*	Total weighted value (Average)#
8. TOTAL CASH OUTFLOWS	352.81	405.74	208.78	240.09
Cash Inflows				
9. Secured lending**	440.00	330.00	100.00	75.00
10. Inflows from fully performing exposures	61.54	46.15	11.04	8.28
11. Other cash inflows	3.37	2.53	27.42	20.57
12. TOTAL CASH INFLOWS	504.91	378.68		

		Total Adjusted Value		Total Adjusted Value
13. TOTAL HQLA		396.18		358.51
14. TOTAL NET CASH OUTFLOWS		101.43		136.25
15. LIQUIDITY COVERAGE RATIO (%)		390.58%		263.13%
16. NHB Requirement w.e.f. 1st Dec 22 (%)		50.00%		50.00%
Components of HQLA				
1. Assets to be included as HQLA without any haircut		396.18		358.51
2. Assets to be included for HQLA with a minimum haircut of 15%		-		-
3. Assets to be included for HQLA with a minimum haircut of 50%		-		-
4. Approved securities held as per the provisions of section 45 IB of RBI Act		-		-
TOTAL HQLA		396.18		358.51

* Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

Weighted values calculated after the application of respective stress factors on inflow and outflow.

** Includes unutilized bank lines.

HQLA includes cash on hand and demand deposits with Scheduled Commercial Banks.

As the Company crossed threshold of asset size of ₹5,000 crore and above during the quarter ended 31 December, 2022, the Guidelines on Liquidity Coverage Ratio (LCR) became applicable on the Company during the quarter ended 31 December, 2022. Accordingly, the Company has started the above disclosures with effect from the quarter ended 31 December, 2022.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

54 Annexure as required in terms of Master Direction – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, updated as on 28 December 2021

Schedule to the Balance Sheet

Particulars	As on 31 March 23		As at 31 March 2022	
Liabilities side	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
1) Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid*				
(a) Debentures : Secured	283.49	-	293.20	-
: Unsecured	-	-	-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	3,879.57	-	2,675.04	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans :	-	-	-	-
Loans repayable on demand	275.00	-	31.29	-
Subordinated liabilities	99.71	-	99.61	-
2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-

* Does not include loan from PTC investors amounting to ₹72.88 Crores which forms part of securitised liability classified as borrowings in the Financials Statement as the same does not meet the derecognition criteria as per provision of Ind AS.

Assets side

	As at 31 March 2023	As at 31 March 2022
	Amount outstanding	Amount outstanding
3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	5,497.85	4,249.66
(b) Unsecured	-	0.03
4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial Lease	-	-
(b) Operating Lease	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

54 Annexure as required in terms of Master Direction – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, updated as on 28 December 202 (contd.)

	As at 31 March 2023	As at 31 March 2022
	Amount outstanding	Amount outstanding
(ii) Stock on hire including hire charges under		
(a) Assets on Hire	-	-
(b) Repossessed Assets	-	-
(iii) Other Loans counting towards asset financing activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
5) Breakup of Investments		
Current Investments		
1 Quoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government securities	97.35	-
(v) Others	-	-
2 Unquoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government securities	-	-
(v) Others	-	-
Long Term Investments		
1 Quoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government securities	-	-
(v) Others	-	-
2 Unquoted		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government securities	-	-
(v) Others	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

54 Annexure as required in terms of Master Direction – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, updated as on 28 December 202 (contd.)

6) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:

Category		As at 31 March 2023			As at 31 March 2022		
		Amount net of provisions			Amount net of provisions		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other Related parties	-	-	-	-	-	-
2	Other than related parties	5,438.57	-	5,438.57	4,176.87	0.03	4,176.90
	Total	**5,438.57**	**-**	**5,438.57**	**4,176.87**	**0.03**	**4,176.90**

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

Category		As at 31 March 2023		As at 31 March 2022	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other Related parties	-	-	-	-
2	Other than related parties	97.38	97.35	-	-
	Total	**97.38**	**97.35**	**-**	**-**

8) Other Information

Particulars		As at 31 March 2023	As at 31 March 2022
(i)	Gross Non Performing Assets		
	(a) Related Parties	-	-
	(b) Other than Related parties	44.55	70.17
(ii)	Net Non Performing Assets		
	(a) Related Parties	-	-
	(b) Other than Related parties	21.88	50.90
(iii)	Assets acquired in satisfaction of debt*	2.11	1.34

*The above amount includes principal, other dues and Ind AS adjustments (after factoring retention ratio). The amount towards 'Assets acquired in satisfaction of debt' forms part of the loan assets disclosed by the Company and the same has also been classified as NPAs.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

55 Contingent liabilities and commitments (to the extent not provided for)

	As at 31 March 2023	As at 31 March 2022
(a) Contingent liabilities		
Claims against the Company not acknowledged as debt		
(i) Income tax matters under dispute	1.93	1.93
(ii) Legal cases against the company	0.04	0.01
Guarantees	15.00	15.00

During the year the Company has not issued any bank guarantee (31 March 2022 : bank guarantee of ₹15 Crores was issued against loan facilities availed from NHB)

	As at 31 March 2023	As at 31 March 2022
(b) Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	35.60	0.91
(ii) Undisbursed housing / other loans	268.05	186.93

(c) The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision required under Ind AS/ RBI Regulations/ any statutory requirements for material foreseeable losses on such long term contracts has been made in the books of account.

The Company has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements.

56 Details of Corporate Social Responsibility ('CSR') expenditure

A CSR committee has been formed by the Company as prescribed under section 135 of the Companies Act, 2013. CSR expenses have been incurred through out the year on the activities as specified in Schedule VII of the Act.

	Year ended 31 March 2023	Year ended 31 March 2022
Excess amount spent in previous year*	**0.06**	**-**
Gross amount required to be spent by the Company during the year	0.89	0.26
Amount spent during the year	0.85	0.32
Construction/ acquisition of any assets	-	-
Purposes other than above	0.85	0.32
Excess/(Shortfall)	**0.02**	**0.06**

* brought forward CSR obligation of FY 21-22 ₹0.06 Crores

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

56 Details of Corporate Social Responsibility ('CSR') expenditure(contd.)

	Year ended 31 March 2023	Year ended 31 March 2022
Disclosure for Section 135- CSR		
The amount of shortfall at the end of the year out of the amount	-	-
Total of Previous years shortfall amount	-	-
Reasons for above shortfalls by way of note	N.A.	N.A.
Nature of CSR activities undertaken by Company	Support towards women entrepreneurship, girl child education, health checkup camps and safe drinking water distribution	M-Care - Providing healthcare services to marginalized people

57 Disclosures relating to fraud

During the year ended 31 March 2023, 6 fraud cases involving 6 loan accounts were reported (March 2022: 8 fraud cases involving 15 loan accounts). The amount involved being ₹1.10 Crores (March 2022: ₹2.66 Crores) have been fully provided for / written-off.

58 COVID-19

The Company carried a management overlay of ₹12.02 Crores as at 31 March 2022, to manage the potential impact of COVID-19 pandemic. The impact of COVID – 19 pandemic has substantially reduced during the financial year 2022-23 basis which the management has estimated that the provisions derived from the expected credit loss (ECL) model is adequate to cover the risk of potential loss on the loan portfolio. Accordingly, as at 31 March 2023, the Company does not carry any separate provisions on account of COVID – 19.

59 Reclassification of Loan assets from FVTOCI to Amortised cost

During the FY 2021 -2022, the Company had reassessed its business model and classified its housing loan and Loan against property portfolio from fair value through other comprehensive income to amortized cost w.e.f 31 March 2022. Consequently, the cumulative gain/ (loss) of ₹(18.24) Crores and deferred tax asset of ₹4.59 Crores thereon previously recognised, in other comprehensive income was transferred from equity and adjusted to arrive at the amortised cost of the loan portfolio.

If the above reclassification had not been done, the fair value of portfolio as at March 31, 2022 would have been ₹4,147.47 Crores as against amortised cost of ₹4,165.71 Crores. The portfolio of construction finance amounting to ₹11.16 Crores and loan to staff amounting to ₹0.03 Crores continuous to be measured under amortised cost category and hence there is no impact on reclassification.

During the FY 2022-2023, the Company continues to classify the housing loan and loan against property portfolio as amortised cost.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

60 During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the one time restructuring policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 6 August 2020

Disclosure pursuant to RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 for the year ended 31 March 2023

Type of borrower	(A)	(B)	(C)	(D)	(E)
	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 Sep 2022 (A)	Of (A), aggregate debt that slipped into NPA during six month period ended 31 Mar 2023	Of (A) amount written off during six month period ended 31 Mar 2023 #	Of (A) amount paid by the borrowers during six month period ended 31 Mar 2023 ##	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 Mar 2023
Personal Loans	201.44	9.67	2.07	24.68	167.09
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**201.44**	**9.67**	**2.07**	**24.68**	**167.09**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

represents amount slipped into NPA and subsequently written off during the half year ended March 31, 2023.

Amount paid by the borrower during the half year is net off additions in the borrower account including additions due to interest capitalisation & adjustments for realiasation made through sale of stress assets.

61 The Government of India has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration of Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

62 The Board of Directors of Poonawalla Fincorp Limited (formerly Magma Fincorp Limited) ("PFL"), Holding Company at their meeting held on 14 December, 2022 has accorded its consent for the sale of controlling stake ("Proposed Transaction") in Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited) ("Company") to Perseus SG Pte. Ltd., an entity affiliated with TPG Global, LLC ("Perseus"). In view of the same, the Board of the Company at its meeting held on 14 December 2022 have taken note of the Proposed Transaction and executed a Share Purchase Agreement ("SPA") amongst PFL, Perseus and the Company on 14 December 2022, for the proposed sale of controlling stake i.e. 99.02% by PFL at total equity value of ₹3,900 Crores, subject to regulatory approvals and satisfaction of other customary conditions. The Company has filed an application with Reserve Bank of India (RBI) seeking prior requisite approval for the transfer of shareholding of the Company, together with the acquisition of control of the Company and change of management pursuant to Chapter VIII - Acquisition/Transfer of Control of RBI HFC Master Directions as amended from time to time. The RBI approval is awaited. Post consummation of the Proposed Transaction, in the near term Perseus will also infuse additional equity of up to ₹1,000 Crores to support growth of the Company.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

63 Disclosure as required under RBI notification no. RBI/2022-23/26 DOR.ACC.REC. No. 20/21.04.018/2022-23 dated 19 April,2022 read with circular no. DOR.CRE.REC.No. 60/03.10.001/2021-22 dated October 22,2021 in respect of Scale Based Regulation (SBR) - A Revised Regulatory Framework' for NBFCs

By virtue of para 1.6.b) of the circular no. DOR.CRE.REC.No. 60/03.10.001/2021-22 dated October 22,2021, the company is categorised as middle layer.

<u>Section I</u>

A) Exposures

1) Exposure to real estate sector*

Category		As at 31 March 2023	As at 31 March 2022
i)	**Direct Exposure**		
a)	Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	5,071.30	3,963.37
b)	Commercial Real Estate Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	0.25	12.40
c)	Investments in Mortgage-Backed Securities (MBS) and other securitized exposures**		
	i) Residential	-	-
	ii) Commercial Real Estate	45.29	5.39
ii)	**Indirect Exposure**		
	a) Fund Based - NHB and HFC	-	-
	b) Non-Fund Based - NHB and HFC	-	-
Total Exposure to Real Estate sector		**5,116.84**	**3,981.16**

* In addition to the exposure to Real Estate Sector disclosed above, the company also had loan exposure against retail commercial property amounting to ₹426.30 Crores as on 31 March 2023 and ₹273.89 Crores as on 31 March 2022 which did not fall under definition of Commercial Real Estate.

** Includes security receipts, classified under "Other Financial Assets".

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

63 Disclosure as required under RBI notification no. RBI/2022-23/26 DOR.ACC.REC. No. 20/21.04.018/2022-23 dated 19 April,2022 read with circular no. DOR.CRE.REC.No. 60/03.10.001/2021-22 dated October 22,2021 in respect of Scale Based Regulation (SBR) - A Revised Regulatory Framework' for NBFCs (contd.)

2) Exposure to capital market

Particulars	As at 31 March 2023	As at 31 March 2022
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter’s contribution to the equity of new companies in anticipation of raising resources	-	-
vii) Bridge loans to companies against expected equity flows / issues	-	-
viii) Underwriting commitments taken up by the HFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix) Financing to stockbrokers for margin trading	-	-
x) All exposures to Alternative Investment Funds: a) Category I b) Category II c) Category III	-	-
Total exposure to capital market	**-**	**-**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

63 Disclosure as required under RBI notification no. RBI/2022-23/26 DOR.ACC.REC. No. 20/21.04.018/2022-23 dated 19 April,2022 read with circular no. DOR.CRE.REC.No. 60/03.10.001/2021-22 dated October 22,2021 in respect of Scale Based Regulation (SBR) - A Revised Regulatory Framework' for NBFCs (contd.)

3) Sectoral Exposure

Sectors	As at 31 March 2023			As at 31 March 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1) Agriculture and Allied Activities	-	-	-	-	-	-
2) Industry	-	-	-	-	-	-
3) Services	-	-	-	-	-	-
4) Personal Loans	5,818.47	44.55	0.77%	4,454.48	70.17	1.58%
5) Others	-	-	-	-	-	-

4) Intra-group exposures*

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
i) Total Amount of intra-group exposures	-	-
ii) Total Amount of Top 20 intra-group exposures	-	-
iii) Percentage of intra-group exposures to total exposure of the Company on borrowers/customers	-	-

* The transactions made by the Company with the other group Companies were not in the nature of financial exposures.

5) Unhedged foreign currency exposures

The Company did not have any exposure to unhedged foreign currency as at the financial years ended 31 March 2023 and 31 March 2022.

Summary of significant accounting policies and other explanatory information
for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

B) Related Party Disclosure

Particulars	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
i) Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iv) Advances given [(a)]	-	-	-	-	-	-	-	-	-	-	8.78	14.10	8.78	14.10
Maximum Outstanding [(a)]	-	-	-	-	-	-	-	-	-	-	2.82	6.62	2.82	6.62
v) Advances given for Purchase of Fixed Assets [(b)]	-	-	-	-	-	-	-	-	-	-	-	0.88	-	0.88
vi) Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
vii) Purchase of fixed/ other assets [(b)]	-	-	-	-	-	-	-	-	-	-	-	0.88	-	0.88
viii) Interest paid on Inter Corporate Loan Taken	-	0.65	-	-	-	-	-	-	-	-	-	-	-	0.65
ix) Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
x) Others														
a) DA servicing Fees Received	0.21	0.26	-	-	-	-	-	-	-	-	-	-	0.21	0.26
b) DA servicing Fees Outstanding	0.01	0.02	-	-	-	-	-	-	-	-	-	-	0.01	0.02
c) Allocable Expenses Paid	5.47	12.67	-	-	-	-	-	-	-	-	-	-	5.47	12.67

Summary of significant accounting policies and other explanatory information
for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

B) Related Party Disclosure (contd.)

Particulars	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
d) KMP Remuneration (d)	-	-	-	-	-	-	5.84	5.23	-	-	-	-	5.84	5.23
e) Equity Share Capital	-	83.99	-	-	-	-	0.49	1.97	-	-	-	-	0.49	85.96
f) Share Premium	-	416.01	-	-	-	-	-	-	-	-	-	-	-	416.01
g) Adjustments of loans and advances given (a)	-	-	-	-	-	-	-	-	-	-	15.32	10.33	15.32	10.33
h) Insurance Premium paid (Mediclaim) [a]	-	-	-	-	-	-	-	-	-	-	0.88	0.30	0.88	0.30
i) Claim Received (Mediclaim) [a]	-	-	-	-	-	-	-	-	-	-	-	0.13	-	0.13
j) Premium for Employee Mediclaim [a]	-	-	-	-	-	-	-	-	-	-	2.69	1.91	2.69	1.91
k) Director Sitting Fees	-	-	-	-	-	-	-	-	-	-	0.71	0.66	0.71	0.66
l) Repayment of Loan [c]	-	-	-	-	-	-	-	-	-	-	-	24.45	-	24.45
m) Interest Income [c]	-	-	-	-	-	-	-	-	-	-	-	2.70	-	2.70
n) Inter Corporate Loan Taken	-	250.00	-	-	-	-	-	-	-	-	-	-	-	250.00
o) Inter Corporate Loan Refunded	-	250.00	-	-	-	-	-	-	-	-	-	-	-	250.00

(a) Transactions / Balances with “Entity under common control”
(b) Transactions / Balances with “Subsidiary of holding company to which Company is also a subsidiary”
(c) Transactions / Balances with Private Company in which Director is member or Director
(d) The remuneration excludes perquisites value of ₹3.05 crore (FY 22- ₹9.77 crore) on account of of 4,93,333 no (FY 22- 19,73,333 no) of Restricted Stock Options exercised during the year
Note : Please Refer Note No. 41 for detailed RPT disclosure

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

63 Disclosure as required under RBI notification no. RBI/2022-23/26 DOR.ACC.REC. No. 20/21.04.018/2022-23 dated 19 April,2022 read with circular no. DOR.CRE.REC.No. 60/03.10.001/2021-22 dated October 22,2021 in respect of Scale Based Regulation (SBR) - A Revised Regulatory Framework' for NBFCs (contd.)

C) Disclosure of complaints

1) Summary information on complaints received by the HFCs from customers and from the Offices of Ombudsman

Particulars	As at 31 March 2023	As at 31 March 2022
Complaints received by the HFC from its customers		
1) Number of complaints pending at beginning of the year	1	22
2) Number of complaints received during the year	239	230
3) Number of complaints disposed during the year	239	251
3.1) of 3, which complaints rejected by HFC	-	-
4) Number of complaints pending at the end of the year*	1	1
Maintainable complaints received by the HFC from Office of Ombudsman	-	-
5) Number of maintainable complaints received by the HFC from Office of Ombudsman	Not applicable	Not applicable
5.1) of 5, number of complaints resolved in favour of the HFC by Office of Ombudsman	Not applicable	Not applicable
5.2) of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	Not applicable	Not applicable
5.3) of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the HFC	Not applicable	Not applicable
6) Number of Awards unimplemented within the stipulated time (other than those appealed)	Not applicable	Not applicable

The disclosures above Sl. No. 5 and 6 are not applicable to the Company since the Company, being a Housing Finance Company, is not included under the 'Reserve Bank- Integrated Ombudsman Scheme, 2021

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

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
As at 31 March 2023					
Relating to Statements/ Documents provided by the Company	-	54	100.00%	-	-
Relating to Collection of Dues of the Company	-	39	85.71%	-	-
Relating to Refund	1	25	-41.86%	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

63 Disclosure as required under RBI notification no. RBI/2022-23/26 DOR.ACC.REC. No. 20/21.04.018/2022-23 dated 19 April,2022 read with circular no. DOR.CRE.REC.No. 60/03.10.001/2021-22 dated October 22,2021 in respect of Scale Based Regulation (SBR) - A Revised Regulatory Framework' for NBFCs (contd.)

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
Relating to Particulars of the Loan like Rate of Interest, Tenor, Dues etc.	-	19	5.56%	-	-
Relating to PMAY Subsidy	-	21	5.00%	-	-
Others	-	81	-19.80%	1	-
Total	**1**	**239**		**1**	**-**
		As at 31 March 2022			
Relating to Statements/ Documents provided by the Company	16	27	54.00%	1	-
Relating to Collection of Dues of the Company	1	21	-33.00%	-	-
Relating to Refund	-	43	-16.00%	-	-
Relating to Particulars of the Loan like Rate of Interest, Tenor, Dues etc.	-	18	-9.00%	-	-
Relating to PMAY Subsidy	1	20	-5.00%	-	-
Others	4	101	-45.00%	-	-
Total	**22**	**230**		**1**	**-**

* all complaints pending as on 31 March 2023 has been closed on 5th April 2023.

Section II

A) Disclosure of modified opinion, if any express by Auditors, its impact on various financial items and views of management on audit qualifications:

The statutory auditors have issued unmodified opinion for FY 2022-23 and FY 2021-22. Hence not applicable.

B) Items of income and expenditure of exceptional nature:

There is no such item in FY 2022-23 and FY 2021-22

C) Breach of covenant

There are no breaches of any of the covenants in respect of debt securities issued by the company in respect of Loans availed

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(All amounts ₹ in Crores unless otherwise stated)

63 Disclosure as required under RBI notification no. RBI/2022-23/26 DOR.ACC.REC. No. 20/21.04.018/2022-23 dated 19 April,2022 read with circular no. DOR.CRE.REC.No. 60/03.10.001/2021-22 dated October 22,2021 in respect of Scale Based Regulation (SBR) - A Revised Regulatory Framework' for NBFCs (contd.)

D) Divergence in Asset Classification and Provisioning

For FY 2022-23 and FY 2021-22, no divergence in asset classification and additional provisioning requirements were advised by the National Housing Bank (NHB) to the Company. Accordingly, any additional disclosures in this regard are not applicable on the Company.

64 The disclosure required vide dated 24th March 2021 in respect of relation with stuck off Companies, the Company operates primarily in the business of lending for housing to individuals and there were no such transactions which are required to be reported.

65 All charge filings with respect to creation and satisfaction of charges for the borrowings has been done within the stipulated time period, except 1 borrowing from the NHB where charge creation was delayed by 1 day due to technical issues at the Lender's end.

66 Ratios :

Sr.No	Ratio	Numerator	Denominator	FY 2022-23	FY 2021-22	% Variance	Reason for Variance (if above 25%)
1	CRAR	1,174.05	3,371.33	34.83%	42.77%	-18.57%	Not applicable
2	Tier I CRAR	1,099.01	3,371.33	32.60%	39.91%	-18.32%	Not applicable
3	Tier II CRAR	75.04	3,371.33	2.23%	2.86%	-22.17%	Not applicable
4	Liquidity Coverage Ratio	Refer Note no.53					

67 Figures for the previous year/period have been regrouped and / or reclassified whenever considered necessary

For G. D. Apte & Co.
Chartered Accountants
Firm Registration no : 100515W

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

Manish Jaiswal
Managing Director & Chief Executive Officer
(DIN: 07859441)

Amar Deshpande
Director
(DIN: 07425556)

C. M. Dixit
Partner
Membership No.: 017532

Pankaj Rathi
Chief Financial Officer

Place : Pune
Date : 24 April 2023

Place : Pune
Date : 24 April 2023

Place : Pune
Date : 24 April 2023

A TRISYS PRODUCT
info@trisyscom.com

POONAWALLA HOUSING FINANCE

Apna Ghar, Apni Pehchan

POONAWALLA HOUSING FINANCE LIMITED

(Erstwhile Magma Housing Finance Limited)

CIN: U65922PN2004PLC208751

REGISTERED AND CORPORATE OFFICE

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