POONAWALLA HOUSING FINANCE
Apna Ghar, Apni Pehchan

Building India's most trusted affordable **housing finance company**

Poonawalla Housing Finance Limited
Annual Report FY 2021-22

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.

Contents

Corporate Information

CIN: U65922PN2004PLC208751

BOARD OF DIRECTORS

Mr. Adar Poonawalla
Chairman and Non Executive Director
(w.e.f. 08.07.2021)

Mr. Amar Deshpande
Non Executive Director
(w.e.f. 20.07.2021)

Mr. Prabhakar Dalal
Non-Executive Independent Director
(w.e.f. 24.05.2021)

Ms. Bhama Krishnamurthy
Non-Executive Independent Director
(w.e.f. 24.05.2021)

Mr. Manish Jaiswal
Managing Director & Chief Executive Officer

Mr. Abhay Bhutada
Non Executive Director
(w.e.f. 08.07.2021 and upto 16.09.2021)

Mr. Sanjay Chamria
Non Executive Director
(upto 23.11.2021)

Mr. Sajid Fazalbhoy
Non-Executive Independent Director
(w.e.f. 24.05.2021 and upto 14.01.2022)

Ms. Deena Mehta
Non-Executive Independent Director
(upto 09.06.2021)

Mr. Raman Uberoi
Non-Executive Independent Director
(upto 09.06.2021)

CHIEF FINANCIAL OFFICER

Mr. Ajay Arun Tendulkar
(w.e.f. 01.07.2020 upto 30.06.2021)

Mr. Pankaj Rathi
(w.e.f. 01.07.2021)

COMPANY SECRETARY

Ms. Priti Saraogi

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
- Union Bank of India
- Bank of Baroda
- Indian Bank
- Bank of India
- Bank of Maharashtra
- ICICI Bank Ltd.
- IDFC First Bank Ltd.
- South Indian Bank
- Karnataka Bank
- HSBC Bank

STATUTORY AUDITORS

G.D. Apte & Co. (w.e.f. conclusion of AGM on 18.08.2021)
Chartered Accountants
Firm Registration No.: 100515W
GDA House, Plot No. 85, Right Bhusari Colony
Paud Road, Kothrud
Pune - 411038

WALKER CHANDIOK & CO. LLP
(upto conclusion of AGM on 18.08.2021)
Chartered Accountants
Firm Registration No.: 001076N/N500013
10C, Hungerford Street, 5th Floor,
Kolkata - 700 017

SECREATRIAL AUDITOR

MR & ASSOCIATES
Company Secretaries
46, B.B.Ganguly Street, Kolkata - 700 012

REGISTRAR AND SHARE TRANSFER AGENT

NICHE TECHNOLGIES PRIVATE LIMITED
7th Floor, Room No.7A & 7B
3A, Auckland Place, Kolkata – 700 017

MAS SERVICES LIMITED
T-34, IInd Floor, Okhla Industrial Area,
Phase II, New Delhi - 110 020

*In view of the acquisition of the Holding Company by Poonawalla Group, the name of the Company has been changed from Magma Housing Finance Limited to Poonawalla Housing Finance Limited with effect from 22 July, 2021.

**The registered office of the Company was shifted from Development House, 24 Park Street, Kolkata - 16 to its present address in Pune with effect from 18 February, 2022.

Building India's most trusted affordable housing finance company

At Poonawalla Housing Finance, we are engaged in building a company.

Whose brand evokes the recall of 'Trust'.

That is referred to as an ideal by our stakeholders.

That delivers sustainable growth without compromising its financials.

That is the preferred customer choice for being a friend, navigator and guide.

CORPORATE **SNAPSHOT**

Poonawalla Housing Finance Limited.

One of the leading affordable housing finance companies in India.

Backed by the Poonawalla Group, one of the most dynamic and liquid business conglomerates in India.

Reported one of the most credible financial statements in its sector.

Trusted partner to more than 50,000 home-owners across India.

Driven by a mission to make home ownership a reality for all at the bottom of India's economic pyramid.

Vision

To be the most **trusted financial services** brand

▶ **Trust:** Denotes legacy and brand promise

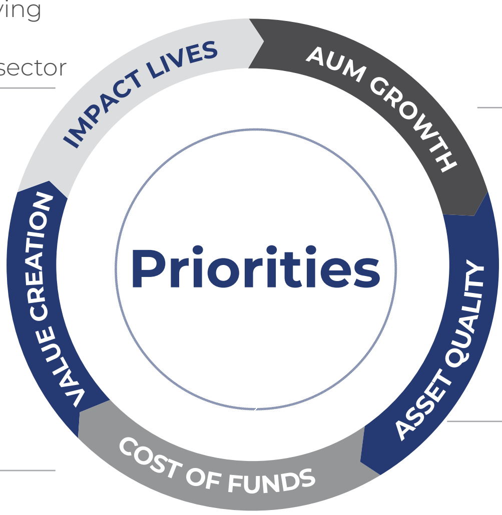
▶ **Financial services:** Holistic terms that broadly defines financing for buying a house and business expansion

Mission

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

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

AUM growth
Risk-calibrated accelerated growth ~4x of current AUM



Value creation
Accelerate the growth trajectory followed by value unlocking through fund raising

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

Cost of funds
Amongst the lowest cost of funds in the industry by deepening relationship with various market participants

Background

Poonawalla Housing Finance Limited (PHFL), erstwhile Magma Housing Finance Limited, is a national scale affordable housing finance company. The Company is engaged in making home ownership a reality for those who have generally been overlooked by India's mainstream lenders. The Company is an RBI-registered housing finance company.

The Poonawalla Group of companies acquired a majority stake in the erstwhile Magma Fincorp Limited, now known as Poonawalla Fincorp Ltd (PFL) in FY 2021-22. PFL owns 99.2% of the Company's equity.

Acquisition

The Poonawalla Group infused ₹ 3,456 Crore into the net worth of Poonawalla Fincorp Limited (erstwhile Magma Fincorp Limited). Mr. Adar Poonawalla was appointed as the Chairman of PFL and PHFL. The erstwhile Magma Fincorp and Magma Housing Finance were rebranded as 'Poonawalla'. ₹ 500 Crore was infused by PFL.

Business transformation

The new management transformed the business model with speed. The leadership team was strengthened across functions. The Company's strong parentage translated into lower borrowing costs and an attractive credit rating (drawing on the credit rating of the Group's flagship Serum Institute of India at CARE AAA; Stable).

Product portfolio

The Company has a product portfolio majorly comprising Home Loans and Loans Against Property. Home loans accounted for 63% of the Company's assets under management at the close of FY 2021-22.

Pan-India footprint

The Company had 128 branches across 20 States and Union Territories in India at the close of FY 2021-22. The Company addressed an active customer base of 46,000+ and reported a loan book of ₹ 4,250 Crore as on 31 March, 2022.

Credit rating

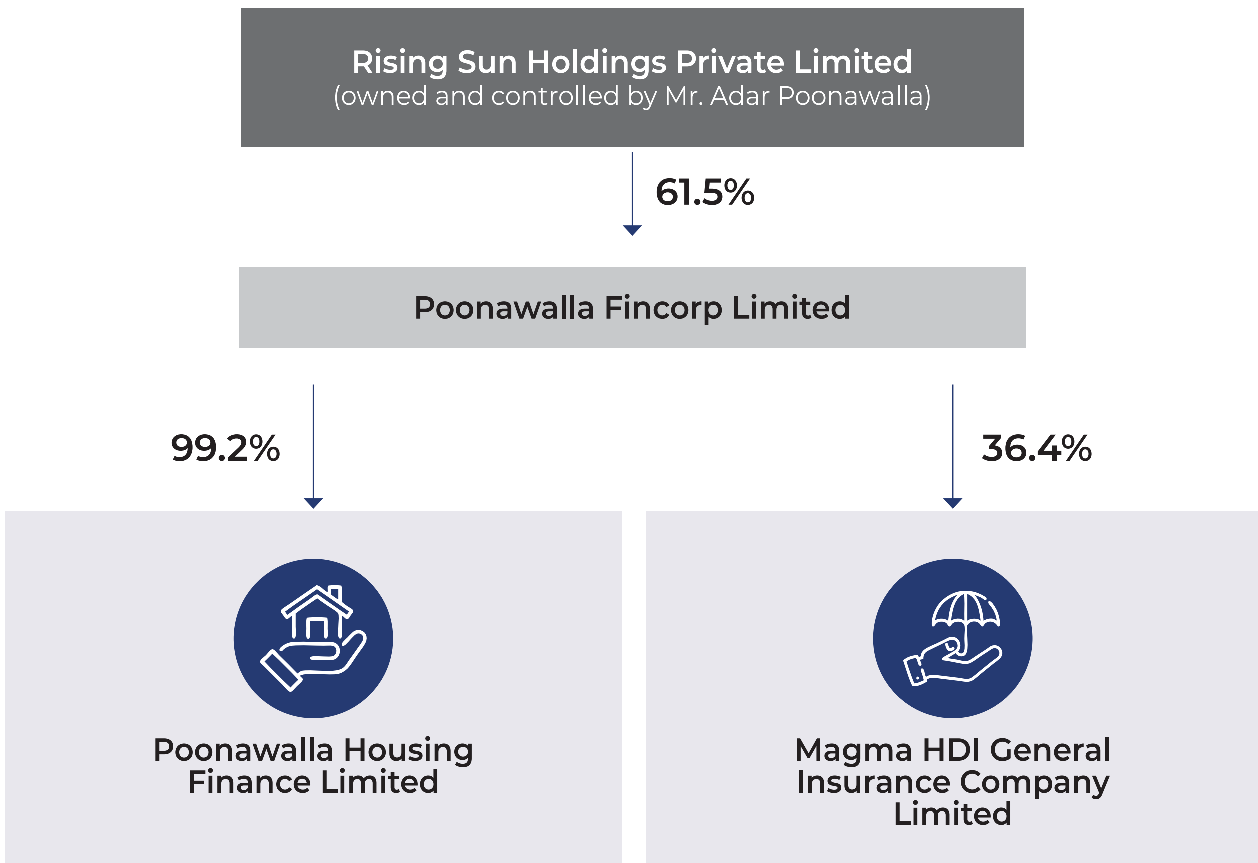
Poonawalla Housing Finance enjoys the following credit ratings:

Instrument	Rating Agency	Rating
Fund Based and Non Fund Based Bank facilities	CARE & CRISIL	AA+ (Stable)
Secured Redeemable Long Term Bonds (NCDs)	CARE & CRISIL	AA+ (Stable)
Short Term Debt	CARE & CRISIL	A1+

Human capital

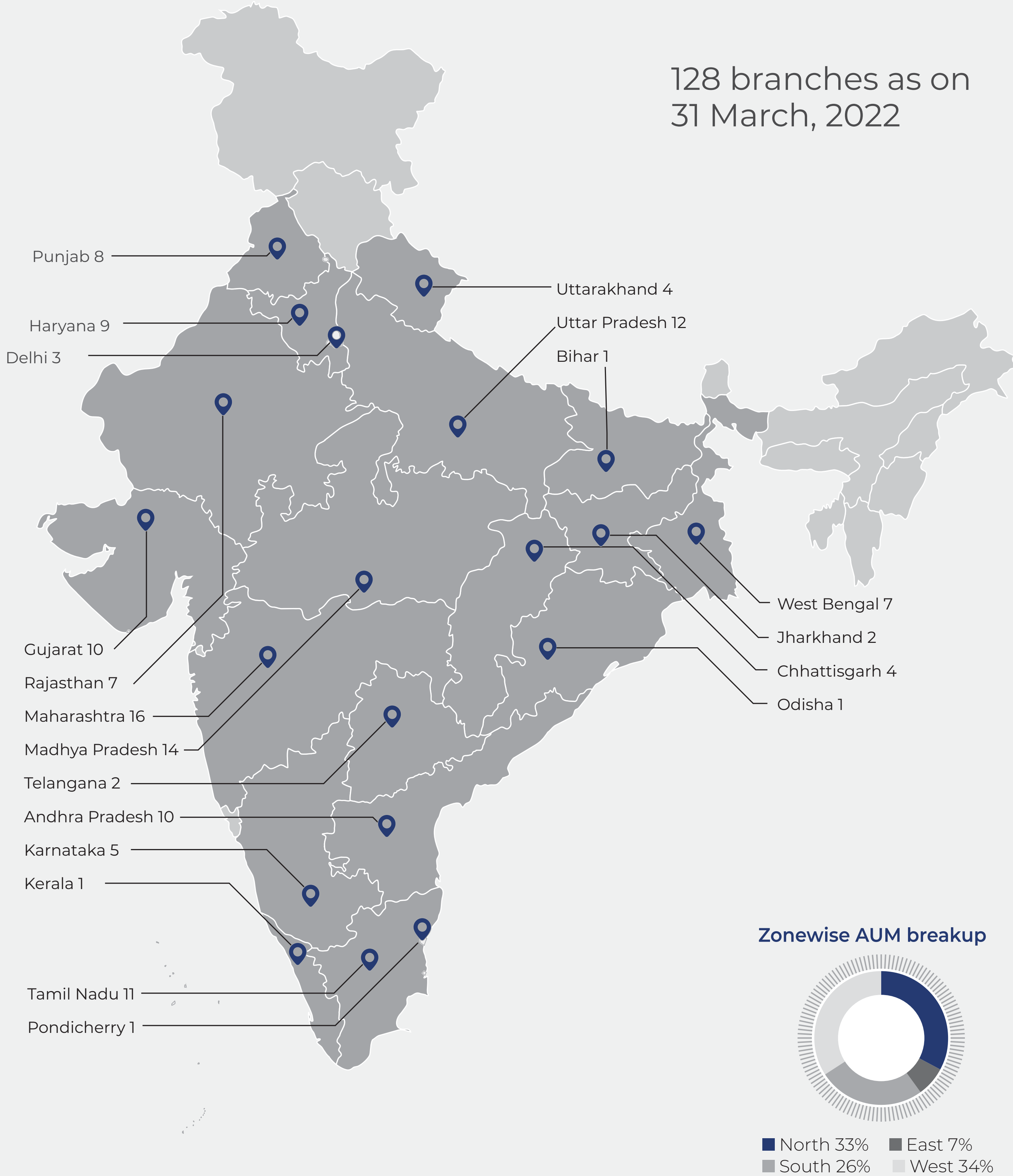
The human capital of the Company as on 31 March, 2022, was 1,749 employees with an average age of 35 years.

Our holding structure and shareholding pattern



Pan-India **presence**

128 branches as on 31 March, 2022



POONAWALLA HOUSING FINANCE
Apna Ghar, Apni Pehchan

The milestones in our journey

2022

- AUM crossed ₹ 5,000 Crore
- Long-term rating AA+ (Stable) from CRISIL and CARE
- Shifted registered office from Kolkata to Pune
- Strong and healthy asset quality; GS3 <1%
- Embarked on a digital transformation journey

2021

- Acquisition by Poonawalla Group; rebranded as Poonawalla Housing Finance Limited
- Capital infusion of ₹ 500 Crore by the holding company
- Strengthened relations with NHB, with a fresh sanction of ₹ 725 Crore.

2020

- Capital infusion of ₹ 100 Crore by the holding company
- Sanction of ₹ 195 Crore under NHB refinance scheme
- Disbursed more than ₹ 1,000 Crore

2019

- AUM crossed ₹ 3,000 Crore
- Shifted registered office from New Delhi to Kolkata
- Strategic shift towards 'GO Direct and GO HL'

2018

- AUM crossed ₹ 2,000 Crore
- Increased focus on affordable housing finance

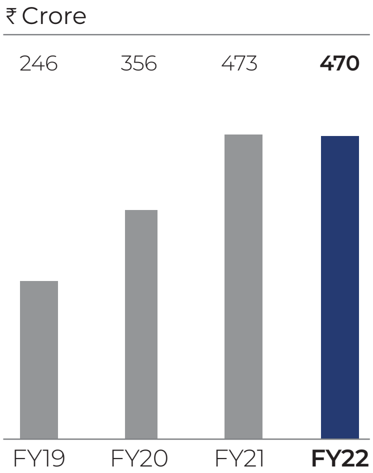
2017

- Strengthened its leadership
- Transformed towards affordable housing financing

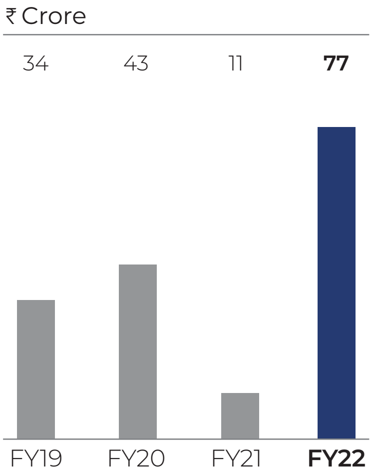
2013

- Takeover of GE Money Housing Finance
- Established processes and policies for long-term sustainability

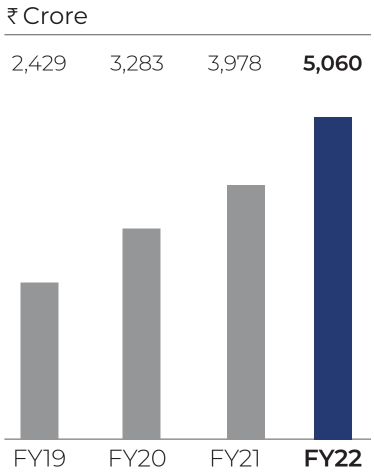
How we have grown **across the years**



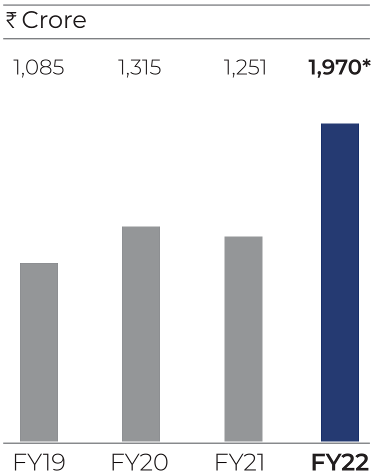
Revenues



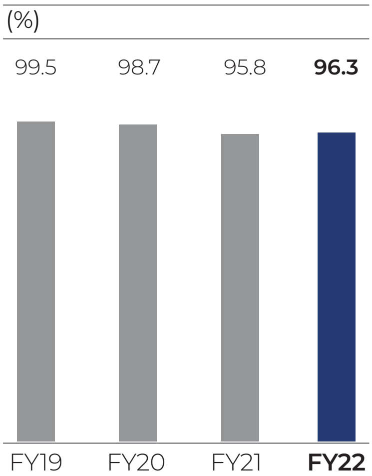
Profit after tax



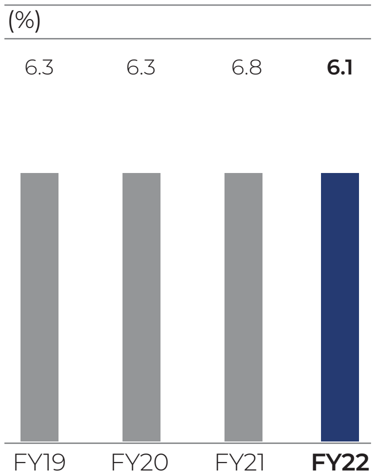
AUM



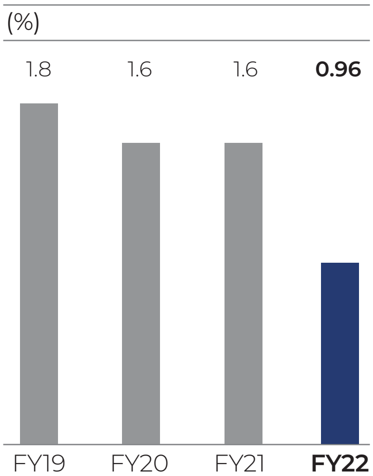
Disbursements



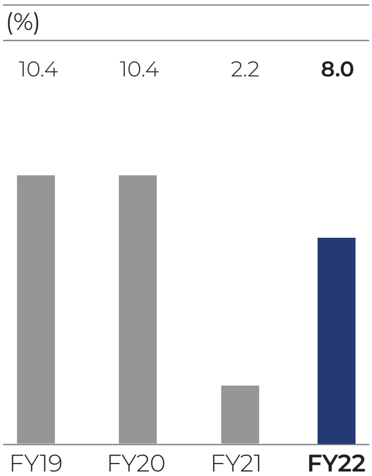
Collection efficiency



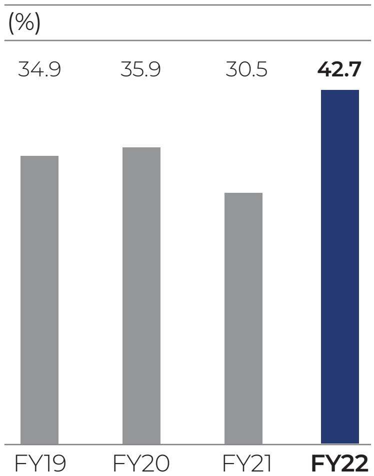
Net interest margin



Gross Stage 3 assets



Return on equity



Capital adequacy ratio

*including direct assignment

Adar Poonawalla, Chairman

By reconciling speed with scale and security, we have created the foundation of a company that will enrich all its stakeholders in a sustainable way.

Introduction

Poonawalla Housing Finance has been in business for 9 years, after the erstwhile Magma Group acquired the GE Money Housing Finance in 2013. However, we are at the cusp of the start of a new journey.

India story

The India story forms the directional basis of where we are and where wish to go. India is possibly the most exciting country as far as housing finance is considered. For decades, India's housing finance penetration has been lower than the global average. A large number of Indian families are now stepping forward to seek external debt to finance their homes, creating a growing market. The number of families seeking to finance continues to increase substantially. The result is that even as the home financing sector continues to grow consistently, the affordable housing finance niche is growing even faster.

Strategic overview

At Poonawalla Housing Finance, we are focused on tapping the growth of India's affordable housing finance segment.

We are attractively placed to address an unprecedented opportunity. Given the group's strength and credit rating upgrades during the period under review the Company has access to funds from wider consortium of lenders. This is indeed a decisive advantage in the Company's favour – a sustainable foundation of growth and value-creation.

Poonawalla Housing Finance is a differentiated and contrarian affordable housing finance company. The Company does not seek to chase the fleeting arbitrage; it is engaged in creating a long-term value-enhancing foundation.

At Poonawalla Housing Finance, we are focused on tapping the growth of India's affordable housing finance segment.

How we are evolving

By the virtue of being a young company in a rapidly growing sector, seeking to do different things with speed and effectiveness, we expect that we will grow faster than the sectoral average; we will grow without compromising the quality of our assets.

By the strength of our vision, focus and execution capability, we expect to emerge as one of the most trusted housing finance companies in India.

Adar Poonawalla, Chairman

The attractiveness **of our business**

The big numbers of how we have created a comprehensive business

63

% of company's assets under management were home loans in FY 2021-22

>80

% of disbursements were made to women* in FY 2021-22

46,000+

Number of active customers

>70

% of our customers belonging to the EWS / LIG

11

₹ Lacs, average ticket size of loans in FY 2021-22.

77

% of customers sourced directly in FY 2021-22

Abbreviation: Economically Weaker Section (EWS), Low Income Group (LIG)

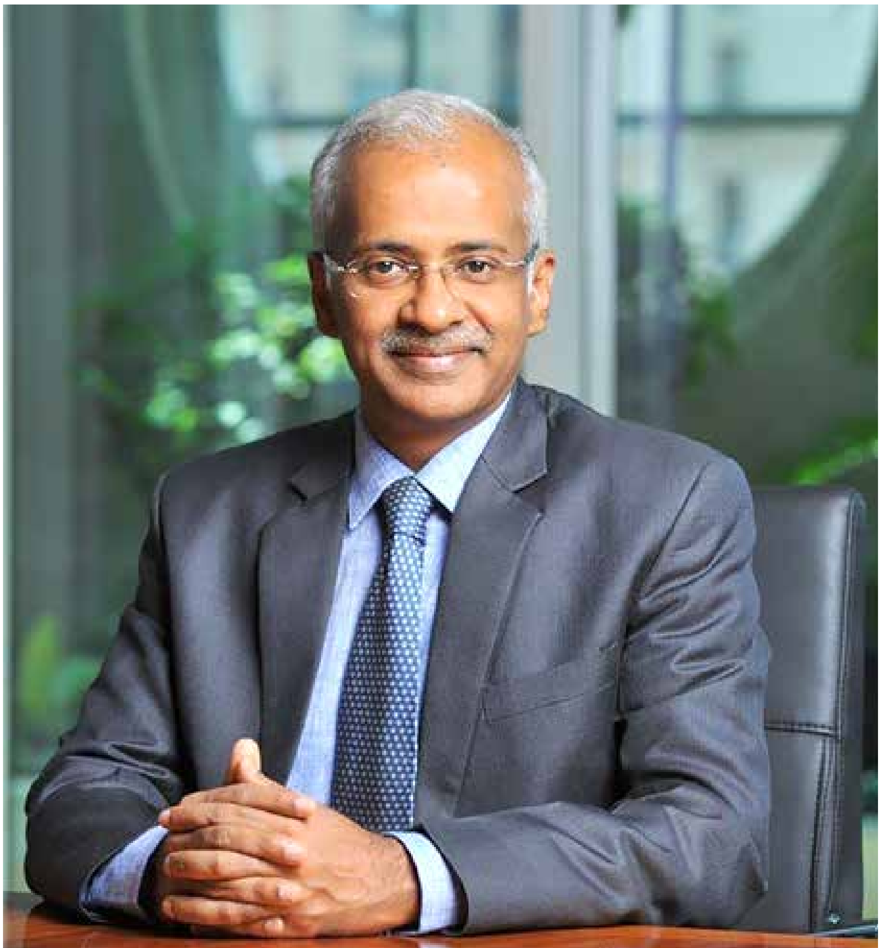
**Including co-borrowers*

Our differentiated **business model**

Focus	In the past, home loans accounted for 41% our business (FY 2017-18) *Today, home loans account for 63% our business (as on 31 March, 2022)*
Direct	In the past, around 44% of our business was sourced directly *Today, 77% of our business is sourced directly, reducing intermediation costs (as on 31 March, 2022)*
Larger	In the past, we had a customer base of 11,700+ (as on 31 March, 2018) *Today, we have a active customer base of 46,000+ (as on 31 March, 2022)*
Wider	In the past, we had 92 branches (as on 31 March, 2018) *Today, we have 128 branches (as on 31 March, 2022)*
Federal	In the past, most home loans were approved from the head office *Today, in our federal structure, most loans are approved across offices*

THE FIRST **WORD**

Our business is at a sweet spot. The numbers we reported during the financial year are headed in the right direction



MANISH JAISWAL,
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Overview

At Poonawalla Housing Finance, we have selected to walk the road less travelled.

Convention indicated that the desired customer profile would be one seeking to finance a large and costly home. In a financing world, where the ticket size of the asset one needs to finance is often cited as the Holy Grail of success, we went about questioning every paradigm, deconstructing every icon and rewriting every rule. The result is that we selected to finance low-priced homes instead for those at the top of India's residential pyramid.

Contrarian priority

Our capacity to build a patiently responsible business was manifested in a contrarian approach that extended beyond the nature of customer that we sought to finance.

Most companies would have focused on the Balance Sheet; we are focused on a spirit to serve.

Most companies would have seen their engagement as a financial transaction; we perceive our role to service a socially under-addressed need that could, when financed, become a destiny transformer.

Most companies would have seen their role through a transactional prism; we described our role as a purpose-driven mission that enhanced social and financial inclusion instead.

Most companies would have played safe by servicing the needs of customers with an established credit history; we reached out to work with first-time home buyers.

Most companies would have been centrally controlled and monitored; we created a federal structure by delegating loan disbursal and incremental branch rollout (within guidelines) to our pan-India offices – a bottom-up approach to building the business in a terrain-relevant manner.

Book quality

The passion of our collection team translated into a Gross Stage 3 default percentage of less than 1% during the year under review (which had been targeted for 2025).

The Company's Gross Stage 3 Assets number was among the lowest in India's housing finance industry. Collection efficiency was 96.3% for the month of March 2022.

The Company invested in a comprehensive performance tracker to monitor the health of its loan book, coupled with data analytics.

This approach provided the Company with early warning indicators leading to proactive responsiveness.

Our Vision 2025

We intend to double our assets under management in three years

Strategic clarity

Despite all the arguments loaded against the way the home financing business was being done by most, we selected to march to the tune of a different drummer. Our contrarian approach has been validated.

In simple words, the Company is majorly focused on the direct sourcing model instead of maximising its book through business accessed from a range of direct sales agents.

Our patient approach towards building a differentiated long-term business is showing creditable results.

The business reported a 28% compounded growth in assets under management in the three years ended FY 2021-22, even though segment grew by 12-15%.

This improvement in AUM had a positive chain reaction across the organisation, resulting in lower debt cost, improving net interest margin and a stronger plough back of profitability.

Our business model of putting feelings before files is working faster and more effectively than we would have envisaged, vindicating the convention that we are at the right place at the right time.

Outlook

At Poonawalla Housing Finance, we see ourselves at the commencement of a performance runway.

A vast and under-penetrated market exists for our affordable housing finance business. By the virtue of the acquisition by our new management, we now have access to a deep investing pocket to address an unprecedented opportunity. Our objective will be to maximise reinvestment, leverage the power of a wider lenders' consortium to borrow larger, capitalise on our credit rating to borrow cheaper, infuse sizable net worth through a placement that provides us with an even larger debt cum business appetite and seek a listing of our company on the stock exchanges.

Poonawalla Housing Finance aims to be India's best in class digitally efficient AHFC which will nurture its employees to serve its quality customers with Empathy, Care and Gratitude. The Company shall substantially grow its business and return industry leading profitability for its shareholders.

Our business is at a sweet spot. The numbers we reported during the financial year are headed in the right direction; our record performance during the fourth quarter is evidence of a sustainable momentum that should enhance value in the hands of all those associated with our company.

How our federal branch structure is accelerating bottom-up growth

This is a contrarian approach to the conventional top-down management architecture

- The broad operating guidelines are set out in the central office
- The branch offices have been delegated the capacity to implement
- Each branch has been conceived as a self-contained eco-system
- Each branch has been structured around process-driven approach
- Each branch is driven by a holistic management approach and collective performance ownership
- Each branch (based in its throughput) is empowered to add branches
- Each branch is incentivised for outperformance, strengthening entrepreneurship
- Each branch is reporting decline in turnaround time from login to disbursal

ANALYSIS

Chief Financial Officer's **review**


PANKAJ RATHI,
CHIEF FINANCIAL OFFICER

Overview

The Company reported a year of outperformance in the face of internal and external challenges.

The Company's disbursements grew from ₹ 1,251 Crore in FY 2020-21 to ₹ 1,970 Crore in FY 2021-22. The Company's profit after tax strengthened from ₹ 11 Crore in FY 2020-21 to a profit of ₹ 77 Crore, and the Company achieved Gross Stage 3 targets during the year of <1%.

Biggest achievement

At a time when most housing finance companies in India did not report any improvement in credit rating, the Company achieved an improvement equivalent to two notches, finishing the year under review with a credit rating of AA+/ Stable, as appraised by CRISIL and CARE. This improvement represents a validation of the three P's – the Company's Performance, Parentage and Prospects. Besides, the improvement now places the Company at the same level of credit rating as some of the marquee and largest housing finance companies in the country. This rating improvement is likely to have a range of positive spin-offs: from empowering the Company to mobilise low-cost debt to widening its lending consortium to emerging as a front-line talent recruiter – a platform to take the business to the next level.

AUM and revenue mix

In line with its long-term direction, the Company continued to enhance the proportion of home loans in its AUM mix, its most profitable segment. Home loans increased from 41% in FY 2017-18 to 63% in FY 2021-22; loans against property and home improvement loans declined from 59% to 37%. Within the financial year under review, the proportion of home loans increased from 61% in the first quarter to 63% in the last quarter. Home loans accounted for 71% of fresh disbursements during the year under review.

Asset-liability management

At the close of the year under review, the Company had a positive cumulative ALM across all time buckets. Only few companies in India's housing finance industry is placed with such an advantage. This well matched ALM provides the Company with long-term resource stability. The objective of the Company will be to keep extending its liability tenor, empowering it to finance homes for lengthening periods - a compatible approach in a business marked by long-term financing of an enduring asset. This approach is expected to enhance revenue visibility.

The Company reported available

liquidity (in the form of cash and cash equivalent and undrawn working capital limits) of ₹ 289 Crore at the close of the year under review coupled with additional documented undrawn sanctions in hand of ₹ 809 Crore.

Moreover, the Company generated funds through diversified instruments and channels. The Company repriced debt by more than 250 bps to sub-7%. The Company received ₹ 3,675 Crore sanctions with an average tenure of 6.9 years and weighted average cost of 5.63% (including NHB AHF refinance).

Resource mix

The Company widened its lenders' base during FY 2021-22 with the inclusion of private and foreign banks and enhanced its existing relationships with NHB and PSU banks. It derived a growing proportion of funds from the National Housing Bank, which provided the Company with concessional debt for financing the country's affordable housing segment. The proportion of loans from NHB increased from 10% to 24% during the year under review, a validation of the Company's business model and credibility. The Company had drawn ₹ 1,841 Crore from nine lenders by the close of the year under review.

Borrowing cost

The Company made a decisive breakthrough in moderating the cost of mobilised loans. The Company leveraged its superior credit to reprice old loans, which helped moderate the overall debt cost from 9.45% in Q4 FY21 to 7.13% in Q4 FY22. Besides, the Company mobilised fresh loans at an average cost of 5.63% during the year under review. The Company mobilised ₹ 725 Crore of fresh loans from NHB at the most competitive price, which helped bring down the overall weighted debt cost. The quantum of loans mobilised from NHB in FY 2021-22 was the highest in any financial year by the Company.

Outlook

Even though the Company is structurally comfortable in terms of a relatively under-borrowed Balance Sheet gearing of 3.0x as of 31 March, 2022, as against 5.1x as of 31 March, 2021, it will seek to create a long-term foundation compatible with the long-term direction of the country's economy, consumption appetite and willingness to borrow and acquire. To create this robust long-term foundation, the Company will mobilise additional net worth, enhancing its gearing on a larger base and preparing for an IPO.

The Company received ₹ 3,675 Crore sanctions with an average tenure of 6.9 years and weighted average cost of 5.63%.

India's affordable housing finance sector **and PHFL's place in it**

Overview

The affordable housing finance segment of India's housing finance industry is perhaps its most attractive, marked by government support and incentives on the one hand and rising aspirations of home ownership on the other.

The principal characteristics of the affordable housing finance segment comprise the following:

Low average ticket size: Nearly 70% of the business generated by this segment is accounted by loans of ₹ 10 Lacs or lower.

Self-employed: Nearly 85% affordable housing finance companies address the self-employed, a segment that generates yields higher than the salaried segment.

Format: A large part of the financing is for single units and self-occupied houses, indicating that they are for active use and not for speculative investments

Low loan to value: More than 60% of the loans made in the affordable housing finance niche have a Loan To Value (LTV) of less than 70%. This indicates that the customer pay for a sizable part of the loan himself with a higher skin in the game and lower lender risk.

Poonawalla Housing Finance and the sector

PHFL is attractively placed to address this vast under-served market. The Company serves the underpenetrated urban, semi-urban and rural markets, addressing unserved and underserved customers.

Despite the uncertainty related to incomes that translated into a higher incidence of repayment defaults across the sector, the Company's gross non-performing assets (stage 3) declined to 0.96% as on 31 March, 2022, lower than the sectorial average.

Outlook

AHFCs expected to grow 17-20% in FY23. (Source: ICRA Reports)

Government initiatives for the overall sector

Atmanirbhar Bharat 3.0: Income tax relief measures for real estate developers and homebuyers for primary purchase/sale of residential units of value (up to ₹ 2 Crore from 12 November, 2020 to 30 June, 2021).

Affordable Housing Fund: Created in NHB with an initial corpus of ₹ 10,000 Crore using priority sector lending short fall of banks/financial institutions for micro financing of housing finance companies

Alternative Investment Fund: Approved by the Union Cabinet for setting up a ₹ 25,000 Crore fund to revive ~1,600 stalled housing projects

Pradhan Mantri Awas Yojana (Urban): Around 1.12 Crore houses were sanctioned in urban areas.

RERA: In October 2020, the Government announced the application of Real Estate (Regulation & Development) Act, 2016 to Jammu & Kashmir, which paved the way for any Indian citizen to buy non-agricultural land and property in that state

Tax moderation: GST Council cut tax to 5% from 12% on premium houses and to 1% from 8% for affordable houses.

Our technology **capital**

Overview

At Poonawalla Housing Finance, we focus on providing superior customer experience using technology in the origination, underwriting and servicing stages of the loan cycle. The Company embarked its digital initiatives to enhance customer service, business scalability, productivity and process responsiveness.

During the year under review, the Company revamped its website around a new design and feature-rich options, which included advanced payment gateways and mandate revisions/ registrations, in line with its customer-centric approach.

The Company's investments in information technology were directed at creating an agile platform leading to enhanced customer value.

Focus

- Data privacy and cyber security
- Enhance customer delight
- Strengthening customer acquisition through new technologies
- Countering risks through better use of AI/ML
- Enhancing back-office automation
- Collaboration with the digital ecosystem
- Optimisation of talent productivity

What we achieved, FY 2021-22

- Implemented automated credit and collateral policy rules
- Extensively used mobility for customer on-boarding in assisted journey mode
- Partnered fintech companies and digital platforms with large transaction volumes and customer bases
- Designed a layered approach to data security, ensuring adequate controls for data related to customers and employees.
- Implemented the probability of bounce ML model for zero bucket cases

Outlook

- To emerge as one of the leading technology-enabled housing finance companies (loan origination, underwriting and servicing)
- To invest in technology to enhance customer service, scalability, productivity and turnaround responsiveness.
- To replace the home-grown loan management system with the next generation FinnOne Neo platform
- To replace the erstwhile lead management system with LeadSquared, a cloud-based marketing automation and sales execution platform
- To keep investing in digital technologies to drive productivity, partnerships, synergies and opportunities
- To leverage the quadruple advantage of cloud, new age lending solutions, artificial intelligence and robotics

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 endeavours to provide a dignity of living to its customers. Our customers largely come from low income groups managing small-scale businesses or blue-collared jobs while dwelling in peri-urban and semi-urban India.

Pradhan Mantri Awas Yojana (PMAY) is an initiative by the Indian government (launched in 2015). The mission addresses housing shortage among the EWS/LIG and MIG categories including slum dwellers by ensuring a pucca house (affordable housing) to all eligible households by 2022. With increasing urbanisation, the government took the responsibility to provide shelter to the growing public through PMAY. We were the forerunners in the transmission of benefits from the Indian government and help eligible customers to avail of a subsidy up to ₹ 2.67 Lacs under Credit Linked Subsidy Scheme (CLSS) of Pradhan Mantri Awas Yojana. The subsidy created a positive impact in the lives of customers by reducing their EMI burden.

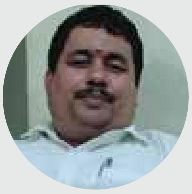
Big numbers

11,500+
PMAY claims processed as on 31 March, 2022

9,000+
Customers received subsidy worth ₹ 200+ Crore (as on 31 March, 2022)

Note: Photos of subsidy letters handed over to our home loan customers

Meet some of our proud **home owners**

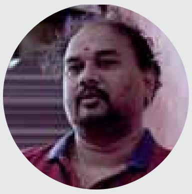


“Staying in a rented apartment I could save little. Even when I decided to buy my own flat, I couldn’t get a home loan from any bank. I found out about Poonawalla Housing Finance, who not only assisted me but also helped me get a subsidy of ₹ 2.30 Lacs under the PMAY scheme.”

Ratan Jha

“Being the sole earner of my family, I didn’t have enough savings to fulfil my dream to buy a home. I visited Poonawalla Housing Finance where the staff guided me in getting the home loan and PMAY benefit of ₹ 2.2 Lacs. With my monthly savings, I can continue to pay my children’s education fees, while owing my dream home.”

Sukh Sagar Sharma

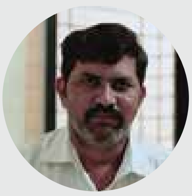


“Living in a joint family, I always wanted to have my own home. For almost 6 months, I approached banks looking for an affordable offer. My brother then suggested Poonawalla Housing Finance and I got the loan swiftly. The Company guided me about the extra savings under the PMAY scheme.”

Manoj Mahadev Goley

“I planned to move to a home and tried multiple loan providers, but they had tedious documentation and long processing hours. Finally, our builder suggested Poonawalla Housing Finance. The Company offered me PMAY benefits for Home Loan and I was able to buy my dream home.”

Navin Sargaray



“I used to stay in a rented apartment. Instead of spending on rent, I thought of owing a home. During my visit to Poonawalla Housing Finance, the Company provided me a home loan with minimum documentation and also helped me get the PMAY benefit of ₹ 2.2 Lacs. Today, the future of my family is secure.”

Anil Satish Pawar

Corporate social **responsibility**

Planner Incubator

ICSI micro-manipulator system

The Company is engaged in corporate social responsibility through its parent company, which enjoys a long-standing track record in this regard.

The Company is engaged in funding Assistive Reproductive Technology (ART) Project at Jehangir Hospital, an ambitious project for the benefit of young couples.

In vitro fertilization (IVF) is a type of assistive reproductive technology (ART). It involves Intra Uterine Insemination (IUI), retrieving eggs from a woman's ovaries (Ovum Pickup) and fertilizing them with the sperm, embryo transfer (ET). IVF may be used to overcome female infertility when it is due to problems with the fallopian tubes, making in vivo fertilization difficult. It can also assist in male infertility, in those cases where there is a defect in sperm quality. In such situations, intracytoplasmic sperm injection (ICSI) may be used, where a sperm cell is injected directly into the egg cell.

The Company spent ₹ 32.35 Lacs for purchasing machines and equipment required for the IVF procedure in FY 2021-22.

The soul of the Company

Caring for the committed

"A PHFL employee in Agra was treated for tumor to which every employee contributed. When one of our field sales managers met with an accident, seniors and employees were in the hospital for three days to take care of him."

Sunit Mahajan, National Sales Manager

Family culture

"The PHFL culture is transparent, friendly, appreciative, motivating and guiding. The senior management cares for its employees across all hierarchies. The result is the management plays the role of a parent to its employees and fosters a family-like environment that makes it unique among peers."

Jitendra Chawla, North Zonal Collection Head

Power of team work

"I head the Business & Human Resource (BHR) and Learning & Development (L&D) team at PHFL. In 2021, our team was recognised for being the best L&D outfit in the country by National HR Forum, which was the result of employees being constantly encouraged to work as a team and address challenging targets."

Swaran Deep Singh, Assistant Vice President, Human Resource

Learning opportunities and exposure

"PHFL represents a multidimensional learning platform. I have learnt credit, compliance, analytics and problem-solving competencies - an all-in-one professional package. What sets the Company apart is the senior management coming to each office or branch to engage with each one of us. This has sent out a message: we matter!"

Dipika Jaria, Assistant Manager, Risk management

Investing in young minds

"PHFL has invested extensively in young minds – through new thought processes, upgraded technologies and vision clarity. The result is that there is a culture of intellectual upgradation and evolution that translates into financial growth."

Jitendra Dagia, Area Sales Manager

Reward and recognition

"The Company values its people. Not only are we heard but our contributions are recognised and rewarded. The result: each employee is passionate about the Company."

Sonia Sharma, Regional Credit Manager

Valuing people

"At PHFL, every employee, irrespective of the position, is encouraged to share opinions. This has sent out a message that 'You are important and we value your perspective!' This is the secret of PHFL's success."

Yash Shah, Regional Legal Manager

Management Care

"When a colleague was hospitalised, the Managing Director and Chief Executive Officer took periodic updates on his health. This is something I am unlikely to forget."

Sameer Dervankar, Senior Manager, Administration

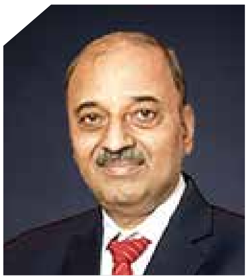
Our Board of **Directors**

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 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 about 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 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 36+ 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 has spear-headed an arena of 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, stress 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 Master 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.

Management **team**

Mr. Pankaj Rathi, *Chief Financial Officer*

He is a qualified Chartered Accountant and a Company Secretary and holds a Bachelor's degree of Commerce from Mumbai University, with over 14 years of rich experience in BFSI sector, more particularly with non-banking financial companies (NBFC), in both retail and wholesale financing businesses. With strong analytical mind, he holds deep experience across all facets of finance i.e., fund raising and treasury management, investor relations, business planning & strategy, financial reporting, tax, audit, secretarial and regulatory compliances. His last assignment was as a CFO of Xander Finance, an NBFC backed by the Singapore-based Xander Group. Prior to Xander, he was associated with JM Financial, Karvy Group, PricewaterhouseCoopers and Ernst & Young.

Mr. Gaurav Khurana, *Chief Information Officer*

He holds a master's degree in Computer Applications and has also completed his PGDBA from Symbiosis, Pune. With a work experience of over 20 years. Mr. Khurana comes with a highly successful track record for developing and implementing IT strategy, transforming complex business processes, and executing large scale value driven initiatives across financial services domain. He leads our initiatives to create an integrated and secure ecosystem that leverages big data, analytics, cloud and mobility to deliver our business strategy. He has previously worked for companies like Aye Finance, Hero Housing, Religare Group and Max Life Insurance Company.

Mr. Ramdas Acharya, *Chief Credit Officer*

He is responsible for the credit underwriting and ensuring risk is kept in control. An MBA graduate by qualification, he has over 17 years of experience in credit & risk management and has in-depth knowledge of Credit, Risk, Operations, Collateral, and portfolio management. He has worked with various renowned institutions in his earlier roles such as Kotak, Indiabulls, Barclays and others. Moreover, he was instrumental in setting up the rural finance practice in Bajaj Fincorp and a successful housing finance processing hub in Bangalore.

Mr. Amit Kumar Khan, *Integrated Collections Head*

He has more than two decades of experience in Collections, Sales, Credit, Operations, Risk, Product, Strategy & Marketing. He holds Honours Graduate degree in Commerce from St. Xavier's College, Calcutta and certified in 'Enhancing Sales Force Performance' from IIM Ahmedabad. Earlier, he was associated with ICICI Bank, HDFC Bank, DCB, DHFL, Magma Housing and Clix Capital.

Mrs. Leena Joshi, *Head of Operation and Customer service*

She holds a bachelor's degree of Commerce from Barkatullah University and has completed her MBA from ITM -Mumbai. Mrs. Joshi is a consummate professional with over 16 years of experience in consumer lending, encompassing sectors such as mortgages, automobile loans and unsecured lending combining strong cross functional expertise in Operations, Customer Service, Process Migration and Administration with a track record of sustained excellence with organisations as diverse as Citigroup (Citibank + Citi Financial Consumer Finance India Ltd), Piramal Housing Finance, MetLife & SBFC.

Mr. Rishikant Dubey, *Chief Risk Officer*

He is an astute, result-oriented leader with over a decade of experience in Banking and financial services. He has experience in credit risk management, portfolio analysis, credit rating model development, operational risk and asset liability management of the Banks and financial services. He is an experienced and certified Professional Risk Manager (PRM) with multi-tasking abilities; having operated in high-pressure environments. His experience ranges in credit risk management like credit risk assessment, credit risk model development, credit risk model validation, ICAAP, IRB implementation and ECL computation in IFRS, Analysis of Key Risk Indicator, Loss Data Analysis, Capital Charge Computation of Operational Risk, Fraud Risk Analysis Asset Liability Management including liquidity risk management in the Bank and Financial Services.

Mr. Ashish Singhania, *Head of Human Resources*

He is a qualified Chartered Accountant and master's in human resources.
He also holds a bachelor's degree of commerce from Symbiosis College of Arts & Commerce, Pune. Ashish has over 22 years of HR experience in BFSI sector especially in life insurance, general insurance, and non-banking financial companies (NBFCs). He comes with in-depth understanding of HR practices in all functions like talent acquisition, talent management, compensation & benefits, HR operations, statutory compliances, people engagement and development.
His last assignment was with ICICI Lombard general insurance company and prior to this he has also been associated with companies like HDFC Ergo general Insurance company and Bajaj Allianz life insurance company.

Board's Report & Management and Discussion Analysis Report

Dear Shareholders

Your Directors have pleasure in presenting the 18th (Eighteenth) Annual Report alongwith the Audited Financial Statements of the Company for the financial year ended 31 March, 2022. The summarized financial results are given below:

FINANCIAL HIGHLIGHTS

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

(₹ in Lacs)

Particulars	FY 2021-22	FY 2020-21
Total Income	47,015.62	47,254.33
Finance Cost	20,753.06	22,585.84
Operating Expenses	15,764.92	23,046.01
Depreciation	381.40	186.69
Total Expenses	36,899.38	45,818.54
Profit/(Loss) before Tax	**10,116.24**	1,435.79
Provision for Taxation	2,389.34	1,179.79
Deferred Tax	(11.62)	(832.91)
Profit/(Loss) after Tax	**7,738.52**	1,088.91
Balance of profits for earlier years	19,057.75	18,570.06
Profits available for appropriation	26,796.27	19,658.97
Other Comprehensive income/(loss)	(44.24)	7.45
Balance Available for Appropriation	26,752.03	19,666.42
Transfer to Statutory Reserve	1,547.70	608.67
Balance carried forward	**25,204.33**	19,057.75

INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Economic Outlook

Lingering war and sanctions, elevated oil and commodity prices, prolonged supply chain disruptions, accentuated global financial market volatility emanating from monetary policy shifts in major economies, and renewed waves of COVID-19 across countries pose downside risks to the growth and upside risks to the inflation outlook. Global food prices were at an all-time high in February, 2022 and are expected to harden further in view of potential supply disruptions.

With inflation turning out to be persistent and broad-based and well above targets, major advanced economies (AEs) quickened the pace of unwinding of their ultra-accommodative monetary policies. Recently, global stock markets witnessed a see saw movement due to multiple factors. Central banks globally have started hiking interest rates in response to high inflation and faltering GDP.

The US Federal Reserve hiked rates by 50 basis points on expected lines but played down prospects of a more aggressive rate action at its next meeting and this too dented the confidence of the investors. Furthermore, announced its plans to reduce the size of its balance sheet starting from 1 June, 2022 to tackle the mounting inflation. Meanwhile, the 10-year U.S. Treasury yield hit 3% in May 2022, for the first time since late 2018.

The Bank of England raised interest rates to their highest since FY 09 at 1% in May 2022 to counter inflation which is above 10% currently, even as it sent a warning that Britain's risks falling into recession.

Besides, sustained geopolitical tensions and high global crude oil prices continued to weigh on sentiment. China's Covid lockdowns are snarling global supply chain. Global growth is projected to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. War-induced commodity price increases and broadening price pressures have led to FY 2021-22 inflation projections of 5.7% in advanced economies and 8.7% in emerging market and developing economies. Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change and end the pandemic are essential. Beyond FY 2022-23, global growth is forecasted to decline to about 3.3% over the medium term.

Crucially, this forecast assumes that the conflict remains confined to Ukraine, further sanctions on Russia exempt the energy sector and the pandemic's health and economic impacts abate over the course of FY 2021-22. Scarring effects are expected to be much larger in emerging market and developing economies than in advanced economies—reflecting more limited policy support and generally slower vaccination—with output expected to remain below the pre-pandemic trend throughout the forecast horizon.

**Source- World Economic Outlook April, 2022 (IMF)*

Indian Economic Outlook

The global economic environment has drastically altered, with the escalating geopolitical situation clouding the outlook for both growth and inflation in India and across the world warranting a revision in forecasts. In India, the prospects of more rate hikes from central bank in the US to India are making investors anxious. The ballooning inflation in India and abroad is fueling concerns over demand growth and economic recovery across the globe. In the face of this extraordinary risk, the positive effects expected from the release of pent up demand, especially for contact-intensive services, the government's thrust on infrastructure and capital expenditure, congenial financial conditions and improving capacity utilization appear ephemeral.

The Monetary Policy Committee in its Monetary Policy released in Apr'22 reduced the GDP growth for FY 2022-23 to 7.2% from an earlier estimate of 7.8% while the inflation estimate for FY 2022-23 is increased to 5.7% from an earlier estimate of 4.5%. The inflation revision is on account of war induced factors (viz. crude oil, edible oil, wheat, etc.). These are all essentially supply shocks with large magnitude. Further, the inflation and growth projections have been made keeping crude prices at $100/bbl. The movement in crude prices in the near term will determine the actual GDP growth and inflation rate. For FY 2021-22, real GDP is estimated to have risen by 8.9 %, taking its level 1.8 % above that recorded in FY 2019-20.

**Source- RBI Bi-Monthly Monetary Policy Statement, RBI Governor's Statement May 2022*

Sector Outlook

Housing finance companies 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 in smaller town i.e., in tier 3 and 4 towns.

India's mortgage sector is highly under penetrated in economic weaker section (EWS)/ lower income group (LIG) segments and there is big space for affordable housing finance. India's housing shortage is estimated to increase to 100 Million units by FY 2021-22, of which 95% will be from the "bottom of the pyramid" including the LIG and EWS. 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**

  The mortgage penetration in India from formal lending sources is only 9%, while the remaining 91% of the houses are built using own funds and informal borrowing sources, widening the room for HFCs.

- **Demographics**

  Close to 65% of India's population is under 35 years, a class of the population considered economically productive. Further, the number of nuclear families is rising thereby increasing the demand for housing.

- **Urbanization**

  By 2030, 40% of the India's population are expected to reside in cities. The country requires 700 Million to 900 Million square meters of residential and commercial space to be built annually till 2030. This migration means that nearly 90% of the demand is likely to be generated from the bottom of the economic pyramid.

- **Affordability**

  In India, the cost of housing finance is among the lowest across developing economies. Besides, lower return on bank deposits are incentivizing investment in home ownership. The cost of real estate has remained steady for one of the longest periods in recent times, 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 ₹ 66,221 Crore as on 31 December, 2021. After witnessing a moderation in the loan book growth in Q1 FY 2021-22 due to Covid wave-2, the growth for AHFCs picked up again in Q2 and Q3 FY 2021-22, supported by the low base and demand for housing. AHFCs are expected to report growth of 12-15% in FY 2021-22 and 17-20% in FY 2022-23.

In terms of asset quality, ICRA had revised its estimate on GNPAs for Mar'22 to 3.0-3.3% from earlier estimate of 3.6 – 3.8%. ICRA expects further recovery in FY 2022-23 and expect GNPAs to fall to 2.7-3.0%.

As per ICRA Report, the capitalization profile remains comfortable, supported by regular capital raising and relatively lower loan book growth. Funding mix is dominated by bank funding and NHB refinance. Bank funding likely to remain key funding source going forward also for both term loan funding as well as securitization. Overall, access to adequate funding would be critical for the AHFCs to scale up.

Factoring in the steady growth and profitability expectations, ICRA has revised its outlook to Stable from Negative. 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 March, 2022
ICRA Affordable Housing Finance Companies April, 2022
Various research reports
RBI website

OVERVIEW OF COMPANY'S PERFORMANCE

Poonawalla Housing Finance Limited (PHFL) is a National scale affordable housing financing company with presence across 20 states/Union territories and a well-diversified portfolio, operating in the fastest growing and under-penetrated sub-segment of housing finance. PHFL drives its business through a value driven direct relationship model with their customers which ensures superior quality of assets. PHFL targets niche customer profile, serving the under-served LIG segment and new to credit borrowers - segments ignored by Banks and large NBFCs & HFCs.

During the year, Poonawalla Fincorp Limited (formerly Magma Fincorp Limited) (PFL), holding company of PHFL invested an amount of ₹ 500 Crore in the form of Equity which accelerated PHFL's Net worth above ₹ 1,000 Crore. Further, the Company's long-term rating was upgraded by two notches to AA+ (Stable) from existing AA- (CWD) by CARE. The Company also received fresh long term credit rating of AA+ (Stable) from CRISIL. The Company has been assigned highest short-term rating of A1+ by CRISIL & CARE.

Amidst the challenges and disruption caused by covid 2nd and 3rd wave followed by global political tensions, PHFL managed to achieve the key milestone of ₹ 5,000 Crore AUM in FY 2021-22, closing the year at ₹ 5,060 Crore delivering 27% YoY growth with highest ever yearly disbursals of ₹ 1,970 Crore, 57% higher YoY. The Earning Assets Book stand enhanced from 73% to 84% of AUM in current financial year compared to last financial year.

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". The Company's business model has undergone significant transformation over the last 4 years and now the affordable home loans is at 69% of the on-book assets (48% growth YoY). Under the 'Go-Direct Go-HL' strategy, the Company sourced 77% of loans and ratio of Home Loans in fresh disbursals increased to 71% in FY 2021-22.

The Company strives to accomplish the objective of financial inclusion by serving first time borrowers with limited / no access to formal credit by our deep presence in semi-urban and rural segments. Women Co-applicants constitute more than 90% of the total loan originations and more than 70% of customers sourced in FY 2021-22 were new to credit. The Company is committed to contribute to government objective of Housing for All by facilitating our customers to avail benefit of Credit Linked Subsidy Scheme (PMAY). The Company as at the end of FY 2021-22 has processed more than 11,500 claims under PMAY scheme out of which subsidies have been received for more than 9,000 applications amounting to more than ₹ 200 Crore.

As on 31 March, 2022, PHFL has a robust liquidity of ~₹ 1,100 Crore for meeting its business requirement for near term. The Company also has a well matched ALM in line with the asset profile. In addition, during the year, PHFL has repriced its legacy borrowings and raised fresh borrowings at the most competitive terms and pricing thereby achieving the best-in-class exit cost of borrowings of sub-7%. PHFL reported Capital Adequacy Ratio of 42.77% as on 31 March, 2022 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 institution to restore normalcy despite 3 high impact disruptions during the pandemic. Bucket zero collection efficiency reaching back to long term average of 98% by the end of year. PHFL has witnessed the lowest ever Gross Stage 3 assets of 0.96% as at the end of FY 2021-22. The Company carries robust Provision Coverage Ratio at 37.4% and has overall provision coverage at 1.7% of loan book as on 31 March, 2022.

PHFL has witnessed highest ever PBT of ₹ 101 Crore in FY 2021-22 against ₹ 14 Crore in FY 2020-21 and consequently the RoA stands enhanced from 0.3% to 1.8% when compared to FY 2020-21.

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

OPPORTUNITIES, CHALLENGES AND OUTLOOK

Strengths

- Strong credible promoter – PHFL is backed by Poonawalla group, with strong financial position and fundamentals as reflected by its flagship company, Serum Institute of India (Rated 'CARE AAA; Stable') led by Dr. Cyrus S. Poonawalla.
- The Company has been assigned an external rating of AA+/Stable by CARE and CRISIL for raising long term debts. The short-term rating has been assigned at A1+ by CARE & CRISIL.
- Direct Sourcing relationship driven model leads to better portfolio quality. As of 2022 end, Direct sourcing stood at 77%. Our Home Loan ratio in fresh disbursements were at 71% in FY 2021-22.
- The Company has pan India presence across 20 states/Union territories with West and North zone contributing majority of the business, which is in line with our affordable housing strategy. We continue to enhance productivity across regions with high potential.
- Dedicated Collections Team which has contributed to bring Collection Efficiency (CE) back to Pre COVID levels. PHFLs CE in FY 2021-22 is 96.3% against 95.0% in FY 2020-21. Gross Stage - 3 assets came down to 0.96%. Net Stage - 3 assets stood at 0.6%. Gross Stage-3 PCR is at 37.4% while overall Provision coverage is 1.7% as on 31 March, 2022.

Challenges, Risks and Concerns

- The customers of PHFL are a mix of self-employed and salaried with majority of them in tier 2 to tier 6 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 Loan to Value ratio in the range of 50-60% and most of the assets are self-occupied thus are tied up with moral obligation to pay.
- Due to the ongoing war between Ukraine and Russia, the prices of affordable houses in India are expected to increase due to the rise in building materials and construction cost thereby posing downside risk in achieving the projected growth for the sector and the Company for FY 2022-23.

Opportunities

- Increase market share and enhance presence in high demand locations especially in Tier 2 and Tier 3 cities - by expanding our direct relationship with customers and using technology for best-in-class sourcing. Further, the Company may consider entering strategic tie-ups for course-origination, co-lending, etc. with strong partners to cater to untapped segments.
- Due to upgrade of credit rating by two notches from AA- (CWD) to AA+ (Stable) by CARE and fresh rating assigned of AA+ (Stable) by CRISIL, the Company can consider raising funds from capital market participants at most competitive terms and pricing thereby diversifying its lender base and reduce its overall borrowing cost.

Threats

- 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, your 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:

- Strong credible promoter with robust financial position and its ongoing support to the Company.
- The Company has adequate liquidity cushion and support.
- 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 DEFINITION OF LISTED COMPANY PURSUANT TO COMPANIES ACT 2013

Pursuant to amendment in Section 2(52) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Second Amendment Rules, 2021 effective 1 April, 2021, the definition of listed company mainly comprises of public companies offering securities to public i.e. having listed equity shares in India (with or without ADR/ GDR listed overseas), listed debt securities pursuant to public issue or listed NCRPS pursuant to public issue. Accordingly, the Company is not considered as Listed Company under Section 2(52) of Companies Act, 2013 w.e.f. 1 April, 2021 and the disclosures as applicable to the Company until 31 March, 2021 in view of its status as a listed company in terms of the Companies Act, 2013 are not applicable in the year under review.

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 PERFORMENCE

As at 31 March, 2022, the loan book stood at ₹ 4,250 Crore as against ₹ 2,912 Crore in the previous year. The Company's AUM stood at ₹ 5,060 Crore as at 31 March, 2022 (comprising of home loans amounting to ₹ 3,203 Crore and other products amounting to ₹ 1,858 Crore) against ₹ 3,978 Crore in the previous year (comprising of home loans amounting to ₹ 2,342 Crore and other products amounting to ₹ 1,635 Crore).

The Company has achieved its highest ever disbursement of ₹ 1,970 Crore in FY 2021-22 as against ₹ 1,251 Crore in FY 2020-21 resulting in YOY growth of 57%. The Company has disbursed 71% of the loans towards housing portfolio.

- The disbursement in home loans grew by 61% from ₹ 870 Crore in FY 2020-21 to ₹ 1,403 Crore in FY 2021-22 in line with "GO HOME LOAN" strategy implemented by the Company.
- The contribution of home loan portfolio increased from 42% in FY 2016-17 to 63% in FY 2021-22 in the overall housing AUM.
- Company's "GO DIRECT" strategy for transition from DSA model to direct sales model improved direct sourcing from 44% in FY 2017-18 to 77% in FY 2021-22.
- Focused deep market penetration in around 128 locations across 20 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.

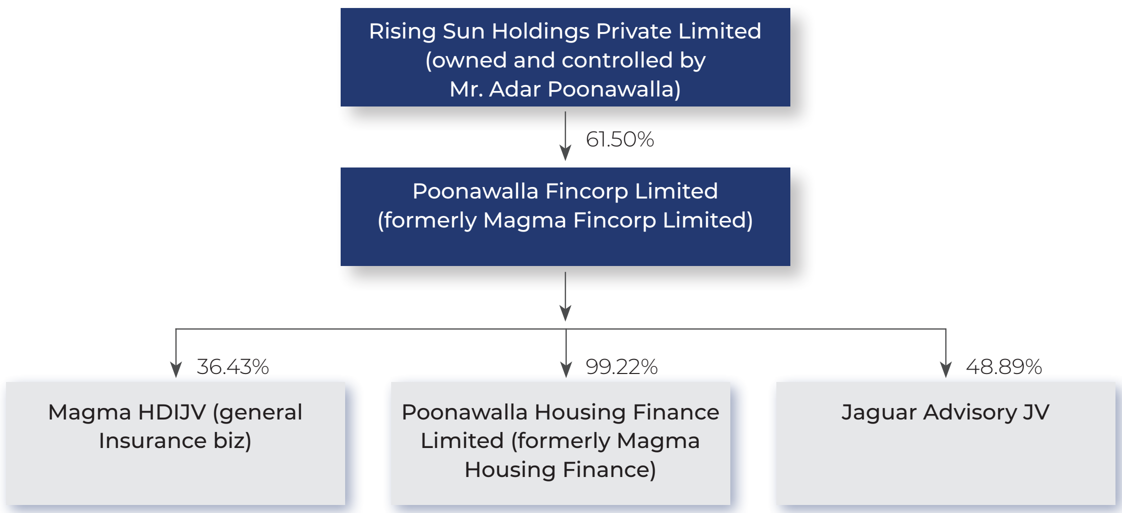
HOLDING COMPANY

As disclosed in the previous year's report, Rising Sun Holdings Private Limited (RSHPL) had acquired a controlling stake in Poonawalla Fincorp Limited (formerly Magma Fincorp Limited) (PFL) through preferential allotment and infused fresh capital in PFL during FY 2021-22. Consequently, PFL had become a subsidiary of RSHPL and your Company a step-down subsidiary of RSHPL.

PFL and the Company have been renamed and rebranded under the Poonawalla brand w.e.f. 22 July, 2021. Your Company has been renamed from Magma Housing Finance Limited to Poonawalla Housing Finance Limited. Subsequently the registered office of the Company has also been shifted from Kolkata, West Bengal to Pune, Maharashtra. On account of Shareholders Agreement and capital infusion by RSHPL in PFL, the Articles of Association of the Company was amended during the year under review.

Further, the Nomination and Remuneration Committee of the Company on 1,973,333 Equity Shares of face value ₹ 10 each were allotted to eligible employee upon exercise of Restricted Stock Options of the Company. Pursuant to the said allotment, the Company ceased to be a wholly owned subsidiary of PFL and continues to be a subsidiary of PFL with PFL holding 99.22% of the paid up share capital in the Company.

The diagrammatic representation of the Group Structure is given below:



DETAILS OF SUBSIDIARY/ASSOCIATES/ JOINT-VENTURE COMPANY

Your Company has no Subsidiary/Associates/Joint-Venture Company as at 31 March, 2022.

CHANGES IN SHARE CAPITAL

Authorised Capital

During the year under review, the Authorized Share Capital of the Company was increased from ₹ 2,000,000,000 (Rupees Two hundred Crore only) divided into 2,000,000,000 (Twenty Crore only) equity shares of ₹ 10 (Rupees Ten only) each to ₹ 2,750,000,000 (Rupees Two Hundred Seventy Five Crore only) divided into 275,000,000 (Twenty Seven Crore Fifty Lacs only) equity shares of ₹ 10 (Rupees Ten only) each by the creation of additional 75,000,000 (Seven Crore Fifty Lacs only) equity shares of ₹ 10 (Rupees Ten only) each.

Rights Issue of Equity Shares

During the year, 83,991,264 Equity Shares of the face value of ₹ 10 each were allotted upon issue / offer on a Rights basis for cash at a premium of ₹ 49.53 per Equity Share aggregating to ₹ 50,000 Lacs. The issue proceeds were utilised for augmenting the Company's lending business.

Issue of Equity Shares under the Restricted Stock Option Plan -2018

During the year, 1,973,333 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 ₹ 25,179.45 Lacs comprising of ₹ 251,794,450 Equity Shares of ₹ 10 each fully paid-up. All the shares of the Company are in dematerialized form as on 31 March, 2022.

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, 2022.

TRANSFER TO RESERVES

The Board, at its Meeting held on 11 May, 2022, has transferred ₹ 1,547.70 Lacs (Previous year ₹ 608.67 Lacs) to Statutory Reserve.

EMPLOYEE STOCK OPTION SCHEME

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

The Company had amended the RSOP 2018 by amending few clauses and increasing the limit of options from 3,000,000 equity shares having face value of ₹ 10 per share to 3,500,000 equity shares. During the year, the Nomination & Remuneration Committee has granted 400,000 options under the RSOP 2018 to the eligible employee.

During the year, the Company has implemented Employees Stock Option Plan 2021 (ESOP 2021) in accordance with the provisions of the Act. The shareholders of the Company on 18 August, 2021 had approved ESOP 2021 wherein the Company provided for the creation and issue of 10,000,000 options that would eventually convert into equity shares of ₹ 10 each.

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. Further, the Board has during the year, approved cancellation of ungranted and unutilized options under ESOP 2018 and RSOP 2018 and options already granted under ESOP 2018 to eligible employees shall remain operational until they are lapsed.

The details of Options granted and outstanding as on 31 March, 2022 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 the **Annexure A** to the Board's Report.

PUBLIC DEPOSIT

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

RESOURCE MOBILISATION

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

A. Term Loans

Your Company has borrowed fresh Secured long term loans of ₹ 184,100 Lacs from banks and financial institutions during the FY 2021-22 as compared to ₹ 77,900 Lacs during the previous year.

The aggregate of term loans outstanding at the end of the FY 2021-22 stood at ₹ 277,464.62 Lacs as against ₹ 155,100.90 Lacs as at the end of the previous year.

B. Non-Convertible Debentures

The Company has an aggregate outstanding balance of ₹ 29,320.07 Lacs through issue of Secured Redeemable Non-Convertible Debentures on Private Placement basis as on 31 March, 2022. The Non-Convertible Debentures of your Company continue to remain listed on BSE Limited (BSE) and the Company has paid the Listing fees to BSE for the FY 2021-22.

C. Working Capital

During the year, your Company availed working capital facilities from various banks under consortium arrangement in the form of Cash Credit and WCDL and the outstanding amount as on 31 March, 2022 is NIL.

D. Any Other Borrowing

Your Company has not borrowed through issue of Pass Through Certificate (PTC) or securitization during the FY 2021-22. The aggregate contractual outstanding through PTC borrowings net of investment stood at ₹ 9,846.38 Lacs as on 31 March, 2022.

NHB REFINANCING

During the financial year under review, your Company has been granted a sanction amounting to ₹ 72,500 Lacs under NHB's various refinancing schemes for Housing Finance Companies.

DETAILS OF UNCLAIMED NON CONVERTIBLE DEBENTURES

There has been no Non-Convertible Debenture which 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 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 Limited)
Phone No./Fax	+91 22 4080 7050/+91 22 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 – Associate Vice President

CREDIT RATING

During the FY 2021-22, CRISIL has assigned 'CRISIL AA+/ stable' rating for long term Bank Facilities of the Company and Company's long term Secured NCDs. Further, the rating for short term debt (Commercial Paper) is re-affirmed at CRISIL A1+.

CARE Ratings has upgraded the ratings for Company's long term Secured NCDs and Bank Facilities by 2 notches i.e. from CARE AA- (CWD) to CARE AA+/ stable. Also, CARE Ratings has assigned new rating of CARE A1+ for Company's short term debt program (Commercial Paper).

Instrument	Rating	Rating Agency
Secured Redeemable Long Term Bonds (NCDs)	AA+/Stable	CARE
	AA+/Stable	CRISIL
Fund Based and Non Fund Based Bank facilities	AA+/Stable	CARE
	AA+/Stable	CRISIL
Short Term Debt (Commercial Paper)	A1+	CARE
	A1+	CRISIL

A status of ratings assigned by rating agencies and migration of ratings during the year is provided in note no. 47(g)to the financial statements of the Company.

BRANCH EXPANSION

As on 31 March, 2022, your Company operated from 128 offices/ branches. Your 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

Under the applicable Regulatory Guidelines/ Framework, i.e. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, your Company is presently required to maintain a minimum capital adequacy of 15% on a stand-alone basis. Your Company's capital adequacy ratio stood at 42.77% as at 31 March, 2022 (previous year 30.50%), which provides an adequate cushion to withstand business risks and is comfortably above the minimum requirement of 15% stipulated under the Regulatory Guidelines/ Framework. In addition, Section 29C of the National Housing Bank Act, 1987, requires a Company to transfer minimum 20% of its net profit to a reserve fund, and the Company has transferred ₹ 1,547.70 Lacs (previous year ₹ 608.67 Lacs) to Statutory Reserve.

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

Your Company is registered with CERSAI and has been submitting regular monthly data in respect of its loans under Section 21 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

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

The Securitisation 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, your Company initiated action against 1984 defaulting borrowers under the SARFAESI Act and recovered ₹ 5,526.16 Lacs from borrowers of Non-Performing accounts.

NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

The Company recognises 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.

Your Company carries a provision of ₹ 7,299.23 Lacs (Previous Year ₹ 10,496.58 Lacs) 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, 2022 and 31 March, 2021 is ₹ 4,084.44 Lacs and ₹ 7,017.38 Lacs (Previous year ₹ 4,624.56 Lacs and ₹ 3,792.46 Lacs), which is equivalent to 0.96% and 1.65% (previous year 1.59% and 1.30%) 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, 2022 is ₹ 1,529.23 Lacs and ₹ 1,656.30 Lacs (previous year ₹ 2,394.99 Lacs and ₹ 595.63 Lacs).

COVID-19 IMPACT ON PORTFOLIO

The Company carried a management overlay of ₹ 5,090.54 Lacs as at 31 March, 2021, to manage the potential impact of COVID-19 pandemic.

Since during the financial year 2021-22, the impact of Covid-19 pandemic on economy still persists although at reduced levels, for the year ended 31 March, 2022, the Company has continued the process of risk assessment on its credit exposures and accordingly, in addition to the model determined ECL provision, the Company carries a management overlay of ₹ 1,202.17 Lacs against future potential impact of COVID-19, which basis management estimate is adequate to cover the impact of COVID-19 on the entire loan portfolio.

During the year ended 31 March, 2022, apart from the technical write-offs as per the policy adopted during the quarter ended 31 March, 2021, the Company has additionally written-off loans aggregating to ₹ 4,614.10 Lacs.

Further, the underlying forecasts and assumptions applied by the Company in determination of ECL provision (including additional COVID-19 provision) are subject to uncertainties which are often outside the control of the Company and accordingly, actual results may differ from these estimates.

The Company has been duly servicing its debt obligations. The Company's capital and liquidity position remain strong and would continue to be one of the focus areas.

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, there have been no foreign exchange inflows and outflows.

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

During the year under review, significant regulatory developments have taken place for the Housing Finance Companies (HFCs) and Non- Banking Financial Companies (NBFCs). The Reserve Bank of India (RBI) has prescribed a revised regulatory framework for the NBFCs including HFCs based on a Scale Based Regulation (SBR) approach, which is effective from 01 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, your Company shall be placed in the Middle Layer based on the prescribed criteria. Being in the Middle Layer, the Company shall be 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. Your Company 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, your 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 including those on the Principal Business Criteria, Capital Adequacy, Income Recognition, Asset Classification, Provisioning, implementation of Ind AS, Corporate Governance, Fraud Reporting, Outsourcing etc.

Your Company has ensured adherence with various applicable provisions of the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016. Your 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, your 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, the Board on the recommendation of the Nomination and Remuneration Committee (NRC), appointed Mr.Prabhakar Dalal (DIN: 00544948), Mr.Sajid Fazalbhoy (DIN: 00022760) and Ms. Bhama Krishnamurthy (DIN: 02196839) as Additional Directors in the capacity of Non-Executive Independent Directors for a period of 3 years with effect from 24 May, 2021, subject to the approval of the Members at the ensuing Annual General Meeting (AGM).

During the year under review, the Board on the recommendation of the NRC, appointed Mr.Adar Cyrus Poonawalla (DIN: 00044815) and Mr.Abhay Bhutada (DIN: 03330542) as Additional Directors in the capacity of Non-Executive Directors w.e.f. 8 July, 2021 who shall hold office upto the date of ensuing Annual General Meeting (AGM) of the Company or the last date on which the AGM should have been held, whichever is earlier and are liable to retire by rotation. Mr. Poonawalla was designated as Chairman of your Company. Thereafter, the Board on the recommendation of the NRC, appointed Mr. Amar Deshpande (DIN: 07425556) as Additional Director in the capacity of Non-Executive Director w.e.f. 20 July, 2021 who shall hold office upto the date of ensuing AGM of the Company or the last date on which the AGM should have been held, whichever is earlier and is liable to retire by rotation. Mr. Poonawalla was designated as Chairman of your Company. Thereafter, the Board on the recommendation of the NRC, appointed Mr. AmarDeshpande (DIN: 07425556) as Additional Director in the capacity of Non-Executive Director w.e.f. 20 July, 2021 who shall hold office upto the date of ensuing AGM of the Company or the last date on which the AGM should have been held, whichever is earlier and is liable to retire by rotation.

Your Company had received notices from members pursuant to Section 160(1) of the Companies Act, 2013 signifying the intention to propose the candidature of Mr. Dalal, Mr. Fazalbhoy, Ms. Krishnamurthy, Mr. Poonawalla, Mr. Bhutada and Mr. Deshpande as Directors of the Company and subsequently the Members at the AGM of the Company held on 18 August, 2021 approved the appointment of the Directors.

Appropriate resolution seeking your approval to the aforesaid appointment along with brief profile of Mr. Dalal, Mr. Fazalbhoy, Ms. Krishnamurthy, Mr. Poonawalla, Mr. Bhutada and Mr. Deshpande appeared in the Notice convening the 17th AGM of your Company.

During the year, Mr. Raman Uberoi (DIN: 03407353) and Ms. Deena Mehta (DIN: 00168992), Non-Executive Independent Directors of the Company, owing to their personal constraints and other assignments, stepped down from the Directorship w.e.f. close of business hours on 09 June, 2021.

During the year, Mr. Abhay Bhutada (DIN: 03330542), Non-Executive Director of the Company, owing to broader interest of the Company and shareholders interest, stepped down from Directorship and ceased to be a Director with effect from 16 September, 2021. Pursuant to the Amendment Agreement to the Shareholders Agreement executed on 23 November, 2021 amongst Rising Sun Holdings Private Limited and Poonawalla Fincorp Limited and its existing promoters, Mr. Sanjay Chamria (DIN: 00009894) ceased to be the Non-Executive Director with effect from the close of the business hours of 23 November, 2021. Further, owing to personal constraints and other assignments, Mr. Sajid Fazalbhoy ceased to be the Non-Executive Independent Director with effect from 14 January, 2022. The Board of Directors placed on record their deep appreciation for guidance provided by the Directors during their tenure as Directors of the Company. The Company benefitted immensely from their rich management experience.

In accordance with the provisions of the Companies Act, 2013, Mr. Adar Cyrus Poonawalla (DIN: 00044815) retires at the ensuing AGM and being eligible offers himself for re-appointment. The Board of Directors of your Company recommends the re-appointment of the Director liable to retire by rotation at the ensuing AGM.

Further, the Board of Directors at its meeting held on 11 May, 2022, on the recommendation of the NRC and subject to shareholders approval, reappointed Mr. Manish Jaiswal (DIN: 07859441) as the Managing Director & Chief Executive Officer of the Company w.e.f. 25 June, 2022 for a period of 5 years.

Appropriate resolution seeking your approval to the aforesaid appointment/re-appointment along with brief profile of the Directors appear in the Notice convening the 18th AGM of your Company.

All the Directors have confirmed that they satisfy the “fit and proper” criteria as prescribed in Chapter IX of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated 17 February, 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.

Consequent to the stepping down of Mr. Ajay Arun Tendulkar from the position of Chief Financial Officer of the Company with effect from the close of business hours on 30 June, 2021 Mr. Pankaj Rathi was appointed as the Chief Financial Officer (Key Managerial Personnel) of the Company with effect from 1 July, 2021 on the recommendation of the NRC of the Board of Directors of the Company.

The Board has placed on record their deep appreciation for the valuable contribution made by Mr. Tendulkar during his tenure of services with the Company.

There was no other change in the Key Managerial Personnel during the year.

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 Companies Act, 2013. All the IDs of the Company have registered their names with the data bank of IDs maintained by Indian Institute of Corporate Affairs (IICA) and therefore possess the integrity, expertise and experience.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year under review, a separate meeting of the Independent Directors (IDs) was held on 29 January, 2022, in terms of Schedule IV of the Companies Act, 2013, without the presence of Non-Independent Directors and members of the management. At this meeting, the IDs inter alia had:

- 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 2021-22, the Company has held Nine (9) Board Meetings, i.e. on 24 May, 2021, 22 June, 2021, 08 July, 2021, 07 August, 2021, 16 August, 2021, 22 October, 2021, 06 January, 2022, 31 January, 2022 and 12 March, 2022. 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.

Further, during the FY 2021-22, 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 Board/Committee Meetings agenda and Agenda Notes 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:

Sl. No.	Name of the Directors	Category of Directors	Number of meetings attended during the FY 2021-22
1.	Mr. Adar Poonawalla[1]	Chairman, Non-executive Director	3/7
2.	Mr. Sanjay Chamria[2]	Non-executive Director	6/6
3.	Mr. Manish Jaiswal	Managing Director & Chief Executive Officer	9/9
4.	Mr. Raman Uberoi[3]	Independent Non-executive Director	1/1
5.	Ms. Deena Mehta[3]	Independent Non-executive Director	1/1
6.	Mr. Prabhakar Dalal[4]	Independent Non-executive Director	8/8
7.	Ms. Bhama Krishnamurthy[4]	Independent Non-executive Director	8/8
8.	Mr. Sajid Fazalbhoy[5]	Independent Non-executive Director	6/6
9.	Mr. Abhay Bhutada[6]	Non-executive Director	2/2
10.	Mr. Amar Deshpande[7]	Non-executive Director	6/6

[1] Appointed w.e.f. 08.07.2021. | [2] Resigned w.e.f. close of business hours on 23.11.2021. | [3] Resigned w.e.f. close of business hours on 09.06.2020. | [4] Appointed w.e.f. 24.05.2021. | [5] Appointed w.e.f. 24.05.2021 and resigned w.e.f. 14.01.2022. | [6] Appointed w.e.f. 08.07.2021 and resigned w.e.f. 16.09.2021. | [7] Appointed w.e.f. 20.07.2021.

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 29 January, 2022 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 31 January, 2022.

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 members, 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 have been found to be excellent. Overall, the Board was functioning very well in a cohesive and interactive manner.

Previous year's observations and actions taken

Based on the evaluation undertaken few observations and action taken for FY 2020-21 inter-alia include:

- Broadbase the Board by inducting new members The Company inducted new members with experiences from Banking and finance industry.
- Discussion on Regulatory update to be more comprehensive, sharper and focussed. The regulatory updates and its impact on the industry forms part of the presentation placed at the Committee and Board Meetings on a quarterly basis.

Last year recommendations of IDs and Board on Performance Evaluation have been largely implemented.

Proposed actions based on current year observations

Based on the evaluation of FY 2021-22, some areas of improvement were suggested specifically highlighting the following points:

- Broadbase the Board by inducting new members.
- Familiarisation Programme/Orientation to be arranged for Directors.

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 document and approved by the Board of Directors and Shareholders of the Company. His remuneration comprises of salary, allowances and perquisites as indicated in MGT 7 which is available at the website at https://poonawallahousing.com/secretarial-disclosures.php. The remuneration of MD&CEO was revised during the year after obtaining necessary approvals. The disclosures pertaining to Schedule V Part II Section II (IV) of 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 (in ₹)**
		Basic Salary	₹ 12,000,024 (Rupees One Crore Twenty Lacs Twenty-Four only) per annum
		Perquisites / Benefits	
		House Rent Allowance	₹ 5,999,988 (Rupees Fifty-Nine Lacs Ninety-Nine Thousand Nine Hundred Eighty-Eight only) per annum.
		Special Allowance	₹ 9,474,792 (Rupees Ninety-Four Lacs Seventy Four Thousand Seven Hundred Ninety Two only) per annum
		Leave Travel Allowance	₹ 72,000 (Rupees Seventy-Two Thousand Only) per annum

Sl. No.	Particulars	Disclosures	
		Medical Coverage, Health Insurance and Personal Accident coverage as per Company policy.	
		Provident Fund	₹ 1,440,000 (Rupees Fourteen Lacs Forty Thousand only) per annum
		Gratuity	₹ 577,200 (Rupees Five Lacs Seventy-Seven Thousand Two Hundred only) per annum
		National Pension Scheme	₹ 435,996 (Rupees Four Lacs Thirty-Five Thousand Nine Hundred Ninety-Six only) per annum
		Encashment of unavailed leave as per the rules of the Company.	
		Annual Performance Bonus	₹ 10,000,000 (Rupees One Crore only) from FY 2020-21 onwards
		One time fixed relocation expense	₹ 78 Lacs (Rupees Seventy Eight Lacs only)
		Stock Options	3,360,000 Restricted Stock Options under the Poonawalla Housing Restricted Stock Option Plan 2018 at an exercise price of ₹ 10 per share.
		Minimum Remuneration	In the absence of or inadequacy of profits in any financial year of the Company during the tenure MD & CEO shall be entitled to remuneration by way of salary along with perquisites, allowances as mentioned above 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
2	Details of fixed component and performance linked incentives along with the performance criteria	As mentioned in Point 1 above	
3	Service contracts, notice period, severance fees	Appointed for a term of 5 years w.e.f. 26 June, 2017 upto 25 June, 2022. 3 months notice period	
4	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	As mentioned in Point 1 above	

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 and as per the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

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 and Directions issued by Reserve Bank of India was duly approved by the Board of Directors. These broadly include:

i. Discuss with the Auditors periodically about the adequacy of Internal Control System, the scope of Audit including the observations of the Auditors and review and examination of the financial statements and the Auditors' report thereon before 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.

ii. Investigate into any matter in relation to the items within the purview of the Terms of Reference of the Audit Committee of 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 power to obtain professional advice from external sources and external professional consultants or from any employee.

iii. Recommend on any matter relating to financial management

iv. The going concern assumption

v. Formulate the scope, functioning, periodicity and methodology for conducting the internal audit.

vi. Discuss with internal auditors and the management of any significant findings, status of previous audit recommendations and follow up there on.

vii. Recommend to the Board for appointment, remuneration and terms of appointment of auditors of the Company.

viii. Ensuring compliance of Anti Money Laundering Policy.

ix. Overseeing Compliance with accounting standards.

x. Review and monitor the auditor's independence and performance, and effectiveness of audit process.

xi. Approve and recommend to the Board the transactions with the related parties of the Company including any subsequent modification thereof.

xii. Scrutinise inter-corporate loans and investments.

xiii. Examine the valuation of undertakings or assets of the Company, wherever it is necessary.

xiv. Evaluation of internal financial controls and risk management systems.

xv. Monitor the end use of funds raised through public offers and making appropriate recommendations to the Board to take up steps in this matter.

xvi. 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.

xvii. Oversee the functioning of the whistle blower/ vigil mechanism, if any.

xviii. Appoint registered valuers.

xix. Any other matter as delegated by the Board of Directors of the Company from time to time.

xx. To ensure information system audit of the internal systems and processes 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, 2022, seven (7) Audit Committee Meetings were held on 24 May, 2021, 08 July, 2021, 07 August 2021, 22 October, 2021, 06 January, 2022, 31 January, 2022 and 12 March, 2022. 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, 2022 and particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of the Directors	Category of Directors	Number of meetings attended during the FY 2021-22
1.	Ms. Bhama Krishnamurthy[1]	Chairperson, Non-executive Independent Director	6/6
2.	Mr. Prabhakar Dalal[2]	Member, Non-executive Independent Director	6/6
3.	Mr. Amar Deshpande[3]	Member, Non-executive Director	5/5
4.	Mr. Sanjay Chamria[4]	Member, Non-executive Director	1/1
5.	Mr. Sajid Fazalbhoy[5]	Member, Non-executive Independent Director	1/1
6.	Ms. Deena Mehta[6]	Chairperson, Non-executive Independent Director	1/1
7.	Mr. Raman Uberoi[6]	Member, Non-executive Independent Director	1/1

[1]Appointed as member and designated as Chairperson of the Committee w.e.f. 11.06.2021. | [2]Appointed as Member of the Committee w.e.f. 11.06.2021. | [3]Appointed as Member of the Committee w.e.f. 20.07.2021. | [4]Ceased to be member of the Committee w.e.f. 11.06.2021. | [5]Appointed as member of the Committee w.e.f. 11.06.2021 and ceased to be a member of the Committee w.e.f.20.07.2021. | [6]Ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. close of working hours on 09.06.2021.

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 and as per the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. Some of the important clauses of the Charter of the NRC are as follows:

Review of matters 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. The Committee shall ensure that there is no conflict of interest.

Approval of matters 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 Senior Management Personnel (direct functional heads not below the level of Senior Vice President reporting to the Managing Director & Chief Executive Officer (MD & CEO) of the Company) 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 for Senior Management Personnel;
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 Senior Management Personnel in accordance with the criteria laid down;
   c. Removal of Directors and Senior Management Personnel.
3. Determining processes for evaluating the skill, knowledge, experience, effectiveness and performance of individual directors as well as the Board as a whole;

4. To devise a policy on remuneration including any compensation related payments of the directors, key managerial personnel 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. Recommend & Review succession plans for all Key Managerial Personnel.
7. 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, 2022 Ten (10) NRC Meetings were held on 24 May, 2021, 22 June, 2021, 08 July 2021, 16 August, 2021, 30 August, 2021, 09 October, 2021, 19 November, 2021, 06 January, 2022, 29 January, 2022 and 12 March, 2022. Following table sets out the composition of the NRC as at 31 March, 2022 and particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of the Directors	Category of Directors	Number of meetings attended during the FY 2021-22
1.	Mr. Prabhakar Dalal[1]	Chairman, Non-executive Independent Director	9/9
2.	Ms. Bhama Krishnamurthy[2]	Member, Non-executive Independent Director	9/9
3.	Mr. Amar Deshpande[3]	Member, Non-executive Director	7/7
4.	Mr. Sajid Fazalbhoy[4]	Member, Non-executive Independent Director	2/2
5.	Ms. Deena Mehta[5]	Chairperson, Non-executive Independent Director	1/1
6.	Mr. Raman Uberoi[5]	Member, Non-executive Independent Director	1/1
7.	Mr. Sanjay Chamria[6]	Member, Non-executive Director	1/1

[1]Appointed as member and designated as Chairman of the Committee w.e.f. 11.06.2021. | [2]Appointed as Member of the Committee w.e.f. 11.06.2021. | [3]Appointed as Member of the Committee w.e.f. 20.07.2021. | [4]Appointed as member of the Committee w.e.f. 11.06.2021 and ceased to be a member of the Committee w.e.f. 20.07.2021. | [5]Ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. close of working hours on 09.06.2021.[6] Ceased to be member of the Committee w.e.f. 11.06.2021.

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, which inter alia includes policy for selection and appointment of Directors, CEO & Managing Director, Key Managerial Personnel, Senior Management Personnel and their remuneration. Familiarisation Program forms part of the Remuneration Policy. The Remuneration Policy adopted by the Company may be referred to, at the web-link: https://poonawallahousing.com/investor-governance.php. The salient feature 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; and

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.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014 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, the CSR Plan for the FY 2021-22 was recommended by the Committee at its meeting held on 07 August, 2021 and subsequently revised on 12 March, 2022.

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 the Board's 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 2021-22.

RISK MANAGEMENT

The Risk Management Committee (RMC) has been constituted with its defined terms of reference in accordance with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. 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. The Company has also implemented/ adopted Integrated Risk Management (IRM) Policy duly approved by the Board.

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 overall organisational 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

Poonawalla Housing 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 financial year, 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.

Enhanced surveillance during Covid times

During Covid 19 scenario, intensified surveillance activities by RCU (Fraud/Risk Control Unit) are done on a regular basis. Findings are being shared with management team and corrective actions monitored.

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 FCNR borrowing.

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 way of committed/unutilized Bank line and further supported by funds raised through Term Loans and Securitization.

People Risk

Human resources are 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;

Composition and Attendance

The Risk Management Committee (RMC) is constituted in accordance with the provisions of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. 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. During the financial year ended 31 March, 2022, Six (6) Risk Management Committee Meetings were held on

24 May, 2021, 22 June, 2021, 07 August, 2021, 22 October, 2021, 16 December, 2021 and 15 January, 2022. 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, 2022 and particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of the Directors	Category of Directors	Number of meetings attended during the FY 2021-22
1.	Ms. Bhama Krishnamurthy[1]	Chairperson, Non-executive Independent Director	5/5
2.	Mr. Amar Deshpande[2]	Member, Non-executive Director	4/4
3.	Mr. Prabhakar Dalal[3]	Member, Non-executive Independent Director	5/5
4.	Mr. Manish Jaiswal	Member, Managing Director & Chief Executive Officer	6/6
5.	Mr. Sajid Fazalbhoy[4]	Member, Non-executive Independent Director	3/3
6.	Mr. Raman Uberoi[5]	Member, Non-executive Independent Director	1/1
7.	Mr. Sanjay Chamria[6]	Member, Non-executive Director	1/1
8.	Ms. Deena Mehta[5]	Member, Non-executive Independent Director	1/1
9.	Mr. Abhay Bhutada[7]	Member, Non-executive Director	1/1

[1]Appointed as member and designated as Chairperson of the Committee w.e.f. 11.06.2021. | [2]Appointed as member of the Committee w.e.f. 20.07.2021. | [3]Appointed as Member of the Committee w.e.f. 11.06.2021. | [4]Appointed as a member of the Committee w.e.f. 20.07.2021 and ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. 14.01.2022. | [5]Ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. close of working hours on 09.06.2021. | [6]Ceased to be a member of the Committee w.e.f. 11.06.2021. | [7]Appointed as a member w.e.f. 20.07.2021 and ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. 16.09.2021.

ASSET LIABILITY MANAGEMENT COMMITTEE

The Asset Liability Management Committee (ALCO) is constituted as per the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

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 market 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 advances and borrowings; and
- 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, 2022, four (4) Asset Liability Management Committee Meetings were held on 26 April, 2021, 07 August, 2021, 22 October, 2021 and 15 January, 2022. Following table sets out the composition of the Asset Liability Management Committee as at 31 March, 2022 and particulars of attendance of members of the Committee at various meetings:

Sl No.	Name of the Members	Category	Number of meetings attended during the FY 2021-22
1.	Mr. Manish Jaiswal	Chairman, Managing Director & Chief Executive Officer	4/4
2.	Mr. Prabhakar Dalal[1]	Member, Non-executive Independent Director	3/3
3.	Mr. Amar Deshpande[2]	Member, Non-executive Director	3/3
4.	Ms. Bhama Krishnamurthy[3]	Member, Non-executive Independent Director	1/1
5.	Mr. Pankaj Rathi[4]	Chief Financial Officer	3/3
6.	Mr. Abhay Bhutada[5]	Member, Non-executive Director	1/1
7.	Mr. Sajid Fazalbhoy[6]	Member, Non-executive Independent Director	2/2
8.	Mr. Raman Uberoi[7]	Member, Non-executive Independent Director	1/1
9.	Ms. Deena Mehta[7]	Member, Non-executive Independent Director	1/1

[1]Appointed as a member of the Committee w.e.f. 11.06.2021. | [2]Appointed as a member of the Committee w.e.f. 20.07.2021. | [3]Appointed as member w.e.f. 11.06.2021 and stepped down as member w.e.f. 20.07.2021; redesignated as a member of the Committee w.e.f. 18.12.2021. | [4]Appointed as a member of the Committee w.e.f. 20.07.2021. | [5]Appointed as a member w.e.f. 20.07.2021 and ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. 16.09.2021. | [6]Appointed as a member of the Committee w.e.f. 20.07.2021 and ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. 14.01.2022. | [7] Ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. close of working hours on 09.06.2021.

MANAGEMENT COMMITTEE

Terms of reference

The Management Committee is authorized by the Board to do all such acts, deeds and things and decide on all such matters as may be delegated to the Committee from time to time. 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, 2022, nine (9) Management Committee Meetings were held on 22 June, 2021, 13 July, 2021, 05 August, 2021, 30 September, 2021, 26 October, 2021, 20 December, 2021, 31 December, 2021, 12 March, 2022 and 28 March, 2022. Following table sets out the composition of the Management Committee as at 31 March, 2022 and particulars of attendance of members of the Committee at various meetings:

Sl No.	Name of the Members	Category	Number of meetings attended during the FY 2021-22
1.	Mr. Manish Jasiwal[1]	Chairman, Managing Director & Chief Executive Officer	7/7
2.	Mr. Amar Deshpande[2]	Member, Non-Executive Director	7/7
3.	Ms. Bhama Krishnamurthy[3]	Member, Non-Executive Independent Director	9/9
4.	Mr. Prabhakar Dalal[4]	Member, Non-Executive Independent Director	2/2
5.	Mr. Sajid Fazalbhoy[5]	Member, Non-Executive Independent Director	5/5
6.	Ms. Deena Mehta[6]	Member, Non-Executive Independent Director	0/0
7.	Mr. Sanjay Chamria[7]	Member, Non-Executive Director	0/0
8.	Mr. Abhay Bhutada[8]	Member, Non-Executive Director	0/1

[1]Ceased to be member of the Committee w.e.f. 20.07.2021; redesignated as a member and Chairman of the Committee w.e.f. 22.10.2021. | [2]Appointed as a member of the Committee w.e.f. 20.07.2021. | [3]Appointed as a member of the Committee w.e.f. 11.06.2021. | [4]Appointed as a member of the Committee w.e.f. 11.06.2021 and ceased to be member of the Committee w.e.f. 20.07.2021. | [5]Appointed as a member of the Committee w.e.f. 20.07.2021 and ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. 14.01.2022. | [6]Ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. close of working hours on 09.06.2021. | [7]Ceased to be member of the Committee w.e.f. 11.06.2021. | [8]Appointed as a member w.e.f. 20.07.2021 and ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. 16.09.2021.

IT STRATEGY COMMITTEE (ITSC)

In compliance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 read with Master Direction - Information Technology Framework for the NBFC Sector, 2017, specifying the IT framework to be adopted for the HFC sector, 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:

- 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.
- 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.
- Overview compliance with the Outsourcing policy, wherever applicable.
- Ensuring that contingency plans have been developed and tested adequately;

Composition and Attendance

The Committee presently comprises of Mr. Prabhakar Dalal as the Chairman and Mr. Amar Deshpande, Mr. Manish Jaiswal, and other senior officials of the Company as Members. During the financial year ended 31 March, 2022, two (2) IT Strategy Committee Meetings were held on 26 April, 2021 and 22 October, 2021. Following table sets out the composition of the IT Strategy Committee as at 31 March, 2022 and particulars of attendance of members of the Committee at various meetings:

Sl No.	Name of the Members	Category	Number of meetings attended during the FY 2021-22
1.	Mr. Prabhakar Dalal[1]	Chairman, Non-executive Independent Director	1/1
2.	Mr. Amar Deshpande[2]	Member, Non-executive Director	1/1
3.	Mr. Manish Jaiswal	Member, Managing Director & Chief Executive Officer	2/2
4.	Ms. Bhama Krishnamurthy[3]	Member, Non-executive Independent Director	0/0
5.	Mr. Abhay Bhutada[4]	Member, Non-executive Director	0/0
6.	Mr. Raman Uberoi[5]	Chairman, Non-executive Independent Director	1/1
7.	Ms. Deena Mehta[6]	Member, Non-executive Independent Director	1/1
8.	Mr. Ajay Arun Tendulkar[7]	Member, Chief Financial Officer	1/1
9.	Ms. Anjana Kaura[8]	Member, Head Risk & Analytics and Chief Information Officer	2/2
10.	Mr. Sajid Fazabhoy[9]	Member, Non-executive Independent Director	1/1
11.	Mr. Pankaj Rathi[10]	Member, Chief Financial Officer	1/1
12.	Mr. Ravinder Beniwal[11]	Member, Deputy CEO & Chief Information Officer	0/0
13.	Ms. Leena Joshi[12]	Member, National Operation Head	0/0

[1]Appointed as Chairman of the Committee w.e.f. 12.06.2021 and redesignated as a member w.e.f. 22.10.2021; subsequently redesignated as a Chairman w.e.f. 31.01.2022. | [2]Appointed as Member of the Committee w.e.f. 20.07.2021. | [3]Appointed as a member of the Committee w.e.f. 12.06.2021 and ceased to be member of the Committee w.e.f. 20.07.2021. | [4]Appointed as a member of the Committee w.e.f. 20.07.2021 and ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. 16.09.2021. | [5]Ceased to be Chairman of the Committee consequent to stepping down from the Directorship of the Company w.e.f. close of working hours on 09.06.2021. | [6]Ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. close of working hours on 09.06.2021. | [7]Ceased to be a Member of the Committee w.e.f. 12.06.2021. | [8]Ceased to be a member of the Committee w.e.f. 31.12.2021. | [9]Appointed as a member of the Committee w.e.f. 20.07.2021 and designated as Chairman w.e.f. 22.10.2021; Ceased to be Chairman of the Committee consequent to stepping down from the Directorship of the Company w.e.f. 14.01.2022. | [10]Appointed as a member of the Committee w.e.f. 20.07.2021. | [11]Appointed as a member of the Committee w.e.f. 31.01.2022. | [12]Appointed as a member of the Committee w.e.f. 22.10.2021.

INFORMATION TECHNOLOGY

The Company strives to become a technology enabled affordable HFC by providing a superior customer experience using technology in the origination, underwriting and servicing stages of the loan cycle. The Company remains focused in taking up new technology and digital initiatives in order to provide improved customer service, enhance the scalability of the business, increase productivity and reduce turnaround time for various processes.

The Company has started investing in enhancing its already robust customer acquisition process by leveraging the latest and emerging technologies for business solutions. Implementation of automated credit and collateral policy rules, algorithm-based allocation of cases for collections, ensuring continuity of operations in a work from home scenario has been some of the key highlights for FY 2021-2022. The Company had also revamped its website with a new design and feature rich options including payment gateways and mandate revisions/registrations in-line with its customer centric approach last FY.

Partnership with fintech/technology companies and digital platforms with large transaction volumes and customer bases were undertaken as they offer unique opportunities for growth.

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 your Company's technological architecture. With this in mind, we have designed a layered approach to data security, which ensures that adequate controls are in place for data related to customers and employees.

Our Business Continuity Planning, and disaster recovery methodology ensured that the critical business operations are available to the employees and customers during any eventuality.

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

During FY 2022-2023, the Information Technology will continue to deliver digital capabilities by driving productivity improvements, technology partnerships and synergy of operations and opening new avenues of business opportunities. As part of its strategic initiatives Poonawalla Housing is going forward with the launch of state-of-the-art LeadSquared a cloud-based marketing automation and sales execution platform which would help business increase their sales, manage pipelines and attribute their ROI accurately. Additionally, the Company is also working to introduce FinnOne Neo the next-generation digital lending software solution which helps financial institutions digitize their business processes for the complete loan life cycle.

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, 2022, no meeting of Review Committee was held. Following table sets out the composition of the Review Committee as at 31 March, 2022:

Sl No.	Name of the Members	Category
1.	Mr. Manish Jaiswal[1]	Chairman, Managing Director & Chief Executive Officer
2.	Mr. Prabhakar Dalal[2]	Member, Non- Executive Independent Director
3.	Mr. Sajid Fazalbhoy[3]	Member, Non- Executive Independent Director
4.	Ms. Bhama Krishnamurthy[4]	Member, Non- Executive Independent Director
5.	Mr. Amar Deshpande[5]	Member, Non- Executive Director
6.	Mr. Raman Uberoi[6]	Member, Non- Executive Independent Director
7.	Ms. Deena Mehta[6]	Member, Non- Executive Independent Director
8.	Mr. Sanjay Chamria[7]	Member, Non- Executive Director

[1]Redesignated as Chairman of the Committee w.e.f. 20.07.2021. | [2]Appointed as Chairman of the Committee w.e.f. 11.06.2021 and stepped down as a Chairman w.e.f. 20.07.2021; reappointed as a member of the Committee w.e.f. 31.01.2022. | [3]Appointed as member of the Committee w.e.f. 11.06.2021 and ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. 14.01.2022. | [4]Appointed as member of the Committee w.e.f. 11.06.2021. | [5]Appointed as member of the Committee w.e.f. 20.07.2021. | [6]Ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. close of working hours on 09.06.2021. | [7]Ceased to be Chairman of the Committee w.e.f. 11.06.2021.

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 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, 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 and Powers of Board) 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 has 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 Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, Policy on related party transactions is also made part of this Annual Report as **Annexure C** to Boards' Report.

FRAUD REPORTING

Fraud reporting, if any, made in terms of Master Direction-Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 applicable to HFCs, are 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 instance 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 8 instances of frauds committed by its borrowers with total amount involved of ₹ 265.73 Lacs out of which 4 instances involving total amount of ₹ 153.58 Lacs were such wherein the borrower 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, including its subsidiaries. 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, 2022.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Your 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 had not made any one time settlement with Banks or Financial Institutions.

PARTICULARS OF LOANS/GUARANTEE/ ADVANCES/INVESTMENTS OUTSTANDING DURING THE FINANCIAL YEAR

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 and 7 to the financial statement.

ANNUAL RETURN

Pursuant to section 92(3) and 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, 2022, 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 your 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, 2022 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

Your 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.

Your 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

The term of M/s. Walker Chandiok & Co LLP (WC), Chartered Accountants, Statutory Auditors of the Company having Firm's Registration No.: 001076N/N500013 was due to expire at the conclusion of the 18th Annual General Meeting (AGM) of the Company (for FY 2021-22). However, in accordance with the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated 27 April, 2021 issued by RBI ('RBI Guidelines'), WC as having already completed four years as statutory auditors of the Company, were ineligible to continue for the remaining period as the Statutory Auditors of the Company and accordingly stepped down as the Statutory Auditors of the Company w.e.f. conclusion of the AGM of the Company held on 18 August, 2021.

In view of the Companies Act 2013 and RBI Guidelines, M/s. GD Apte & Co., Chartered Accountants, Statutory Auditors of the Company having Firm's Registration No.: 100515W, have been appointed 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 have 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 2021-22.

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. MR & Associates, (Membership No. of the Partner: 14929), a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2021-22. The Secretarial Audit Report confirms that the Company has complied with the provisions of the Companies Act, 2013, Rules, Listing Regulations and Guidelines and that there were no deviations or non-compliances. The Report of the Secretarial Auditor for the financial year ended 31 March, 2022 is annexed herewith as **"Annexure D"**.

Secretarial Auditors' Observations

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer in FY 2021-22.

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.

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 RESOURCE-PEOPLE COUNT AT EVERY STEP

At Poonawalla Housing, we believe that key pillars to business are people, processes, product and technology. Our endeavour is to create a conducive environment in which all four pillars work in harmony for the success of the organisation and its people. We believe people are our biggest assets and they will play a stellar role in the growth and success of Poonawalla Housing Finance.

- Learning and development

  In continuation of our efforts to make the Company a self-developing Organization, we have taken various learning initiatives delivered through an e-Learning platform and web-based instructor led programmes. This year special emphasis has been on developing 'digital learning mediums" and Poonawalla as a group had experienced the webinar fever way before COVID. We have been doing these webinars from 2019 and in 2021 we have reinforced our online learning mechanism with inclusion of new tools and software's. We have even converted our Induction program to a digital medium to bring a holistic and safe on-boarding experience for our employees.

  Few key learning initiatives taken during the year across the Company:

  - Leveraged Simulation System Training Tool to reduce system related turnaround time.
  - Introduce SPIN techniques to our feet-on-street employees to enable them to use SPIN Technique for better Relationship Building.

- We have leveraged our internal expertise to create the video case-studies to provide hands-on experience.
- Functional Learning Support through - Nuggets/video/webinars.
- We introduced several web-based e-learning programs for branch safety, Infosec and other employee safety related topics.
- We launched Weekly Quiz to drive the business agenda and check knowledge-index across geography.
- We developed branch safety modules on COVID related protocols for re-opening of our offices, each Poonawalla housing employee was covered.

The key focus is to leverage L&D and business partnership to co-create novel learning methods and embedding them to deliver business outcomes.

- **Driven by technology**

  We have embedded technology to ease our people processes. Our onsite HRMS platform has all modules which are delivered on the internet including recruitment, employee confirmation, performance management, separation for employees and dashboard for leaders to take informed decision. We continue to ensure a great new joiner experience through our online Onboarding program, right from joining formalities to the induction with the Organization, HR Policies, and departments. We have also initiated our transition to new digital full suit HRMS platform for employees to have state of art technology experience.

- **Incentive schemes**

  Incentive is an important driver of business outperformance. We have schemes for employees in Line function (revenue generating, customer facing) roles designed with clear Key Performance Indicators (KPIs). The scheme design incorporates specific nuances to ensure that each plan is aligned with the business objectives. At the frontline, we have monthly incentive schemes, while at supervisory roles, the frequency is quarterly and annually. These are dynamic schemes that reflect changes in the external macroeconomics environment and revisited each year.

- **Key HR Initiatives**

  Our retention strategy starts from the hiring stage and continues through the entire employee life cycle management. We are having the following retention strategies:

  - Hire people who meet the job role and value system of Poonawalla Group.
  - Promote people internally as the first choice for a vacant position. Several leadership positions were appointed internally.
  - To strengthen our new joiners experience we launched “Prarambh”.
  - Developed “Stay Healthy Stay Positive” initiative for wholesome wellness of employees during the pandemic.
  - We focused on Inform, Guide and Nurture Model which included regular townhalls, guiding employees to right knowledge and nurturing the right behaviours across organization.
  - Reward and Recognition intervention across departments and employee level. We launched Excellence Award-an online initiative to felicitate our top-performers.

- **Culture**

  Initiatives are being deployed to create stories and symbols that manifest the values of integrity, collaboration and respect. We are sensitive towards creating a Culture of Empathy, Care and Gratitude towards the customer. Our Top Leadership connecting with employees at regular interval have been instrumental in driving the right culture and value proposition. There has been a profound impetus to create awareness around the use of ethical practices and prevent any fraud through risk awareness and mitigation.

- **Retention**

  - Managerial capability enhancement through training and coaching.
  - To drive succession planning and career progression through talent identification.
  - Leverage the Talent Council framework for internal promotions.
  - Internal Job Posting to promote the culture of inclusivity within organization.
  - Leveraging Early Warning Signals to ensure timely counselling.

- **Productivity**

  - Re-enforcement of supervisor accountability and responsibility.
  - Deploy performance review framework.

- **Engagement**

  Keeping employees engaged and emotionally invested in the organisation is imperative for the growth of the Organisation. The Company and its leadership team is very conducive to novel ideas of promoting employee engagement. During the tough times of physical distancing, we have found different yet effective ways to engage our employees:

a. Inform, Guide & Nurture the employees to sustain during these times.

b. Create a platform for Idea Generation, quizzes and contests.

c. Co-opt employees to prepare for "bounce back" scenarios for business resurrection.

d. Online R&R and engagement event "Tarang", celebrated by employees, their families our customers and connectors. It is a facebook live event where top performers from each zone are felicitated and all employees came together for a musical evening.

e. Constant reskilling – Nuggets/video/webinars.

f. Leadership interaction through webcast – "Connect" sessions with Leadership team and Platform to bubble up ideas from the field level resources.

- Prevention of Sexual Harassment at Workplace

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 and the rules thereunder (POSH Act). The Company has complied with the provisions relating to constitution of Internal Committee under the POSH Act. During the year under review, no case of sexual harassment was reported. To build awareness and appreciation of this area, we have implemented an online knowledge module leveraging our learning management system.

The focus in the coming year is to emphasis and embed ethical work practices and integrity driven behaviour as one of the prime employee behaviour. We have revised the e-learning program in POSH and created curated content. For this effect one of the core initiatives is to embed evaluation of this behaviour in every step of the employee life cycle, i.e., from recruitment to separation.

- COVID 19

The COVID19 outbreak has been unprecedented for our country and for the world. The global corona virus (Covid 19) pandemic has upturned life for all of mankind and including all of India. We navigated the crisis, through the year, and took several measures to place the safety of our employees, increasing sanitization/hygiene at our branch offices, providing masks/gloves, creating an Emergency Response team (comprising of HR and admin teams) which continues to connect with and always provide support to employees. As an organization we have taken a proactive stand to ensure all the employees are vaccinated, we have decided to bear the cost of vaccination for employees and their family as well.

The Company's priorities are ensuring employee safety and protecting asset quality while treating our customers with care. We are deeply concerned about our customer's health and safety, and we will stand by them in these difficult times.

As on 31 March, 2022, there were 1749 permanent employees on the rolls of the Company.

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

Place: Pune
Date: 11 May, 2022

Annexure A to Board's Report

Statement as at 31 March, 2022 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*	
		Details (4th tranche)	Details (5th tranche)	Details (6th tranche)	Tranche 1	Tranche 2
1	Number of options granted	490,000	200,000	1,000,000	2,960,000	400,000
2	Number of options vested	180,000	96,000	178,500	1,973,333	NIL
3	Number of options exercised	NIL	NIL	NIL	1,973,333	NIL
4	The total number of shares arising as a result of exercise of option	NIL	NIL	NIL	1,973,333	NIL
5	Options lapsed	380,000	70,000	610,000	NIL	NIL
6	The exercise price		₹ 36.66	₹ 58.39	₹ 10	₹ 10
7	Variation of terms of options	NIL	NIL	NIL	Vesting criteria revised: ◆ 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. ◆ Balance 1,480,000 in three tranches annually by FY 23 subject to performance conditions on AUM and ROE. ◆ Enable catchup of unvested component in FY 23 if average actual RoE exceeds average target RoE by 1%.	NIL
8	Money realized by exercise of options	NIL	NIL	NIL	19,733,330	NIL
9	Total number of options in force	110,000	130,000	390,000	986,667	400,000
10	Employee wise details of options granted to:					
(i)	Key managerial personnel	NIL	NIL	Chief Financial Officer: 125,000 Options – the same is lapsed	Managing Director & Chief Executive Officer: 29,60,000 options	Managing Director & Chief Executive Officer: 400,000 options
(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	

Sl. No.	Description	PHFL ESOP 2018			PHRSO 2018*	
		Details (4th tranche)	Details (5th tranche)	Details (6th tranche)	Tranche 1	Tranche 2
(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

The Company had implemented ESOP Scheme 2021 during the year, however there have been NIL grants under the said scheme as on 31 March, 2022.

APPENDIX – I

List of other 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 31.03.2022

Sl. No.	Name	Options granted – PHFL ESOP 2018		Options granted – PHRSO 2018	
		Details (4th tranche)	Details (6th tranche)	Details (Tranche 1)	Details (Tranche 2)
1.	Sunit Mahajan	30,000	70,000	-	-
2.	Tarwinder Singh	30,000	50,000	-	-
3.	Dnyanesh Anil Nandurkar	25,000	40,000	-	-
4.	Iqbal Singh	25,000	30,000	-	-
5.	Shailendra Singh	-	15,000	-	-
6.	Vipin Gupta	-	15,000	-	-
7.	Atul Arora	-	10,000	-	-
8.	Chayan Gulati	-	15,000	-	-
9.	Rajesh Narayanan	-	10,000	-	-
10.	Ram Prasad M	-	10,000	-	-
11.	Prakash Mallick	-	15,000	-	-
12.	Lalit Gupta	-	15,000	-	-
13.	Manish Jaiswal	-	-	2,960,000	400,000
14.	Amit Pralhad Dhatavkar	-	40,000	-	-
15.	Nikhil Jamwal	-	15,000	-	-
16.	Shashank Bhausahab	-	40,000	-	-
	TOTAL	**110,000**	**390,000**	**2,960,000**	**400,000**

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: 11 May, 2022

Annexure B to Board's Report

Annual Report on CSR Activities for Financial Year 2021-22

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.We have continued our responsibility towards the unmarginalized forces. Infertility is a common phenomenon in todays' time and many young couples are suffering from it. The medical treatment of the disease is complex and expensive. But the joy of becoming a parent is supreme. So, the Company has decided to contribute towards the setting up of Assistive Reproductive Technology (ART) at a renowned hospital located in Pune.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Amar Deshpande[1] (Chairman of the Committee)	Non- Executive Director	2	2
2.	Mr. Prabhakar Dalal[2]	Independent Non-Executive Director	2	2
3.	Ms. Bhama Krishnamurthy[3]	Independent Non-Executive Director	2	2
4.	Mr. Sajid Fazalbhoy[4]	Independent Non-Executive Director	NIL	NIL
5.	Mr. Abhay Bhutada[5]	Non- Executive Director	1	1
6.	Ms. Deena Mehta[6]	Independent Director	NIL	NIL
7.	Mr. Raman Uberoi[7]	Independent Director	NIL	NIL
8.	Mr. Manish Jaiswal[8]	Managing Director & Chief Executive Officer	1	1

[1] Appointed as member of the Committee w.e.f. 20.07.2021 and designated as the Chairman on 31.01.2022. | [2]Appointed as Chairman of the Committee w.e.f. 11.06.2021 and redesignated as a Member of the Committee w.e.f. 20.07.2021. | [3]Appointed as a member of the Committee w.e.f. 11.06.2021. | [4]Appointed as a member of the Committee w.e.f. 11.06.2021 and ceased to be a member of the Committee w.e.f. 20.07.2021. Subsequently, appointed as Chairman of the Committee w.e.f. 22.10.2021 and ceased to be the Chairman of the Committee consequent to stepping down from the Directorship of the Company w.e.f. 14.01.2022. | [5]Appointed as a member of the Committee w.e.f. 20.07.2021 and ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. 16.09.2021. | [6]Ceased to be Chairperson of the Committee consequent to stepping down from the Directorship of the Company w.e.f. close of working hours on 09.06.2021. | [7]Ceased to be member of the Committee consequent to stepping down from the Directorship of the Company w.e.f. close of working hours on 09.06.2021. | [8]Ceased to be a Member of the Committee w.e.f. 11.06.2021. Appointed as a member of the Committee w.e.f. 31.01.2022.

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 details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

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

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹ Lacs)	Amount required to be set-off for the financial year, if any (in ₹ Lacs)
1.	FY 2021-22	0.03	0.03
2.	-	-	-
3.	-	-	-
	Total	**0.03**	**0.03**

6. Average net profit of the Company as per section 135(5). ₹ 1,314.42 Lacs

7. a) Two percent of average net profit of the Company as per section 135(5): ₹ 26.29 Lacs.

   b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: ₹ 0.03 Lacs

   c) Amount required to be set off for the Financial Year, if any: ₹ 0.03 Lacs

   d) Total CSR obligation for the Financial Year (7a+7b-7c).: ₹ 26.26 Lacs

8. a) CSR amount spent or unspent for the Financial Year:

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.
32.35	NA				

b) Details of CSR amount spent against ongoing projects for the Financial Year: This is not applicable as the projects were conceptualized and executed in Financial Year21-22.

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
	NIL											

c) Details of CSR amount spent against **other than ongoing projects** for the Financial Year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹ Lacs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name	CSR Registration number.
1.	M-Care	1	Yes	Pune, Maharashtra		32.35	Yes	NA	NA
	Total					**32.35**			

d) Amount spent in Administrative Overheads: NIL

e) Amount spent on Impact Assessment, if applicable: Not Applicable

f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 32.35Lacs

g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹ Lacs)
(i)	Two percent of average net profit of the Company as per section 135(5)	26.29
(ii)	Total amount spent for the Financial Year	32.35
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	6.06
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.03
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	6.09*

*Note: This amount includes the surplus figure of ₹ 0.03 Lacs set off in the current Financial Year.

9. a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Lacs)	Amount spent in the reporting Financial Year (in ₹ Lacs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹ Lacs)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	2018-19	NA	52.90	-	-	-	141.76
2.	2019-20	NA	40.00	-	-	-	186.40
3.	2020-21	NA	256.54	-	-	-	NIL

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not applicable as the projects were conceptualized and executed in Financial Year 2021-22 only.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹ Lacs)	Amount spent on the project in the reporting Financial Year (in ₹ Lacs)	Cumulative amount spent at the end of reporting Financial Year. (in ₹ Lacs)	Status of the project - Completed /Ongoing.
1.	NIL							
	Total	NIL						

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: The Company has not created or acquired any capital asset in the Financial Year 2021-22.

a) Date of creation or acquisition of the capital asset(s).:NA

b) Amount of CSR spent for creation or acquisition of capital asset: Nil

c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA

d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. 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 2021-22.

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: 11.05.2022

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 1 April, 2022; or

        b. 10% or more, with effect from 1 April, 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 1 April, 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:
    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 Crore 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 1 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 1 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 Lacs
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: 11 May, 2022

ANNEXURE D

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2022

[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 Board of Directors,

POONAWALLA HOUSING FINANCE LIMITED

(Formerly known as MAGMA HOUSING FINANCE LIMITED)

602, 6th Floor, Zero One IT Park,

Survey No. 79/1, Ghorpadi, Mundhwa Road,

Pune - 411036

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 known as **MAGMA HOUSING FINANCE LIMITED**)(**CIN: U65922PN2004PLC208751**)(hereinafter called the "the Company"). 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 and to the best of our understanding, the Company has, during the audit period covering the Financial Year ended on 31 March, 2022 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 on 31 March, 2022 according to the provisions of:

i) The Companies Act, 2013 (the Act), amendments 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) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings; (Not applicable during the period 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011:- Not Applicable during the period under review.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018:- Not Applicable during the period under review;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as applicable;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended by Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as applicable;

(f) 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;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 read with Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021:- Not Applicable during the period under review;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018:- Not Applicable during the period under review;

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations/ guidelines/circulars as may be issued by SEBI from time to time, to the extent applicable.

We further report that having regard to the compliance system prevailing in the Company and on the basis of representation made by the management of the Company, the following laws are applicable specifically to the Company other than general laws:

(a) Laws and Directions and guidelines, directions and instructions issued by Reserve Bank of India/ National Housing Bank through notifications and circulars relating thereon, for the Financial Year ended 31 March, 2022.

(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:

(i) The Debt Listing Agreements entered into by the Company with BSE Ltd.

(ii) Secretarial Standards issued by The Institute of Company Secretaries of India and to the extent amended and notified from time to time.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the monthly return for October, 2021 and Quarterly Return on 20 major exposures for the quarter ended 31 December, 2021 was filed with a delay of one day due to technical issue of NHB ORMIS portal.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors, that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agendas and detailed notes on agendas were sent at least seven days in advance keeping in light various relaxations granted, from time to time by Ministry of Corporate Affairs and other Regulatory authorities, as applicable and 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.

None of the Directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

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

We further report that during the period under review, the Company had become a step-down subsidiary of Rising Sun Holdings Private Limited pursuant to the preferential allotment by its holding Company, Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited).

We further report that during the audit period the Company had obtained approval of shareholders at its respective Extra Ordinary General Meetings / Annual General Meeting held for the following matters;

(i) Alteration of Memorandum and Articles of Association of the Company.

(ii) Change of name of the Company from Magma Housing Finance Limited to "Poonawalla Housing Finance Limited".

(iii) Increase in the borrowing limit section u/s 180(1)(c) of the Companies Act 2013 not exceeding the amount of ₹ 6,000 Crore.

(iv) Increase in Authorized Share Capital of the Company from ₹ 200 Crore to ₹ 275 Crore.

(v) Approval of 'PHFL Employee Stock Option Plan – 2021 (ESOP 2021), grant of employee stock options under the ESOP 2021 equal to or exceeding 1% of the issued share capital of the Company to identified employees of the Company, extension of the ESOP 2021 to the employees of the holding & subsidiary company(ies) of the Company, grant of employee stock options under the ESOP 2021 equal to or exceeding 1% of the issued share capital of the Company to identified employees the holding & subsidiary company(ies).

(vi) 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.

(vii) Revision in remuneration of Mr. Manish Jaiswal, Managing Director and Chief Executive Officer of the Company with effect from 1 April, 2021 for the remaining tenure of his appointment till 25 June, 2022.

(viii) Amendment in Poonawalla Housing Restricted Stock Option Plan 2018 of the Company and to create, offer, issue and allot at any time additional 500,000 (Five Lacs only) Restricted stock options not exceeding 5% of the paid-up equity share capital of the Company.

We further report that during the audit period, the following events also took place in the Company, other than those reported above;

(i) Revalidated the resolution w.r.t. authorization for issue of debt securities on private placement basis of upto ₹ 1,000 Crore during FY 2021-22 for general corporate purposes of the Company under Sec 42, 71, 179 and 180(1)(c) of the Companies Act, 2013 and as permitted as per applicable regulations of Reserve Bank of India/ National Housing Bank and also made allotment of 83,991,264 fully paid Equity Shares by way of right issue.

(ii) Obtained approval of the Honb'le Registrar of Companies, Kolkata for change of name of the Company to POONAWALLA HOUSING FINANCE LIMITED w.e.f. 22/07/2021.

(iii) Cancelled the Stock Options which is yet to be granted under Magma Housing Plan Employees Stock Option Plan- 2018 in view of new PHFL Employee Stock Option Plan – 2021.

(iv) Revised the limit for issuance of Commercial paper aggregating upto ₹ 500 Crore for Financial Year 2021-22 for working capital requirements.

(v) Made allotment of 1,973,333 equity shares of the face value of ₹ 10 each at an exercise price of ₹ 10 per share on 29.11.2021 to eligible employee under Magma Housing Restricted stock option Plan 2018. Further, pursuant to the above stated allotment, the Company ceases to be a wholly owned subsidiary of Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) (PFL) and as the shareholding of PFL stands reduced to 99.22%, the Company continues to be a subsidiary of PFL.

(vi) Obtained the order of Hon'ble Regional Director, Eastern Region, Kolkata dated 13.12.2021 for shifting of Registered Office of the Company from the state of West Bengal to state of Maharashtra for which Certificate received from the Office of the Hon'ble Registrar of Companies, West Bengal on 18.02.2022.

(vii) Authorization for issuance of debt securities on private placement basis for an amount not exceeding ₹ 1,500 Crore during the Financial Year 2022-23 for general corporate purposes of the Company in accordance with RBI Master direction and under Sec 42, 71, 179 and 180(1)(c) of the Companies Act, 2013 read with relevant rules thereunder, and in accordance with the Company's Policy for Resource Planning, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with Operational Circular dated 10 August, 2021 including any amendments made thereto and such other applicable laws.

(viii) Authorization for issuance of commercial paper aggregating upto ₹ 500 Crore to be issued during Financial Year 2022-23.

This Report is to be read with our letter of even date which is annexed **"ANNEXURE - A"** and forms an Integral Part of this Report.

For MR & Associates
Company Secretaries
A Peer Reviewed Firm
Peer Review Certificate No.: 720/2020

[CS Sneha Khaitan]
Partner
ACS No.:A34458
C P No.:14929
UDIN : A034458D000300724

Place : Kolkata
Date : **11 May, 2022**

"ANNEXURE – A" TO THE SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2022

To,

The Board of Directors,

POONAWALLA HOUSING FINANCE LIMITED

(Formerly known as MAGMA HOUSING FINANCE LIMITED)

602, 6th Floor, Zero One IT Park,

Survey No. 79/1, Ghorpadi, Mundhwa Road,

Pune - 411036

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

1. Maintenance of Secretarial Records 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 where 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 Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibilities of the management. Our examination was limited to the verification of procedures on test basis.
6. As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred to in our Secretarial Audit Report in Form MR-3 the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
8. We have conducted our Audit remotely, based on the records and information made available to us through electronic platform by the Company.

For MR & Associates
Company Secretaries
A Peer Reviewed Firm
Peer Review Certificate No.: 720/2020

[CS Sneha Khaitan]
Partner
ACS No.:A34458
C P No.:14929
UDIN : A034458D000300724

Place : Kolkata
Date : 11 May, 2022

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 31 March, 2022, 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 31 March, 2022, 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 and implementation of COVID relief measures** Refer Note 2 (h) (VI) of significant accounting policies and Note 41 for credit risk disclosures. As at 31 March, 2022, the Company has reported gross loan assets of ₹ 424,965.90 Lacs against which expected credit loss of ₹ 7,278.78 Lacs has been recorded. The accounting policies in respect of impairment losses on loans is given vide note 2 (h) (VI) to the financial statements. 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.	**Significant audit procedures included the following:** ◆ 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
	Reserve Bank of India (RBI) announced various relief measures for the borrowers which have been considered by the management in identification, classification and provisioning of loan assets for impairment. Considering the significance of the above matter to the overall financial statements, impact of COVID-19 and extent of management's estimates and judgements involved, we have identified this as a key audit matter for the audit of current year.	◆ We 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. Further, understood and challenged the assumptions adjusted for COVID-19 pandemic and basis the risk profile of the customers of the Company. We have also 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 carried out review of collection efficiency of the Company, discussed and enquired with the management to satisfy on the reasonableness of the management overlays. We also reviewed and ensured that the management overlay provisions are maintained by the Company on an consistent basis. ◆ Ensured that the Company's approved policy in relation to restructuring was in accordance with the RBI requirements. On a test basis, ensured that the restructuring was approved and implemented, and provisions made on such restructured loan assets is in accordance with the ECL model. ◆ 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 minimum mandated provisions prescribed by the RBI.

<table>
<tr><th>Sr. No.</th><th>Key audit matter</th><th>Audit Procedures</th></tr>
<tr><td>2.</td><td>Fair valuation of identified Loan Against Properties ("LAP") and Housing Loan ("HL") Portfolio:

Refer Note 2(i) of significant accounting policies on fair value of financial instruments and Note 40 & 55 for disclosures. As at 31 March, 2021, the Company's loan portfolio comprised of 'Loan against Properties' ('LAP') amounting to ₹ 90,973.30 Lacs and Housing Loans' ('HL') amounting to ₹ 198,209.27 Lacs which are 31.25% and 68.08% of the total loan portfolio of the Company respectively.

The Company reviewed and changed its business model as at 31 March, 2022 to reflect its revised business model wherein the business objectives would be achieved by holding the portfolio solely for collection of principal and interest as against the earlier objective wherein business objectives would be achieved by both holding the portfolio solely for collection of principal and interest and also by sale. Accordingly, the portfolio was fair valued through OCI during the year FY-2021-22 and reclassified to amortised cost category as at 31 March, 2022.

During the year, the fair value of the Company's aforesaid portfolio was determined by applying valuation techniques which often involve exercise of judgement by the management and use of assumptions, estimates and valuation models. The fair value involves highly uncertain estimates where significant valuation inputs are unobservable inputs, i.e. based on "Level 3 inputs". Management has carried out the portfolio valuations in order to arrive at the fair value using income method wherein the future cash flows have been discounted at an arm's length interest rate for similar loans. The arm's length interest rate has been determined by computing the weighted average interest rate charged by the Company for new loans disbursed under each customer category (including a separate category of high credit customers) based on independent assessment of the credit risk of the customers and the overall market environment.

Considering the significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the future cash flows which are used in the fair valuation methodology, we have determined fair valuation of LAP and HL portfolio and change in the business model as a key audit matter for the current year audit.</td><td>Significant audit procedures included the following:

◆ Assessed and tested the design and operating effectiveness of the key controls over the accuracy of the key inputs and assumptions considered for valuation of LAP and HL portfolio. Further, examined and evaluated the controls over the use of unobservable inputs.

◆ Examined the appropriateness of valuation methodology adopted, discount rate applied, reasonableness of expected cash flows considered by the management including the uncertainties on account of the COVID-19 pandemic.

◆ Examined and tested the existence and effectiveness of the internal controls in place to ensure the accuracy of the inputs and the reasonability of assumptions used and the use of unobservable inputs in the valuation exercise.

◆ Perused the amended policy on business model assessment in respect of the change in the business model. We observed that during the year FY2021-22, there was no case of assignment sale of the loan portfolio which justifies the decision of change in business model.

◆ Ensured that the impact of the change in the business model has been appropriately reflected in the books of accounts and disclosed in the financial statements as per Ind AS 109, 'Financial Instruments.'</td></tr>
</table>

Sr. No.	Key audit matter	Audit Procedures
3.	**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 data bases relevant for the purpose of our audit of the financial statements. ◆ 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, change management and aspects of IT operational controls. ◆ Tested that requests 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.

Other Matter:

15. The comparative financial statements for the year ended 31 March, 2021 have been audited by the erstwhile statutory auditors, Walker Chandiok & Co LLP, who have expressed their unmodified opinion vide report dated 24 May, 2021, and relied upon by us. Our opinion on the Financial Statements and our report on the Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done by the predecessor auditors.

Report on Other Legal and Regulatory Requirements

16. 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 after obtaining the approval of the members in the

Extraordinary General Meeting held on 25 January 2022 for remuneration in excess of limits stipulated under the provisions of section 197 read with Schedule V to the Act.

17. 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.

18. 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 31 March, 2022 from being appointed as a director in terms of section 164(2) of the Act;

    f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" 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 51 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March, 2022;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March, 2022;

        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 31 March, 2022;

        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.

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

C. M. Dixit
Partner
Membership No.: 017532
Date: 11th May, 2022
UDIN: 22017532AIUQWF8570

Annexure A referred to in Paragraph 18 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company for the year ended 31 March, 2022 of Poonawalla Housing Finance Ltd.

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 IT assets and yearly for IT 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) Based on the audit procedures conducted by us and according to the information and explanations given to us, we report that 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, this clause is not applicable.

(b) During the year, the Company has availed working capital limits from banks in excess of ₹ 5 Crore 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.

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) According to the information and explanations given to us and on the basis of our examination of records of the Company we report that during the year the Company has not provided any advances in the nature of loans, guarantee or security to any other entity. According to the information and explanations given to us and on the basis of our examination of books of accounts and records of the Company, we further report that the investments in mutual funds and the terms and conditions of the grant of loans and advances are not prejudicial to the interest 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 4,822 number of loan accounts where the overdues as at 31 March, 2022 were aggregating to ₹ 971.92 Lacs.

(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 ₹1,582.88 Lacs as at 31 March, 2022 in respect of 735 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) On the basis of our examination of books of account and other records of the Company, we report that 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. In our opinion 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 has not accepted any deposits or amounts which are deemed to be deposits to which the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made there under apply. 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) According to the information and explanations given to us and on the basis of our examination of records of the Company, we report that 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 delays for more than one year with respect to deposit of professional tax and labour welfare fund involving amount aggregating to ₹ 3.66 Lacs due to pendency in registration with appropriate authorities. 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 Lacs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	192.58	Commissioner of Income Tax (Appeals)

viii. 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 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, 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.

(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, we report that no material frauds by the Company or on the Company has 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. According to the information and explanations given to us and on the basis of examination of books of account and records of the Company, 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 holds a Certificate of Registration 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 i.e. FY 2021-22 and during immediately preceding financial year i.e. FY 2020-21.

xviii. During the year, the erstwhile Statutory Auditors of the Company have resigned consequent to completion of their tenure in terms of guidelines for appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of commercial banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated 27 April, 2021. The outgoing Statutory Auditors do not have issues, objections or concerns in respect of their resignation.

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;

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

C. M. Dixit
Partner
Membership No.: 017532
Date: 11th May, 2022
UDIN: 22017532AIUQWF8570

Annexure B 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, 2022 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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

6. 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

7. 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, 2022, 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
Date: 11th May, 2022
UDIN: 22017532AIUQWF8570

Independent Auditor's Additional Report for the year ended 31 March, 2022 pursuant to the requirements of Master Direction - 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 the Master Direction - 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, 2022, 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 11 May, 2022.

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 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, 2022 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, 2022 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 48 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, 2022 are 65.22% and 64.92% respectively as against the minimum regulatory requirement of 60% and 50% respectively. As such the conditions specified in paragraph 4.1.17 of RBI HFC Master Directions, dated 17 February, 2021, in respect of Principal Business Criteria are met.

b. The Company has met the Net Owned Fund ('NOF') requirement as prescribed under Section 29A of the National Housing Bank Act, 1987 as on 31 March, 2022;

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, 2021, 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 furnished the quarterly statutory returns on Statutory Liquid Assets to the NHB, as specified in the directions issued by NHB, within the stipulated period;

i. The Company has complied with the requirements of the Master Directions in respect of new branches/offices opened during the year. No existing branches / offices were closed during the year;

j. The Company has not granted any loans 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 for the year ended 31 March, 2022. The Company has not granted any loan against its own shares in terms of paragraph 18 of the Master Directions for the year ended 31 March, 2022;

k. The Board of Directors of the Company has passed a resolution by circulation on 25 April, 2021 for non-acceptance of any public deposits for the financial year 01 April, 2021 to 31 March, 2022; and

l. The Company has not accepted any public deposits during the year ended 31 March, 2022.

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: 22017532AIUROH6728
Place: Pune
Date: 11 May, 2022

Poonawalla Housing Finance Limited

(Formerly known as Magma Housing Finance Limited)

Balance Sheet as at 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

Particulars	Notes	As at 31 March, 2022	As at 31 March, 2021
ASSETS			
Financial Assets			
(i) Cash and cash equivalents	3	1,953.48	9,300.64
(ii) Bank balances other than cash and cash equivalents	4	4,195.46	7,080.19
(iii) Derivative financial instruments	5	50.63	-
(iv) Loans	6	417,690.55	280,701.58
(v) Other financial assets	7	8,576.14	12,990.02
Non-financial Assets		**432,466.26**	**310,072.43**
(i) Current tax assets (net)	8	1,035.28	759.26
(ii) Property, plant and equipment	9	833.97	101.13
(iii) Other intangible assets	10	152.75	185.45
(iv) Right of use assets	11	1,571.61	724.71
(v) Assets held for sale	12	205.63	364.70
(vi) Other non-financial assets	13	2,433.86	1,152.70
		6,233.10	**3,287.95**
Total Assets		**438,699.36**	**313,360.38**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
(i) Derivative financial instruments	5	26.87	-
(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	14	242.44	951.50
(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	14	707.22	493.85
(iii) Debt securities	15	29,320.07	45,998.84
(iv) Borrowings (other than debt securities)	16	280,479.26	198,243.33
(v) Subordinated liabilities	17	9,960.56	9,949.86
(vi) Lease liabilities	11	1,698.84	789.14
(vii)Other financial liabilities	18	5,149.25	4,932.91
		327,584.51	**261,359.43**
Non-financial Liabilities			
(i) Provisions	19	239.61	172.90
(ii) Deferred tax liabilities (net)	20	811.33	628.87
(iii) Other non-financial liabilities	21	1,884.88	1,514.26
		2,935.82	**2,316.03**
EQUITY			
(i) Equity share capital	22	25,179.45	16,582.99
(ii) Other equity	23	82,999.58	33,101.93
		108,179.03	**49,684.92**
Total Liabilities and Equity		**438,699.36**	**313,360.38**
Notes 1 to 62 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

C. M. Dixit
Partner
Membership No.: 017532

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

Amar Deshpande
Director
(DIN: 07425556)

Pankaj Rathi
Chief Financial Officer

Priti Saraogi
Company Secretary

Place : Pune
Date : 11 May, 2022

Place : Pune
Date : 11 May, 2022

Place : Pune
Date : 11 May, 2022

Poonawalla Housing Finance Limited
(Formerly known as Magma Housing Finance Limited)

Statement of Profit and Loss for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2022	Year ended 31 March, 2021
Revenue from operations			
(i) Interest income	24	44,813.57	40,465.57
(ii) Fees and commission income	25	1,536.79	1,115.25
(iii) Net gain on fair value changes	26	86.84	-
(iv) Net gain on derecognition of financial instruments	27	-	5,127.67
Total revenue from operations		**46,437.20**	**46,708.49**
Other income	28	578.42	545.84
Total income		**47,015.62**	**47,254.33**
Expenses			
(i) Finance costs	29	20,753.06	22,585.84
(ii) Net loss on fair value changes	30	-	95.58
(iii) Net loss on derecognition of financial instruments	31	547.39	-
(iv) Impairment on financial instruments	32	895.02	12,936.63
(v) Employee benefits expenses	33	10,378.90	7,038.28
(vi) Depreciation, amortisation and impairment	34	381.40	186.69
(vii) Others expenses	35	3,943.61	2,975.52
Total expenses		**36,899.38**	**45,818.54**
Profit before tax		**10,116.24**	**1,435.79**
Tax expense:			
(i) Current tax	36	2,358.97	1,202.00
(ii) Deferred tax		(11.62)	(832.91)
(iii) Tax expense of earlier years		30.37	(22.21)
		2,377.72	**346.88**
Profit for the year		**7,738.52**	**1,088.91**
Other comprehensive income			
(I) Items that will not be reclassified to profit or (loss)			
(i) Remeasurement benefits of the defined benefit plans		(59.12)	9.96
(ii) Income tax relating to these items		14.88	(2.51)
		(44.24)	**7.45**
(II) Items that will be reclassified to profit or (loss)			
- Cash flow hedge reserve		(8.12)	-
- Changes in fair valuation of financial assets		838.41	371.56
		830.29	**371.56**
(III)Income tax relating to these items			
- Cash flow hedge reserve		2.04	-
- Changes in fair valuation of financial assets		(211.01)	(93.51)
		(208.97)	**(93.51)**
Other comprehensive income		**577.08**	**(285.50)**
Total comprehensive income for the year		**8,315.60**	**1,374.41**
Earnings per equity share			
Basic (₹)	37	3.27	0.66
Diluted (₹)		3.26	0.65
Notes 1 to 62 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

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

C. M. Dixit
Partner
Membership No.: 017532

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

Amar Deshpande
Director
(DIN: 07425556)

Pankaj Rathi
Chief Financial Officer

Priti Saraogi
Company Secretary

Place : Pune
Date : 11 May, 2022

Place : Pune
Date : 11 May, 2022

Place : Pune
Date : 11 May, 2022

Statement of Cash flows for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
A. Cash flow from operating activities		
Profit before tax	10,116.24	1,435.79
Adjustments for:		
Depreciation and amortisation expense	381.40	186.69
Interest on lease liability	133.02	50.12
Net (Gain)/loss on financial instruments at fair value through profit or loss	(38.66)	95.58
Allowance for impairment loss	895.02	12,936.63
Liability no longer required written back	(50.83)	(69.72)
Loss on sale of Property, Plant and Equipment	4.92	9.98
Net loss on derecognition of financial instruments	547.39	-
Finance Cost	20,753.06	22,585.84
Gain on Redemption of Mutual Fund	(48.18)	-
Expense on employee stock option scheme	39.93	252.07
Operating profit before working capital changes	**32,733.31**	**37,482.98**
Changes in working capital:		
(Increase) in loans	(137,592.97)	(55,432.60)
Decrease/(Increase) in other financial assets	4,461.85	(5,257.28)
(Increase)/Decrease in other non financial assets	(526.52)	144.42
Decrease in held for sale assets	159.07	0.01
Decrease/(Increase) in other bank balances	2,884.73	(1,198.95)
Increase in Derivative financial instrument	(306.91)	-
(Decrease)/Increase in trade and other payables	(546.52)	745.78
Increase/(Decrease) in other financial liabilities	216.34	(774.57)
Increase in other non financial liabilities	370.62	911.89
(Decrease)/Increase in provisions	(2.37)	85.40
Cash (used in) operating activities	**(98,149.37)**	**(23,292.92)**
Income tax paid (net of refunds)	(2,665.36)	(1,359.89)
Net cash (used in) operating activities (A)	**(100,814.73)**	**(24,652.81)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment, including CWIP and capital advances	(811.33)	(5.00)
Sale of property, plant and equipment	0.87	1.24
Purchase in intangible assets and intangible assets under development (net)	(11.55)	(57.74)
Net proceeds from redemption in Mutual fund	48.18	-
Net cash (used in) investing activities (B)	**(773.83)**	**(61.50)**

Statement of Cash flows for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
C. Cash flow from financing activities*		
Proceeds from issue of equity shares including securities premium (net of issue expenses)	50,460.83	-
Proceeds from debt securities	-	41,000.00
Repayment of debt securities	(16,000.00)	(2,500.00)
Proceeds from borrowings other than debt securities	285,815.22	258,371.10
Repayment of borrowings other than debt securities	(204,042.07)	(242,059.62)
Finance Cost Paid	(21,660.60)	(20,754.42)
Payment of lease liability	(331.98)	(152.60)
Net cash generated from financing activities (C)	**94,241.40**	**33,904.46**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(7,347.16)**	**9,190.15**
Cash and cash equivalents at the beginning of the year	**9,300.64**	**110.49**
Cash and cash equivalents at the end of the year (Refer note 3)	**1,953.48**	**9,300.64**
Components of cash and cash equivalents:		
Cash on hand	167.12	121.36
Balances and deposits with banks	1,786.36	9,179.28
	1,953.48	**9,300.64**

*Refer note 46 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

C. M. Dixit
Partner
Membership No.: 017532

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

Amar Deshpande
Director
(DIN: 07425556)

Pankaj Rathi
Chief Financial Officer

Priti Saraogi
Company Secretary

Place : Pune
Date : 11 May, 2022

Place : Pune
Date : 11 May, 2022

Place : Pune
Date : 11 May, 2022

Statement of Changes in Equity for the year ended 31 March, 2022

A. Equity share capital

(1) Current reporting period

(All Amount ₹ in Lacs 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
16,582.99	-	16,582.99	8,596.46	25,179.45

(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 capital during the current year	Balance at the end of the current reporting period
14,810.25	-	14,810.25	1,772.74	16,582.99

B. Other equity

(1) Current reporting period

Particulars	Securities premium	Other Reserves		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, 2021	**8,227.26**	**5,861.64**	**582.68**	**19,050.87**	**(627.40)**	**-**	**6.88**	**33,101.93**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	**-**
Restated balance at the beginning of the current reporting Period	8,227.26	5,861.64	582.68	19,050.87	(627.40)	-	6.88	**33,101.93**
Profit for the year	-	-	-	7,738.52	-	-	-	**7,738.52**
Employee Stock Options Expense	-	-	39.93	-	-	-	-	**39.93**
Proceeds from Right Issue to holding company (Net of Share issue expenses of ₹ 58.75 Lacs) (Refer Note 22)	41,542.12	-	-	-	-	-	-	**41,542.12**
Exercise of Employee stock option plans (Refer Note 22)	322.25	-	(322.25)	-	-	-	-	**-**
Other Comprehensive Income (Net of taxes)								

Statement of Changes in Equity for the year ended 31 March, 2022

B. Other equity (contd.)

(1) Current reporting period

(All Amount ₹ in Lacs unless otherwise stated)

Particulars	Securities premium	Other Reserves		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	-	-	-	-	-	-	(44.24)	**(44.24)**
-Changes in fair value of loans and advances	-	-	-	-	(737.16)	-	-	**(737.16)**
-Cash flow hedge reserve	-	-	-	-	-	(6.08)	-	**(6.08)**
Adjustments to loans and advances stated at amortised cost consequent to reclassification (refer note -55)	-	-	-	-	1,364.56	-	-	**1,364.56**
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)	-	1,547.70	-	(1,547.70)	-	-	-	-
Balance as at 31 March, 2022	**50,091.63**	**7,409.34**	**300.36**	**25,241.69**	**-**	**(6.08)**	**(37.36)**	**(82,999.58)**

(2) Previous reporting period

Particulars	Securities premium	Other Reserves		Retained earnings	Items of Other Comprehensive Income			Total
		Statutory reserves	Share option reserve account		Financial instruments through other comprehensive income	Cash flowhedge reserve	Remeasurement of defined benefit plans	
Balance as at 01 April, 2020	**8,227.26**	**5,252.97**	**330.61**	**18,570.63**	**(905.45)**	**-**	**(0.57)**	**31,475.45**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting Period	8,227.26	5,252.97	330.61	18,570.63	(905.45)	-	(0.57)	**31,475.45**
Profit for the year	-	-	-	1,088.91	-	-	-	**1,088.91**
Employee Stock Options Expense	-	-	252.07	-	-	-	-	**252.07**
Proceeds from Right Issue to holding company (Net of Share issue expenses of ₹ 58.75 Lacs) (Refer Note 22)	-	-	-	-	-	-	-	-

Statement of Changes in Equity for the year ended 31 March, 2022

(2) **Previous reporting period** (contd.)

(All Amount ₹ in Lacs unless otherwise stated)

Particulars	Securities premium	Other Reserves		Retained earnings	Items of Other Comprehensive Income			Total
		Statutory reserves	Share option reserve account		Financial instruments through other comprehensive income	Cash flowhedge reserve	Remeasurement of defined benefit plans	
Exercise of Employee stock option plans (Refer Note 22)	-	-	-	-	-	-	-	-
Other Comprehensive Income (Net of taxes)								
-Remeasurement of defined benefit plans	-	-	-	-	-	-	7.45	**7.45**
-Changes in fair value of loans and advances	-	-	-	-	278.05	-	-	**278.05**
-Cash flow hedge reserve	-	-	-	-	-	-	-	-
Adjustments to loans and advances stated at amortised cost consequent to reclassification	-	-	-	-	-	-	-	-
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)	-	608.67	-	(608.67)	-	-	-	-
Balance as at 31 March, 2021	**8,227.26**	**5,861.64**	**582.68**	**19,050.87**	**(627.40)**	**-**	**6.88**	**33,101.93**

Notes 1 to 62 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

C. M. Dixit
Partner
Membership No.: 017532

Place : Pune
Date : 11 May, 2022

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

Priti Saraogi
Company Secretary

Place : Pune
Date : 11 May, 2022

Place : Pune
Date : 11 May, 2022

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs 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, 2022 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 11 May, 2022.

b) Functional and Presentation currency

The financial statements are presented in Indian rupees (INR) which is the Company's functional currency and all amounts are rounded off to the nearest Lacs up to two decimals except when otherwise indicated.

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 capitalized 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.

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

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.

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.

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

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.

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

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 41(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 whereever 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.

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).

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

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.

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 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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

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.

Summary of significant accounting policies and other explanatory information

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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.

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.

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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 in financial 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.

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

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.

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 32 - 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 40 - 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 33 - 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 20 - Recognition of deferred tax assets:

Key assumption is availability of future taxable profit against which carry-forward tax losses can be utilized.

Note 9 – 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, 2022
(All Amount ₹ in Lacs unless otherwise stated)

3 Cash and cash equivalents

Particulars	As at 31 March, 2022	As at 31 March, 2021
Cash on hand	167.12	121.36
Balances with banks		
In current accounts	789.21	151.68
In deposits with original maturity of 3 months or less	997.15	9,027.60
	1,953.48	**9,300.64**

4 Bank balances other than cash and cash equivalents

Particulars	As at 31 March, 2022	As at 31 March, 2021
In deposits with original maturity of more than 3 months*	4,195.46	7,080.19
	4,195.46	**7,080.19**

*Includes cash collateral for securitisation of receivables amounting to ₹ 2,537.05 Lacs (31 March, 2021 : ₹ 4,362.42 Lacs)

5 Derivative Financial Instruments

Part I	As at 31 March, 2022			As at 31 March, 2021		
Particulars	Notional Amounts	Fair value -Assets	Fair value -Liabilities	Notional Amounts	Fair value -Assets	Fair value -Liabilities
(i) Currency Derivatives - Forward contract	13,870.03	50.63	26.87	-	-	-
Total Derivative financial Instruments	**13,870.03**	**50.63**	**26.87**	**-**	**-**	**-**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Cashflow Hedge - Currency Derivatives	13,870.03	50.63	26.87	-	-	-
Total Derivative financial Instruments	**13,870.03**	**50.63**	**26.87**	**-**	**-**	**-**

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.

Refer note 41(F) on foreign currency risk

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

6 Loans

Part I	As at 31 March, 2022			As at 31 March, 2021		
Particulars	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**	295,464.49	-	295,464.49	1,973.57	198,209.27	200,182.84
- Loan against properties	129,501.41	-	129,501.41	-	90,973.30	90,973.30
(ii) Loans to staff	3.43	-	3.43	12.26	-	12.26
Total (A) -Gross	**424,969.33**	**-**	**424,969.33**	**1,985.83**	**289,182.57**	**291,168.40**
Less: Impairment loss allowance	7,278.78	-	7,278.78	190.10	10,276.72	10,466.82
Total (A) - Net	**417,690.55**	**-**	**417,690.55**	**1,795.73**	**278,905.85**	**280,701.58**
(B)						
(i) Secured by tangible assets	424,965.90	-	424,965.90	1,973.57	274,018.92	275,992.49
(ii) Covered by government guarantee***	-	-	-	-	15,163.65	15,163.65
(iii) Unsecured	3.43	-	3.43	12.26	-	12.26
Total (B) - Gross	**424,969.33**	**-**	**424,969.33**	**1,985.83**	**289,182.57**	**291,168.40**
Less: Impairment loss allowance	7,278.78	-	7,278.78	190.10	10,276.72	10,466.82
Total (B) - Net	**417,690.55**	**-**	**417,690.55**	**1,795.73**	**278,905.85**	**280,701.58**
(C) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	424,969.33	-	424,969.33	1,985.83	289,182.57	291,168.40
Total (C) - Gross	**424,969.33**	**-**	**424,969.33**	**1,985.83**	**289,182.57**	**291,168.40**
Less: Impairment loss allowance	7,278.78	-	7,278.78	190.10	10,276.72	10,466.82
Total (C) -Net	**417,690.55**	**-**	**417,690.55**	**1,795.73**	**278,905.85**	**280,701.58**

* It includes loan given to related parties, for details refer note - 39

** It includes receivables towards insurance policies taken on behalf of customers amounting to ₹ 9.436.08 Lacs (31 March, 2021 : ₹ 6,989.51 Lacs)

*** GOI has issued a scheme on 10th August, 2019 to provide a one time partial credit guarantee to PSB''s for purchase of pooled assets of financially sound NBFC/HFC's in order to provide them with liquidity. The Company had entered into a transaction under this scheme and entire amount repaid in FY 2021-22.

Refer note 55 on reclassification of loan assets from FVTOCI to Amortised cost

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, 2022

(All Amount ₹ in Lacs unless otherwise stated)

7 Other financial assets

Particulars	As at 31 March, 2022	As at 31 March, 2021
Measured at Amortised cost:		
Receivables on assigned loans*	7,819.36	11,502.49
Security deposits	193.12	78.72
Others receivables	45.20	843.82
Measured at Fair value through profit or Loss:		
Security receipt	538.91	594.75
Total	**8,596.59**	**13,019.78**
Less: Impairment loss allowance on receivable on assigned loans	20.45	29.76
	8,576.14	**12,990.02**

*Represents present value of excess interest spread receivables on derecognised assets.

8 Current tax asset (net)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Income tax assets (net of provision ₹ 4095.12 Lacs)(31 March, 2021: ₹ 1,705.78 Lacs)	1,035.28	759.26
	1,035.28	**759.26**

9 Property, plant and equipment

	Buildings	Furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost					
As at 01 April, 2020	**21.47**	**53.00**	**36.80**	**56.77**	**168.04**
Additions	-	0.62	3.40	-	4.02
Disposals/adjustments	-	1.86	3.62	9.51	14.99
As at 31 March, 2021	**21.47**	**51.76**	**36.58**	**47.26**	**157.07**
Additions for the year	-	35.88	775.45	-	811.33
Disposals/adjustments	-	2.49	-	4.90	7.39
As at 31 March, 2022	**21.47**	**85.15**	**812.03**	**42.36**	**961.01**
Accumulated Depreciation					
As at 01 April, 2020	**2.47**	**14.27**	**11.81**	**13.21**	**41.76**
Additions	0.36	6.09	5.36	6.14	17.95
Disposals/adjustments	-	1.10	0.83	1.84	3.77
As at 31 March, 2021	**2.83**	**19.26**	**16.34**	**17.51**	**55.94**
Additions for the year	0.33	6.01	61.13	5.23	72.70
Disposals/adjustments	-	0.50	-	1.10	1.60
As at 31 March, 2022	**3.16**	**24.77**	**77.47**	**21.64**	**127.04**
Net Block					
As at 31 March, 2021	**18.64**	**32.50**	**20.24**	**29.75**	**101.13**
As at 31 March, 2022	**18.31**	**60.38**	**734.56**	**20.72**	**833.97**

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

10 Other intangible assets

	Computer software
Cost	
As at 01 April, 2020	**142.12**
Additions	166.20
Disposals/adjustments	-
As at 31 March, 2021	**308.32**
Additions	11.55
Disposals/adjustments	-
As at 31 March, 2022	**319.87**
Accumulated amortisation	
As at 01 April, 2020	**84.16**
Amortisation for the year	38.71
Disposals/adjustments	-
As at 31 March, 2021	**122.87**
Amortisation for the year	44.25
Disposals/adjustments	-
As at 31 March, 2022	**167.12**
Net Block	
As at 31 March, 2021	185.45
As at 31 March, 2022	**152.75**

Intangible asset under development is NIL as on 31 March, 2022 and 31 March, 2021

11 Right of use assets

Information on Lease transactions as required by Ind AS - 116 - Leases are as follows :

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) Movement in the carrying value of the Right to Use Asset		
Opening Balance	724.71	449.27
Depreciation charge for the Period	(264.42)	(130.03)
Additions during the Period	1,158.53	603.87
Adjustment/Deletion	(47.21)	(198.40)
Closing Balance	**1,571.61**	**724.71**
(ii) Movement in the carrying value of the Lease Liability		
Opening Balance	789.13	486.15
Interest Expense	133.02	69.82
Lease Payments	(331.98)	(152.60)
Additions during the year	1,158.53	603.86
Adjustment/Deletion	(49.86)	(218.09)
Closing Balance	**1,698.84**	**789.14**
(iii) The following are the amount recognised in the Profit or Loss statement		
Depreciation expense of right-of-use assets	264.42	130.03
Interest expense on lease liabilities	133.02	69.82
Total amount recognised in profit or loss	**397.44**	**199.85**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

11 Right of use assets (contd.)

Information on Lease transactions as required by Ind AS - 116 - Leases are as follows :

Particulars	As at 31 March, 2022	As at 31 March, 2021
(iv) Classification of current and non current liabilities of the lease liabilities		
Current liabilities	132.01	121.70
Non Current Liabilities	1,566.83	667.43
Total Lease liabilities	**1,698.84**	**789.13**

12 Assets held for sale

Particulars	As at 31 March, 2022	As at 31 March, 2021
Assets held for sale*	205.63	364.70
	205.63	**364.70**

*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'. The fair value approximates the future expected realisation value of these assets.

13 Other non financial assets

Particulars	As at 31 March, 2022	As at 31 March, 2021
Prepaid expenses	581.64	351.94
Gratuity (excess of plan assets over obligation)	93.01	5.97
Capital advances	-	0.88
Balances with government authorities	581.92	299.61
Balances with insurance company	1,090.65	463.03
Others	86.64	31.27
Total	**2,433.86**	**1,152.70**

14 Payables

Particulars	As at 31 March, 2022	As at 31 March, 2021
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises*	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	242.44	951.50
Total	**242.44**	**951.50**
Other Payables		
Total outstanding dues of micro enterprises and small enterprises*	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	707.22	493.85
Total	**707.22**	**493.85**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

14 Payables (contd.)

Trade Payables ageing schedule

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	139.76	18.86	24.16	59.66	**242.44**
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-

As at 31/03/2021

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	838.38	44.28	68.84	-	**951.50**
(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, 2022 and 31 March, 2021. 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.

15 Debt securities

Particulars	As at 31 March, 2022	As at 31 March, 2021
(Measured at amortised cost)		
Secured Redeemable non-convertible debentures [refer notes (a) & (b) below]	29,320.07	45,998.84
Total	**29,320.07**	**45,998.84**
Debt securities in India	29,320.07	45,998.84
Total	**29,320.07**	**45,998.84**

(a) Nature of security

100 number of debentures allotted in March 2016 (200 number of debentures allotted in March 2015 and repaid in March 2022) are 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). All other debentures are secured by exclusive first charge by way of hypothecation on the Company's book debts and loan instalments receivables. The total asset cover is hundred percent or above of the principal amount of the said debentures.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

15 Debt securities (contd.)

(b) Terms of repayment for Secured redeemable non-convertible debentures

Number of Debentures	Face Value (₹ in Lacs)	Month of Allotment	Month of Redemption	Interest rate	As at 31 March, 2022	As at 31 March, 2021
1400*	10	Aug-20	Feb-22	8.48%	-	14,713.58
200**	10	Mar-15	Mar-22	10.10%	-	1,995.01
100	10	Mar-16	Mar-23	10.00%	999.86	999.99
750	10	Jul-20	Apr-23	8.75%	7,642.67	7,633.08
200	10	Jul-20	Apr-23	8.75%	2,030.66	2,021.15
750	10	Jun-20	Jun-23	9.00%	8,012.09	8,008.96
500	10	Jun-20	Jun-23	9.00%	5,340.10	5,336.98
500	10	Jul-20	Jul-23	9.00%	5,294.69	5,290.09
					29,320.07	**45,998.84**

The above debentures carry interest rates ranging from 8.75% p.a. to 10.00% p.a. (31 March,, 2021: from 8.48% p.a. to 10.10% p.a)

* The debentures have been issued in August, 2020 for the tenor of 1.5 years. The same has been repaid in February 2022.

** The debentures have been issued in March 2015 for the tenor of 7 years. The same has been repaid in March 2022.

The Company has not defaulted/delayed in repayment of any principal and interest during the year

16 Borrowings (other than debt securities)

Particulars	As at 31 March, 2022	As at 31 March, 2021
(Measured at amortised cost)		
(Secured)		
(a) Term loans (refer note (a)(i) & (b)(i) below)		
(i) from banks	267,504.06	117,587.11
(ii) from financial institutions	-	27,563.93
(b) Securitisation liability (refer note (a)(ii) & (b)(ii) below)	9,846.38	27,442.00
(c) Loans repayable on demand (refer note (a)(iii) & (b)(iii) below) - from banks	3,128.82	25,650.29
	280,479.26	**198,243.33**
Borrowings in India	280,479.26	198,243.33
	280,479.26	**198,243.33**

(a) Nature of security

(i) All term loans from banks are secured by way of exclusive charge over standard receivables of the Company

(ii) 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.

(iii) 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, 2022

(All Amount ₹ in Lacs unless otherwise stated)

16 Borrowings (other than 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, 2022
Quarterly	Jul-22	Jan-32	39	6.45%	4,500.00
Quarterly	Apr-22	Oct-31	38	6.05% to 6.35%	7,665.73
Quarterly	Jul-22	Jul-31	37	6.45%	4,000.00
Monthly	Jul-21	Mar-25	36	7.30%	4,755.17
Monthly	Apr-21	Dec-24	33	7.30%	7,277.36
Quarterly	Oct-20	Apr-30	32	6.40%	3,454.91
Quarterly	Oct-20	Apr-30	32	6.40%	3,686.04
Quarterly	Sep-21	Mar-29	28	8.50%	13,860.02
Quarterly	Mar-22	Dec-28	27	7.25%	14,287.98
Quarterly	Jul-22	Jan-29	27	2.94%	24,728.00
Quarterly	Apr-22	Oct-28	26	2.94%	23,130.36
Quarterly	Jun-23	Mar-29	24	6.31%	10,001.73
Quarterly	Mar-23	Dec-28	24	6.65%	17,498.07
Monthly	Apr-20	Mar-24	24	8.50%	7,501.75
Quarterly	Jun-24	Mar-30	24	6.70%	9,994.55
Monthly	Feb-20	Jan-24	22	7.05%	3,425.12
Quarterly	Jun-24	Mar-29	20	6.60%	7,494.55
Quarterly	Mar-24	Dec-28	20	6.90%	32,494.83
Quarterly	Sep-22	Mar-27	19	6.25%	8,997.32
Quarterly	Oct-20	Apr-25	12	6.50%	2,820.00
Quarterly	Jun-21	Mar-25	12	6.00%	10,994.56
Quarterly	Oct-20	Apr-25	12	6.50%	3,370.00
Quarterly	Jan-21	Oct-24	11	7.05%	6,849.80
Quarterly	Dec-20	Jul-24	10	6.00%	6,242.05
Quarterly	Jul-22	Oct-24	10	6.33%	20,003.47
Quarterly	Mar-20	Dec-23	7	7.25%	6,582.09
Quarterly	Jun-19	Mar-23	4	7.25%	1,888.60
					267,504.06

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, 2022
(All Amount ₹ in Lacs unless otherwise stated)

16 Borrowings (other than debt securities) (contd.)

Frequency	Repayment commencing from	Repayment Maturity	Remaining no. of instalments	Interest rate	As at 31 March, 2021
Monthly	Jan-20	Dec-29	104	10.50%	27,301.60
Monthly	Jul-21	Mar-25	45	8.20%	5,941.58
Monthly	Apr-21	Dec-24	45	8.20%	9,895.36
Quarterly	Oct-20	Apr-30	36	6.90%	4,449.74
Quarterly	Oct-20	Apr-30	36	7.90%	4,610.00
Monthly	Feb-20	Jan-24	34	9.35%	5,282.21
Quarterly	Sep-21	Mar-29	31	8.50%	2,469.80
Quarterly	Mar-22	Dec-28	28	8.10%	14,771.25
Monthly	Apr-20	Mar-24	24	10.50%	7,502.16
Quarterly	Oct-20	Apr-25	16	8.10%	3,780.00
Quarterly	Jun-21	Mar-25	16	9.30%	14,555.95
Quarterly	Oct-20	Apr-25	16	6.90%	4,530.00
Quarterly	Dec-20	Jul-24	14	9.30%	8,728.57
Quarterly	Jan-21	Oct-24	14	8.55%	8,705.66
Quarterly	Mar-20	Dec-23	11	9.00%	10,335.66
Quarterly	Jun-19	Mar-23	8	9.50%	3,780.33
Monthly	Feb-21	Jul-21	4	7.25%	2,011.17
Bullet	May-21	May-21	1	5.25%	2,835.00
Bullet	Aug-21	Aug-21	1	5.25%	3,665.00
					145,151.04

The above term loans carry interest rates ranging from 5.25% p.a. to 10.50% p.a

The Company has not defaulted/delayed in repayment of any principal and interest during the year

(ii) Terms of maturity of securitisation liability

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
> 5 years	8.20% - 8.75%	8.10% - 9.25%	6,808.71	20,679.17
3 - 5 Years	8.20% - 8.75%	8.10% - 9.25%	1,308.03	2,967.31
1 - 3 Years	8.20% - 8.75%	8.10% - 9.25%	1,165.72	2,576.36
0 - 1 Years	8.20% - 8.75%	8.10% - 9.25%	563.92	1,219.16
			9,846.38	**27,442.00**

(iii) The cash credit facilities carries interest rate at 6.65%p.a. to 7.20% (31 March, 2021: from 8.20% p.a. to 10.10% p.a). Working capital demand loans carry interest rates ranging from 6.00% p.a. to 7.20% p.a.(31 March, 2021: from 7.20% p.a. to 8.45% 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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

17 Subordinated liabilities

Particulars	As at 31 March, 2022	As at 31 March, 2021
(Measured at amortised cost)		
(Tier II Capital):		
From banks (subordinated debts)(Unsecured)	9,960.56	9,949.86
Total	**9,960.56**	**9,949.86**
Subordinated liabilities in India	9,960.56	9,949.86
	9,960.56	**9,949.86**

(i) Terms of repayment of subordinated liabilities

Frequency	Interest rate	Repayment due	No. of instalments payable	As at 31 March, 2022	As at 31 March, 2021
On maturity	12.50%	Mar-26	1	9,960.56	9,949.86
				9,960.56	**9,949.86**

The Company has not defaulted/delayed in repayment of any principal and interest during the year

18 Other financial liabilities

Particulars	As at 31 March, 2022	As at 31 March, 2021
Amount payable on assigned loans	3,784.88	3,739.76
Employee expenses payable	1,364.37	1,109.86
Others	-	83.29
Total	**5,149.25**	**4,932.91**

19 Provisions

Particulars	As at 31 March, 2022	As at 31 March, 2021
Provision for employee benefits	-	-
- Provision for compensated absences	239.61	172.90
Total	**239.61**	**172.90**

20 Deferred tax liabilities (net)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Deferred tax liability arising on account of:		
Statutory reserve	1,237.49	918.91
Fair valuation of financial assets	1,980.84	2,900.44
Depreciation and amortisation on property, plant and equipment and Intangible assets	51.15	16.20
Others	26.10	4.64
	3,295.58	**3,840.19**
Deferred tax asset arising on account of:		
Impairment loss allowance on loan assets	1,837.07	2,641.78
Amortisation of transaction cost/income on assets on finance as per EIR model	381.77	24.44
Recognition/de-recognition of income and expenses pertaining to direct assignment transactions	103.60	210.21
Fair valuation of financial assets	75.00	280.89
Provision for expenses	86.81	54.00
	2,484.25	**3,211.32**
Total deferred tax liability (net)	**811.33**	**628.87**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

20 Deferred tax liabilities (net) (contd.)

(i) 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	918.91	318.58	-	1,237.49
Fair valuation of financial assets	2,900.44	(919.60)	-	1,980.84
Depreciation and amortisation on property, plant and equipment and Intangible assets	16.20	34.95	-	51.15
Others	4.64	36.34	(14.88)	26.10
Total	**3,840.19**	**(529.73)**	**(14.88)**	**3,295.58**
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	2,641.78	(804.71)	-	1,837.07
Amortisation of transaction cost/income on assets on finance as per EIR model	24.44	357.33	-	381.77
Recognition/de-recognition of income and expenses pertaining to direct assignment transactions	210.21	(106.61)	-	103.60
Fair valuation of financial assets				
-Cash Flow Hedge Reserve	-	-	2.04	2.04
-Portfolio Valuation	211.02	-	(211.02)	-
-Security deposits	5.72	7.53	-	13.25
-Security receipt (measured at FVTPL)	64.15	(4.44)	-	59.71
Provision for expenses	54.00	32.81	-	86.81
Total	**3,211.32**	**(518.09)**	**(208.98)**	**2,484.25**
Deferred tax liabilities, net	**628.87**	**(11.64)**	**194.10**	**811.33**

(ii) Movement in deferred tax liabilities for year ended 31 March, 2021 :

Particulars	As at 01 April, 2020	Statement of Profit or Loss	Other Comprehensive Income	As at 31 March, 2021
Deferred tax liabilities for taxable temporary differences on:				
Statutory reserve	761.54	157.37	-	918.91
Fair valuation of financial assets	1,770.11	1,130.33	-	2,900.44
Amortisation of transaction cost/income on assets on finance as per EIR model	81.71	(81.71)	-	-
Depreciation and amortisation on property, plant and equipment and Intangible assets	8.01	8.19	-	16.20
Others	14.71	(12.58)	2.51	4.64
Total	**2,636.08**	**1,201.60**	**2.51**	**3,840.19**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

20 Deferred tax liabilities (net) (contd.)

Particulars	As at 01 April, 2020	Statement of Profit or Loss	Other Comprehensive Income	As at 31 March, 2021
Deferred tax assets for deductible temporary differences on:				
Impairment loss allowance on loan assets	696.60	1,945.18	-	2,641.78
Amortisation of transaction cost/income on assets on finance as per EIR model	-	24.44	-	24.44
Recognition/de-recognition of income and expenses pertaining to direct assignment transactions	189.65	20.56	-	210.21
Fair valuation of financial assets				
-Portfolio Valuation	304.53	-	(93.51)	211.02
-Security deposits	3.96	1.76	-	5.72
-Security receipt (measured at FVTPL)	45.30	18.85	-	64.15
Provision for expenses	30.28	23.72	-	54.00
Total	**1,270.32**	**2,034.51**	**(93.51)**	**3,211.32**
Deferred tax liabilities, net	**1,365.76**	**(832.91)**	**96.02**	**628.87**

21 Other non-financial liabilities

Particulars	As at 31 March, 2022	As at 31 March, 2021
Advances from customers	1,184.17	1,260.06
Statutory dues payable	700.71	204.20
Others	-	50.00
Total	**1,884.88**	**1,514.26**

22 Share capital

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Number	Amount	Number	Amount
Authorized share capital				
Equity shares of ₹ 10 each	275,000,000	27,500.00	200,000,000	20,000.00
Total	**275,000,000**	**27,500.00**	**200,000,000**	**20,000.00**
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	251,794,450	25,179.45	165,829,853	16,582.99
	251,794,450	**25,179.45**	**165,829,853**	**16,582.99**

(a) Reconciliation of the number of equity shares outstanding and the amount of share capital:

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Number	Amount	Number	Amount
Balance at the beginning of the reporting year	165,829,853	16,582.99	165,829,853	16,582.99
Equity shere capital issued during the year				
(i) Issue to Holding Company*	83,991,264	8,399.13	-	
(ii) Employees Stock Option (ESOP) /Restricted Stock option (RSOP) Scheme**	1,973,333	197.33	-	
Balance at the end of the reporting year	**251,794,450**	**25,179.45**	**165,829,853**	**16,582.99**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

22 Share capital

*During the 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 Lacs 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.

**During the year, the Company has allotted 1,973,333 equity shares 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, the Company ceases to be a wholly owned subsidiary of PFL, and continues to be a subsidiary with PFL holding 99.22% shares. The equity shares issued and allotted as aforesaid rank paripassu with the existing equity shares of the Company in all respect.

(b) Terms and rights attached to equity shares

The Company has only one class of equity share 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 ensuing Annual General Meeting.

(c) Shares held by Holding company and details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Number	percentage	Number	percentage
Equity shares of ₹ 10 each:				
Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited)	249,821,117	99.22%	165,829,853	100%

(d) Shares held by the promoters in the Company

Shares held by promoters at the end of the year (31 March, 2022)

Sl. No.	Promoter name	No. of Shares	% of total shares	% Change during the year
1.	Poonawalla Fincorp Limited(Formerly, Magma Fincorp Limited)#	249,821,117	99.22%	0.78%
Total		**249,821,117**	**99.22%**	

Includes 50 Shares held by nominee shareholders, the beneficial interest of which, lies with Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited)

Shares held by promoters at the end of the year (31 March, 2021)

Sl. No.	Promoter name	No. of Shares	% of total shares	% Change during the year
1.	Poonawalla Fincorp Limited(Formerly, Magma Fincorp Limited)#	165,829,853	100%	NIL
Total		**165,829,853**	**100%**	

#Includes 50 Shares held by nominee shareholders, the beneficial interest of which, lies with Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

23 Other equity

Particulars	As at 31 March, 2022	As at 31 March, 2021
Retained earnings	25,241.69	19,057.75
Statutory reserves	7,409.34	5,861.64
Securities premium	50,091.63	8,227.26
Share options outstanding account	300.36	582.68
Other comprehensive income	(43.44)	(627.40)
Total	**82,999.58**	**33,101.93**

(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.

(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 43 for further details on employee stock options.

(e) Other comprehensive income

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 55 on reclassification of loan assets from FVTOCI to Amortised cost)

24 Interest income

	Year ended 31 March, 2022		Total	Year ended 31 March, 2021		Total
	On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost		On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost	
Interest on loans*	43,972.21	220.08	44,192.29	38,912.15	360.05	39,272.20
Interest on deposits with banks	-	611.08	611.08	-	1,182.93	1,182.93
Other interest Income	-	10.20	10.20	-	10.44	10.44
	43,972.21	**841.36**	**44,813.57**	**38,912.15**	**1,553.42**	**40,465.57**

*Refer note 55 on reclassification of loan assets from FVTOCI to Amortised cost

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

25 Fees and commission income

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Collection and support services	116.39	105.70
Foreclosure charges	517.20	261.36
Login fees	834.77	677.30
Others	68.43	70.89
	1,536.79	**1,115.25**

26 Net gain on fair value changes

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
(A) Net gain on financial instruments at fair value through profit or loss		
On trading portfolio:		
- Realised gain on investment at FVTPL	-	-
- Unrealised gain/(loss) on investment at FVTPL	-	-
(B) Others		
Investment in mutual funds	48.18	-
Unrealised gain on security receipts	38.66	-
	86.84	**-**

27 Net gain on de-recognition of financial instruments

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Gain from derecognition on account of direct assignment transactions	-	5,127.67
	-	**5,127.67**

28 Other income

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Liabilities no longer required written back	50.83	69.72
Income from other services	515.00	450.00
Gain from sale of repossessed assets*	12.59	26.12
	578.42	**545.84**

*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.

29 Finance cost (on Financial liabilities measured at Amortised Cost)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Interest on debt securities	3,815.16	2,973.63
Interest on borrowings (other than debt securities)	14,862.97	17,808.59
Interest on subordinated liabilities	1,260.69	1,260.68
Other borrowing costs	814.24	542.94
	20,753.06	**22,585.84**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

30 Net loss on fair value changes

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
(A) Net loss on financial instruments at fair value through profit or loss		
On trading portfolio:		
- Realised gain on investment at FVTPL	-	-
- Unrealised gain/(loss) on investment at FVTPL	-	-
(B) Others		
Unrealised gain on security receipts	-	95.58
Total	**-**	**95.58**

31 Net loss on de-recognition of financial instruments

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Loss on sale of non performing assets	547.39	-
[Net of reversal of provision of ₹ 758.98 Lacs*]	**547.39**	**-**

32 Impairment on financial instruments

	Year ended 31 March, 2022		Total	Year ended 31 March, 2021		Total
	On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost		On financial assets measured at fair value through OCI	On financial assets measured at Amortised Cost	
Impairment on loans	(2,351.68)	(86.68)	(2,438.36)	7,558.71	44.09	7,602.80
Bad debts written-off (net of recoveries)*	3,421.54	(88.16)	3,333.38	5,016.00	317.83	5,333.83
	1,069.86	**(174.84)**	**895.02**	**12,574.71**	**361.92**	**12,936.63**

*During the year bad debts recovery for ₹ 3,252.39 Lacs on financial assets measured at fair value through OCI and ₹ 128.60 on financial assets measured at amortised cost has been netted off with bad debts written off. (31 March, 2021- ₹ 331.55 Lacs and ₹ NIL)

Note : Also refer Note 53

33 Employee benefits expenses

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Salaries and wages	9,566.57	6,263.24
Contribution to provident and other funds	559.87	409.75
Share based payments to employees	39.93	252.07
Staff welfare expense	212.53	113.22
	10,378.90	**7,038.28**

(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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

33 Employee benefits expenses (contd.)

(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:

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
(i) Change in present value of the defined benefit obligation:		
Present value of the obligations at the beginning of the year	215.02	152.30
Current service cost	75.37	70.92
Interest cost	14.96	9.86
Past service cost	-	-
Actuarial loss arising from assumption changes	(8.67)	(10.39)
Actuarial (gain) from demographic assumptions	-	-
Actuarial (gain)/loss arising from experience adjustments	73.96	0.43
Benefits paid	(29.07)	(8.10)
Present value of the obligations at the end of the year	**341.57**	**215.02**
(ii) Change in fair value of plan assets:		
Plan assets at the beginning of the year	220.99	191.72
Expected return on plan assets	15.40	13.28
Actual company contributions	221.08	24.09
Benefits paid	(29.07)	(8.10)
Actuarial Gain/(Loss) on Plan Assets	6.17	-
Plan assets at the end of the year	**434.58**	**220.99**
(iii) Reconciliation of present value of defined benefit obligation and the fair value of plan assets		
Present value obligation as at the end of the year	126.55	215.02
Fair value of plan assets as at the end of the year	434.58	220.99
Net (asset) recognized in balance sheet	**(308.03)**	**(5.97)**
(iv) Components of net cost charged to the Statement of profit and loss		
Employee benefits expense:		
Service cost	75.37	70.92
Interest costs	14.96	9.86
Interest income	(15.40)	(13.28)
Net impact on profit before tax	**74.93**	**67.50**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

33 Employee benefits expenses (contd.)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
(v) Components Remeasurement losses in other comprehensive income		
Actuarial loss arising from assumption changes	(8.67)	(10.39)
Actuarial loss arising from experience adjustments	67.79	0.43
Remeasurement (gains)/losses in other comprehensive income	**59.12**	**(9.96)**

(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.

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Discount rate (per annum)	6.89%	6.97%
Salary escalation rate (per annum)	5.00%	5.00%
Expected average remaining working lives of employees (years)	7.66	23.39
Mortality	"IALM(2012-14) ultimate table"	"IALM(2012-14) ultimate table"
(viii) Sensitivity analysis		
A quantitative sensitivity analysis for significant assumption is as shown below:		
DBO with discount rate +0.25pt	335.94	207.33
DBO with discount rate -0.25pt	347.35	223.08
DBO with +0.5% salary escalation	353.45	231.77
DBO with -0.5% salary escalation	330.23	199.64
DBO with +2% withdrawal rate	342.05	215.02
DBO with -2% withdrawal rate	342.05	215.02
DBO with +1% mortality rate	341.57	215.04
DBO with -1% mortality rate	341.56	215.00

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

33 Employee benefits expenses (contd.)

Particulars	As at 31 March, 2022	As at 31 March, 2021
(ix) Maturity analysis of the benefit payments:		
Year 1	25.22	0.93
2 to 5 years	142.23	16.52
6 to 10 years	188.49	68.93
More than 10 years	121.96	611.07

(c) Aforesaid defined benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Credit Risk	If the scheme is insured and fully funded on Projected Unit Credit (PUC) basis there is a credit risk to the extent the insurer(s) is/ are unable to discharge their obligations including failure to discharge in timely manner.
Pay-as-you-go Risk	For unfunded schemes financial planning could be difficult as the benefits payable will directly affect the revenue and this could be widely fluctuating from year to year. Moreover there may be an opportunity cost of better investment returns affecting adversely the cost of the scheme.
Discount Rate risk	The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability.
Liquidity Risk	This risk arises from the short term asset and liability cash-flow mismatch thereby causing the Company being unable to pay the benefits as they fall due in the short term. Such a situation could be the result of holding large illiquid assets disregarding the results of cash-flow projections and cash outgo inflow mismatch. (Or it could be due to insufficient assets/cash).

(d) Aforesaid defined benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Future Salary Increase Risk	The Scheme cost is very sensitive to the assumed future salary escalation rates for all final salary defined benefit Schemes. If actual future salary escalations are higher than that assumed in the valuation actual Scheme cost and hence the value of the liability will be higher than that estimated.
Demographic Risk	If the scheme is insured and fully funded on PUC basis there is a credit risk to the extent the insurer(s) is/ are unable to discharge their obligations including failure to discharge in timely manner.
Regulatory Risk	Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments.

34 Depreciation, amortisation and impairment

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Depreciation on property plant and equipment	72.73	17.95
Depreciation on Right of use asset	264.42	130.03
Amortisation of Intangible assets	44.25	38.71
	381.40	**186.69**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

35 Other expenses

	Year ended 31 March, 2022	Year ended 31 March, 2021
Rent, taxes and energy costs	499.09	354.10
Repairs and maintenance	383.19	146.26
Communication costs	212.16	118.66
Printing and stationery	106.49	56.91
Advertisement and publicity	118.08	72.33
Directors fees, allowances and expenses	71.52	24.58
Auditor's fees and expenses*	43.36	40.63
Legal charges and professional charges	881.63	757.45
Travelling and conveyance	520.75	239.44
Corporate social responsibility expenditure (refer note 52)	32.35	258.80
Outsourcing expense	615.12	556.46
Office maintenance	86.08	44.32
Record retention charges	95.93	69.26
Meeting and seminar expenses	1.15	0.29
Insurance expenses	4.39	-
Miscellaneous expenses	272.32	236.03
	3,943.61	**2,975.52**
***Payment to auditors (excluding taxes)**		
Audit fees	17.00	18.00
Limited review	6.00	7.00
Other services	19.39	15.25
Reimbursement of expenses	0.97	0.38
	43.36	**40.63**

36 Tax expenses

	Year ended 31 March, 2022	Year ended 31 March, 2021
(a) Income tax recognised in the Statement of Profit and Loss:		
Current tax	2,358.97	1,202.00
Deferred tax	(11.62)	(832.91)
Tax expenses of earlier years	30.37	(22.21)
	2,377.72	**346.88**
(b) Income tax recognized in other comprehensive income comprises:		
Tax impact on remeasurement of defined benefit plans	14.88	(2.51)
Tax impact on fair valuation of financial assets	(208.97)	(93.51)
	(194.09)	**(96.02)**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

36 Tax expenses (contd.)

	Year ended 31 March, 2022	Year ended 31 March, 2021
(c) Reconciliation of income tax expense and the accounting profit for the year:		
Profit before tax	10,116.24	1,435.79
Enacted tax rates (%)	**25.17%**	**25.17%**
Income tax expense calculated at corporate tax rate	2,546.06	361.36
Tax expenses (allowable)/disallowable under IT act	(198.71)	34.71
Impact of tax relating to earlier years	30.37	(22.21)
Impact due to reversal of additional provision u/s 36(1)(viia)	-	(31.71)
Additional liability on account of deduction u/s. 36(1)(viii)	-	4.18
Others	-	0.55
Income tax expense recognised in statement of profit and loss	**2,377.72**	**346.88**

37 Earnings per equity share (EPS)

	Year ended 31 March, 2022	Year ended 31 March, 2021
Net profit attributable to equity shareholders	7,738.52	1,088.91
Nominal value of equity share (₹)	10	10
Weighted average number of equity shares for basic earning per share	236,679,320	165,829,853
Add : Diluting effect of potential equity shares issued as employee stock options	901,440	2,752,166
Weighted average number of equity shares for diluted earning per share	237,580,760	168,582,019
Earnings per share		
- Basic earnings per share (₹)	3.27	0.66
- Diluted earnings per share (₹)	3.26	0.65

38 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.

39 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 2022	% of holding as on 31 Mar 2021
Rising Sun Holdings Pvt Ltd.	Ultimate Holding Company	India		
(ii) Poonawalla Fincorp Limited (Formerly Known as Magma Fincorp Limited)	Holding Company	India	99.22%	100%

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

39 Related party disclosures (contd.)

(iii) Subsidiary of holding company to which company is also a subsidiary

Poonawalla Finance Private Limited

(iv) Joint venture of holding company

Magma HDI General Insurance Company

(v) Director & Key management personnel

Name of the related party	Nature of Relationship
Sanjay Chamria	Non Executive Director (up to 23.11.2021)
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)
Sajid Fazalbhoy	Non Executive Independent Director (w.e.f. 24.05.2021 up to 14.01.2022)
Raman Uberoi	Non Executive Independent Director (up to 09.06.2021)
Deena Mehta	Non Executive Independent Director (up to 09.06.2021)
Adar Poonawalla	Chairman & Non-Executive Director (w.e.f 08.07.2021)
Amar Deshpande	Non Executive Independent Director (w.e.f 20.07.2021)
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)
Pankaj Rathi	Chief Financial Officer (w.e.f. 01.07.2021)
Priti Saraogi	Company Secretary
Mayank Poddar	Non Executive Director (up to 09.06.2020)
Satya Brata Ganguly	Non Executive Director (up to 12.07.2020)
Ian Gerard Desouza	Chief Financial Officer (up to 30.06.2020)
Kailash Baheti	Non- Executive Director (up to 09.06.2020)

(vi) Others - With whom transactions have been taken place during the year

Name of the related party	Nature of Relationship
CLP Business LLP	LLP in which Director is a Designated partner (ceased to be a related party w.e.f 09.06.2020)
Celica Developers Private Limited (CDPL)	Private Company in which Director is Member or Director
Moh Jaiswal	Relative of Key Managerial Personnel

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.

(b) Transactions with related parties

Name of the party	Nature of Balance	Year ended 31 March, 2022	Year ended 31 March, 2021
(i) Holding Company			
Poonawalla Fincorp Limited (Formerly Known as Magma Fincorp Limited)	Common cost allocation (expense)	1,266.85	1,262.39
	Inter Corporate Loan taken	25,000.00	-

Summary of significant accounting policies and other explanatory information
for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

39 Related party disclosures (contd.)

Name of the party	Nature of Balance	Year ended 31 March, 2022	Year ended 31 March, 2021
	Inter Corporate Loan refunded	25,000.00	-
	Equity Share Capital	8,399.13	-
	Share Premium	41,600.87	-
	Interest paid on Inter Corporate Loan taken	64.73	-
	Direct Assignment Servicing Fees received	26.00	29.18
(ii) Subsidiary of holding company to which Company is also a subsidiary			
Poonawalla Finance Private Limited	Advance given for Assets Purchase	88.27	-
	Advance adjusted for Assets Purchase	88.27	-
(iii) Joint venture of holding company			
Magma H DI General Insurance Company	Advance recoverable	1,410.23	1,137.86
	Adjustments of loans and advances given	1,032.61	1,153.28
	Insurance premium paid	-	30.93
	Insurance premium paid (Mediclaim)	30.17	-
	Claim Received (Mediclaim)	12.75	-
	Premium for Employees Mediclaim**	190.79	-
(iv) Director & Key management personnel			
Manish Jaiswal	Directors' remuneration*	423.00	125.07
	Repayment of loan	-	258.88
	Interest income	-	15.78
	Allotment of Equity Shares	197.34	-
Ian Gerard Desouza	Remuneration	-	38.66
Ajay Arun Tendulkar	Remuneration	26.38	65.82
Pankaj Rathi	Remuneration	49.94	-
Priti Saraogi	Salary	24.63	11.04
All KPMs	Mediclaim paid recoverable	0.18	0.21
Satya Brata Ganguly	Sitting Fees	-	0.90
Deena Asit Mehta	Sitting Fees	2.00	12.70
Raman Uberoi	Sitting Fees	2.00	8.80
Abhay Bhutada	Sitting Fees	1.60	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

39 Related party disclosures (contd.)

Name of the party	Nature of Balance	Year ended 31 March, 2022	Year ended 31 March, 2021
Adar Poonawalla	Sitting Fees	2.50	
Amar Deshpande	Sitting Fees	15.70	-
Bhama Krishnamurthy	Sitting Fees	16.60	-
Prabhakar Ramchandra Dalal	Sitting Fees	17.50	-
Sajid Fazalbhoy	Sitting Fees	7.70	-
(v) Others			
Celica Developers Private Limited (CDPL)	Interest income	269.99	367.92
	Repayment of loan	2,444.60	40.57
CLP Business LLP	Rent expense	-	3.81
Moh Jaiswal	Repayment of loan received	-	216.26
	Interest income	-	13.20

(c) Balances with related parties

Name of the party	Nature of transaction	As at 31 March, 2022	As at 31 March, 2021
(i) Holding Company			
Poonawalla Fincorp Limited (Formerly Known as Magma Fincorp Limited)	Collection fees receivable	1.76	2.26
(ii) Joint venture of holding company			
Magma HDI General Insurance Company	Loans and advances given	661.65	284.03
(iii) Others			
Celica Developers Private Limited (CDPL)	Loan given	-	2,444.60

(d) Compensation of key managerial personnel	Year ended 31 March, 2022	Year ended 31 March, 2021
Short-term employee benefits (including remuneration)	517.69	236.44
Post-employment benefits	5.11	4.15

As provisions for gratuity and leave benefits are made for the Company as a whole, the amount pertaining to key management personnel are not specifically identified and hence are not included above;

* excludes perquisites value of ₹ 977.39 Lacs on account of 1,973,333 no. of Restricted Stock Options exercised during the year.

**Policy effective from 01.04.2022

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

40 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, 2022	As at 31 March, 2021
(i) Financial assets measured at amortized cost			
- Cash and cash equivalents	3	1,953.48	9,300.64
- Other bank balances	4	4,195.46	7,080.19
- Loans*	6	417,690.55	1,795.73
- Other financial assets	7	8,037.23	12,395.27
(ii) Financial assets measured at fair value through profit and loss			
- Other financial assets (Security receipts)	7	538.91	594.75
(iii) Financial assets measured at fair value through other comprehensive income			
- Loans*	6	-	278,905.85
- Derivative financial instruments	5	50.63	-
Total		**432,466.26**	**310,072.43**
(i) Financial liabilities measured at amortized cost			
- Trade payables	14	242.44	951.50
- Other payables	14	707.22	493.85
- Debt securities	15	29,320.07	45,998.84
- Borrowings (other than debt securities)	16	280,479.26	198,243.33
- Subordinated liabilities	17	9,960.56	9,949.86
- Lease liabilities	11	1,698.84	789.14
- Other financial liabilities	18	5,149.25	4,932.91
(ii) Financial liabilities measured at fair value through other comprehensive income			
- Derivative financial instruments	5	26.87	-
Total		**327,584.51**	**261,359.43**

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).

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

40 Fair value measurements (contd.)

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, 2022	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income				
Loans*	-	-	-	-
Derivative financial instruments	-	50.63	-	**50.63**
Liabilities				
Derivative financial instruments	-	26.87	-	**26.87**
Fair value through profit and loss				
Other financial assets - Security receipts	-	538.91	-	**538.91**

As at 31 March, 2021	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income				
Loans*	-	-	2,78,905.85	**2,78,905.85**
Fair value through profit and loss				
Other financial assets - Security receipts	-	594.75	-	**594.75**

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, 2022		As at 31 March, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	1,953.48	1,953.48	9,300.64	9,300.64
Other bank balances	4,195.46	4,201.32	7,080.19	7,142.46
Loans*	417,690.55	416,011.89	1,795.73	1,794.12
Other financial assets	8,037.23	8,037.23	12,395.27	12,395.27
Total	**431,876.72**	**430,203.92**	**30,571.83**	**30,632.49**
Financial liabilities				
Trade payables	242.44	242.44	951.50	951.50
Other payables	707.22	707.22	493.85	493.85
Debt securities	29,320.07	29,200.27	45,998.84	45,701.00
Borrowings (other than debt securities)	280,479.26	280,479.26	198,243.33	198,243.33
Subordinated liabilities	9,960.56	9,960.56	9,949.86	9,949.86
Lease liabilities	1,698.84	1,698.84	789.14	789.14
Other financial liabilities	5,149.25	5,149.25	4,932.91	4,932.91
Total	**327,557.64**	**327,437.84**	**261,359.43**	**261,061.59**

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, 2022
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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 rates	Not applicable	Not applicable
Financial assets measured at FVTPL	NAV 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 financial instruments	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, 2021	Disbursed	Receipts	Transfer into Level 3	Transfer from Level 3	Interest income	Other Comprehensive Income	As at 31 March, 2022
Loans**	289,182.57	189,474.28	99,835.20	-	423,632.28	43,972.21	838.41	-
	289,182.57	**189,474.28**	**99,835.20**	**-**	**423,632.28**	**43,972.21**	**838.41**	**-**

Particulars	As at 1 April, 2021	Disbursed	Receipts	Transfer into Level 3	Transfer from Level 3	Interest income	Other Comprehensive Income	As at 31 March, 2021
Loans**	237,954.90	121,597.79	109,653.83	-	-	38,912.15	371.56	289,182.57
	237,954.90	**121,597.79**	**109,653.83**	**-**	**-**	**38,912.15**	**371.56**	**289,182.57**

*Refer note 55 on reclassification of loans from FVTOCI to Amortised cost

** 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, 2022

(All Amount ₹ in Lacs unless otherwise stated)

41 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 and managing 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 payment

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 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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

41 Financial risk management (contd.)

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

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

41 Financial risk management (contd.)

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.

Financial risk management (cont'd)

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, 2022				
Current (not past due)(Stage 1)	373,531.72	0.26%	975.57	No
1-30 days past due (Stage 1)	12,423.91	2.17%	269.15	No
31-60 days past due (Stage 2)	21,621.90	11.69%	2,526.72	No
61-90 days past due (Stage 2)	13,303.96	14.87%	1,978.11	No
More than 90 days past due (Stage 3)	4,084.41	37.44%	1,529.23	Yes
	424,965.90	**1.71%**	**7,278.78**	
As at 31 March, 2021				
Current (not past due)(Stage 1)	1,970.15	9.58%	188.74	No
1-30 days past due (Stage 1)	-	-	-	No
31-60 days past due (Stage 2)	-	-	-	No
61-90 days past due (Stage 2)	-	-	-	No
More than 90 days past due (Stage 3)	3.42	39.77%	1.36	Yes
	1,973.57	**9.63%**	**190.10**	

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, 2022				
Current (not past due) (Stage 1)				No
1-30 days past due (Stage 1)	-	-	-	No

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

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41 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
31-60 days past due (Stage 2)	-	-	-	No
61-90 days past due (Stage 2)	-	-	-	No
More than 90 days past due (Stage 3)	-	-	-	Yes
As at 31 March, 2021	-	-	-	
Current (not past due)(Stage 1)	246,568.38	0.70%	1,723.80	No
1-30 days past due (Stage 1)	12,735.62	5.06%	643.80	No
31-60 days past due (Stage 2)	14,854.61	19.18%	2,848.63	No
61-90 days past due (Stage 2)	10,402.81	25.64%	2,666.86	No
More than 90 days past due (Stage 3)	4,621.15	51.80%	2,393.63	Yes
	289,182.57	**3.55%**	**10,276.72**	

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 ₹ 6,148.94 Lacs at 31 March, 2022 (31 March, 2021: ₹ 16,380.83 Lacs;). 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

Loans measured at amortized cost*

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 31 March, 2020	**2,410.28**	**-**	**331.53**
Transfer to Stage 1	-	-	-
Transfer to Stage 2	-	-	-
Transfer to Stage 3	(3.42)	-	3.42
Loans assets originated or purchased	275.00	-	-
Loans assets that have been derecognised/repaid(excluding write offs)	(711.71)	-	(13.71)
Write offs (net of recoveries)	-	-	(317.82)
Gross carrying amount on 31 March, 2021 #	**1,970.15**	**-**	**3.42**
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	-	-	-
Transfer to Stage 2	(997.67)	997.67	-
Transfer to Stage 3	-	-	-
Loans assets originated or purchased	222.03	-	-
Net Financial assets that have been derecognised/repaid(excluding write offs)	(964.92)	-	14.78
Write offs (net of recoveries)	-	-	88.16
Transfer from Fair value through OCI to Amortised cost	385,726.04	33,928.19	3,978.05
Gross carrying amount on 31 March, 2022	**385,955.63**	**34,925.86**	**4,084.41**

Summary of significant accounting policies and other explanatory information
for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

41 Financial risk management (contd.)

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, 2020	225,272.24	9,129.90	3,552.76
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	2,158.29	(2,001.89)	(156.40)
Transfer to Stage 2	(20,778.01)	20,875.31	(97.30)
Transfer to Stage 3	(2,546.40)	(1,671.51)	4,217.91
Loans assets originated or purchased	121,218.33	304.69	74.77
Loans assets that have been derecognised/repaid(excluding write offs)	(64,797.22)	(308.22)	(248.67)
Write offs (net of recoveries)	(1,223.25)	(1,070.85)	(2,721.91)
Gross carrying amount on 31 March, 2021 #	**259,303.98**	**25,257.43**	**4,621.16**
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	3,323.24	(2,919.14)	(404.11)
Transfer to Stage 2	(17,443.62)	17,703.55	(259.92)
Transfer to Stage 3	(1,563.31)	(1,815.41)	3,378.72
Loans assets originated or purchased	189,350.31	123.97	-
Loans assets that have been derecognised/repaid(excluding write offs)	(46,437.74)	(3,183.64)	(1,981.65)
Write offs (net of recoveries)	(806.82)	(1,238.57)	(1,376.15)
Transfer from Fair value through OCI to Amortised cost	(385,726.04)	(33,928.19)	(3,978.05)
Gross carrying amount on 31 March, 2022	-	-	-

Stage 3 assets as at 31 March, 2021, includes restructured loan which are considered as credit impaired and provided accordingly under Ind AS. Further, the same has been considered as standard assets for the limited purpose of regulatory disclosures based on dispensation given by RBI.

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, 2020	**4.30**	-	**141.74**
Transfer from Amortised cost to Fair value through OCI			

Summary of significant accounting policies and other explanatory information
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(All Amount ₹ in Lacs unless otherwise stated)

41 Financial risk management (contd.)

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)
Transfer to Stage 1	-	-	-
Transfer to Stage 2	-	-	-
Transfer to Stage 3	(1.36)	-	1.36
Net Remeasurement of loss allowance	186.43	-	-
Loans assets originated or purchased	-	-	-
Loans assets that have been derecognised/repaid(excluding write offs)	(0.63)	-	-
Write offs (net of recoveries)	-	-	(141.74)
Loss allowance on 31 March, 2021	**188.74**	**-**	**1.36**
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	-	-	-
Transfer to Stage 2	(102.81)	102.81	-
Transfer to Stage 3	-	-	-
Net Remeasurement of loss allowance	-	-	-
Loans assets originated or purchased	0.61	-	-
Loans assets that have been derecognised/repaid(excluding write offs)	(85.95)	-	16.85
Write offs (net of recoveries)	-	-	88.15
Transfer from Fair value through OCI to Amortised cost	1,244.14	4,402.02	1,422.86
Loss allowance on 31 March, 2022	**1,244.73**	**4,504.83**	**1,529.22**

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, 2020	**371.41**	**944.18**	**1,421.35**
Transfer from Amortised cost to Fair value through OCI			

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

41 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)
Transfer to Stage 1	18.70	(17.73)	(0.97)
Transfer to Stage 2	(2,759.31)	2,770.34	(11.03)
Transfer to Stage 3	(936.80)	(650.67)	1,587.47
Net Remeasurement of loss allowance	5,457.31	2,602.22	532.15
Loans assets originated or purchased	288.47	14.50	19.98
Loans assets that have been derecognised/repaid(excluding write offs)	(16.35)	(6.89)	(5.10)
Write offs (net of recoveries)	(25.61)	(170.67)	(1,150.23)
Loss allowance on 31 March, 2021	**2,397.82**	**5,485.28**	**2,393.62**
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	23.23	(19.92)	(3.31)
Transfer to Stage 2	(1,952.71)	1,981.94	(29.23)
Transfer to Stage 3	(565.00)	(685.48)	1,250.48
Loans assets originated or purchased	484.46	12.63	-
Loans assets that have been derecognised/repaid(excluding write offs)	1,663.16	(1,133.86)	(812.55)
Write offs (net of recoveries)	(806.82)	(1,238.57)	(1,376.15)
Transfer from Fair value through OCI to Amortised cost	(1,244.14)	(4,402.02)	(1,422.86)
Loss allowance on 31 March, 2022	**-**	**-**	**-**

i) Concentration risk

Pursuant to the guidelines of the Reserve Bank of India, 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, 2022	As at 31 March, 2021
Housing Loans	294,244.80	198,209.27
Construction Finance	1,219.69	1,973.57
Loan against property	129,501.41	90,973.30

Summary of significant accounting policies and other explanatory information
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41 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, 2022	For the year ended 31 March, 2021
Property	13	2
Principal outstanding and installment overdue	137.05	114.89

The Company's policy is to pursue timely realization of the collateral in an orderly manner. The Company does not generally use the non-cash collateral for its own operations.

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 :

31 March, 2022	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	3,506.25	28,814.13	-	32,320.38
Borrowings (other than debt securities)	61,330.74	132,763.77	135,151.54	329,246.05
Subordinated liabilities	1,250.00	2,503.42	11,246.58	15,000.00
Payables	976.53	-	-	976.53
Other financial liabilities	5,149.25	-	-	5,149.25
Lease liabilities	132.01	538.04	1,028.79	1,698.84
Total	**72,344.78**	**164,619.36**	**147,426.91**	**384,391.05**

31 March, 2021	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	20,493.93	30,966.05	-	51,459.98
Borrowings (other than debt securities)	73,847.83	83,552.09	101,607.63	259,007.55
Subordinated liabilities	1,250.00	2,503.42	12,496.58	16,250.00
Payables	2,555.21	-	-	2,555.21
Other financial liabilities	3,823.05	-	-	3,823.05
Lease liabilities	121.70	241.43	426.01	789.14
Total	**102,091.72**	**117,262.99**	**114,530.22**	**333,884.93**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

41 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	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Fixed rate instruments		
Financial assets	64,067.99	29,370.85
Financial liabilities	55,682.98	96,502.60
Variable rate instruments		
Financial assets	368,398.27	280,701.58
Financial liabilities	271,901.53	164,856.83

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, 2022		
Variable rate instruments	964.97	(964.97)
Cash flow sensitivity (net)	**964.97**	**(964.97)**
31 March, 2021		
Variable rate instruments	1,158.45	(1,158.45)
Cash flow sensitivity (net)	**1,158.45**	**(1,158.45)**

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.

Summary of significant accounting policies and other explanatory information

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(All Amount ₹ in Lacs unless otherwise stated)

41 Financial risk management (contd.)

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, 2022, there were legal cases pending against the Company having an aggregate contingent liability of ₹ 0.28 Lacs (31 March, 2021: ₹ 0.28 Lacs). Based on the opinion of the Company's legal advisors, the management believes that no further 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
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42 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) and Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. 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, 2022	As at 31 March, 2021
CRAR (%)	42.77	30.50
CRAR -Tier I Capital (%)	39.91	25.92
CRAR -Tier II Capital (%)	2.86	4.58

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 has categorised its FVTOCI loan assets into AC in FY21-22 (Refer note 55)

43 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 as amended and PHFL - Employee Stock Option Plan 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 31.03.2018. The ESOP Trust is managed by Independent Professionals as Trustees.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

43 Employee Stock Option Plan / Scheme (ESOP/ RSO) (contd.)

Pursuant to a resolution passed by the members holding Equity shares vide Extra Ordinary General Meeting held on 31 March, 2018, the Company has approved the Employee Stock Option Plan - 2018 (MHFL ESOP 2018). There were no fresh grants made during the year. The Board Members at its meeting held on 16 August, 2021, had approved the cancellation of 2,095,000 ungranted Options under the plan based on the recommendation of Nomination & Remuneration Committee (NRC). Further, 1,905,000 Options already granted under MHFL ESOP 2018 to eligible employees shall remain operation with all its existing terms and conditions (as amended from time to time) until such options are exercised/ lapsed.

Further, pursuant to a resolution passed by the members holding Equity shares vide Annual General Meeting held on 18 August, 2021 the Company had approved the PHFL - Employee Stock Option Plan in 2021 (PHFL ESOP 2021). There were no fresh grants made during the year.

Further, pursuant to a resolution passed by the members holding Equity shares vide Extra Ordinary General Meeting held on 25 January, 2022, the Company had amended the Restricted Stock Option Plan - 2018 of the Company (PHRSO 2018). The members had also approved the offer, acquisition and allotment by additional 500,000 (Five Lacs only) Restricted Stock Options in the PHRSO 2018 at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the NRC. During the year, the members of the NRC had granted 400,000 (Four Lakh only) Options in two tranches of 200,000 options each, effective from 29 January, 2022, under PHRSO 2018 to eligible employee. Further, the NRC on 29 November, 2021, had approved the allotment of 1,973,333 equity shares to eligible employee pursuant to exercise of RSO granted under PHRSO 2018.

Particulars	MHFL ESOP 2018	PHRSO 2018
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. In tranche 7 the vesting is dependent on following two conditions: ◆ Vesting is linked to achievement of at least one of the following two on or before 31 March, 2022: Capital raise in Magma Housing Finance for ₹ 250 Crore or more. Successful completion of this condition will mean receipt of the capital raise money in the bank Successful demerger of the mortgage portfolio from Magma Fincorp Limited. Successful completion of this condition will mean filing of documents for scheme of arrangement with the ROC ◆ Vesting Period – 100% of options will vest either on successful completion of vesting condition, or 1 year from the date of grant, whichever is later, subject to successful completion of vesting condition.	The vesting conditions are linked to profitability

Summary of significant accounting policies and other explanatory information
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43 Employee Stock Option Plan / Scheme (ESOP/ RSO) (contd.)

Particulars	MHFL ESOP 2018	PHRSO 2018
Vesting period	The vesting period for Tranche 3 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. In Tranche 7 the live options vest fully (100%) after expiry of one year from the date of grant.	Revised vesting criteria of RSO ◆ 1,480,000 to be deemed vested effective FY22 upon execution of necessary documents and resetting the AUM and RoE targets for FY2019-20 vesting. ◆ Balance 1,480,000 in three tranches annually by FY 2022-23 subject to performance conditions on AUM and ROE. ◆ Enable catchup of unvested component in FY 2022-23 if average actual RoE exceeds average target RoE by 1%

1 Options granted under Tranche 3 and 7 of ESOP 2018, have lapsed entirely during the year.

B Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans were as follows:

MESOP,2018 :

Particulars	As at 31 March, 2022 No. of options	As at 31 March, 2021 No. of options
Outstanding at the beginning of the year	1,935,000	830,000
Granted during the year	-	1,200,000
Lapsed during the year	1,305,000	95,000
Outstanding options at the end of the year	630,000	1,935,000
Exercisable at the end of the year	250,500	246,000

The options outstanding at 31 March, 2022 have exercise price of ₹ 58.39 & NIL (Tranche 6 and 7), ₹ 36.66 (Tranche 4 & 5) and ₹ NIL (Tranche 3) (31 March, 2021: ₹ 58.39, ₹ 36.66 & ₹ 19.65) and a weighted average remaining contractual life of 1.27 years (31 March, 2021: 1.65 years)

MHRSO, 2018 :

Particulars	As at 31 March, 2022 No. of options	As at 31 March, 2021 No. of options
Outstanding options at the beginning of the year	2,960,000	2,960,000
Granted during the year	400,000	-
Forfeited during the year	-	-
Exercised during the year	1,973,333	-
Expired/ lapsed during the year	-	-
Outstanding options at the end of the year	1,386,667	2,960,000
Exercisable at the end of the year	-	1,480,000

The options outstanding at 31 March, 2021 have an exercise price of ₹ 10 (31 March, 2021: ₹ 10) and a weighted average remaining contractual life of 0.76 years (31 March 2021: 1.24 years)

Summary of significant accounting policies and other explanatory information
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(All Amount ₹ in Lacs unless otherwise stated)

43 Employee Stock Option Plan / Scheme (ESOP/ RSO) (contd.)

(i) 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.

(ii) There is 1 identified employee who was granted RSO, 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.

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	31 March, 2022	31 March, 2021
Fair market value of option as on the date of grant	20.89 - 31.76	16.33 - 31.76
Exercise price	10.00 - 58.39	10.00 - 58.39
Expected volatility (%) of share price	41.76% - 45.73%	40.54% - 45.73%
Expected option life (weighted average)	up to 1 year	up to 3 years
Risk free interest rate (p.a.)	4.70% to 6.43%	4.70% to 7.99%

The stock based compensation expenses determined using fair value method and charged to statement of profit and loss account is ₹ 39.93 Lacs (31 March, 2021: ₹ 252.07 Lacs) .

44 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, 2022		As at 31 March, 2021	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
Financial assets				
Cash and cash equivalents	1,953.48	-	9,300.64	-
Other bank balances	3,445.46	750.00	4,286.27	2,793.92
Derivative financial instruments	50.63	-		
Loans	74,775.82	342,914.73	45,233.59	235,467.99
Other financial assets	2,985.18	5,590.96	4,725.48	8,264.54
Total financial assets	**83,210.57**	**349,255.69**	**63,545.98**	**246,526.45**
Non Financial assets				
Current tax assets (net)	-	1,035.28	-	759.26
Property, plant and equipment	-	833.97	-	101.13
Other intangible assets	-	152.75	-	185.45
Right of use assets	324.70	1,246.91	155.63	569.08
Assets held for sale	205.63	-	364.70	-
Other non-financial assets	1,863.01	570.85	658.73	493.97
Total non financial assets	**2,393.34**	**3,839.76**	**1,179.06**	**2,108.89**
TOTAL	**85,603.91**	**353,095.45**	**64,725.04**	**248,635.34**

Summary of significant accounting policies and other explanatory information
for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

44 (contd.)

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
Financial Liabilities				
Derivative financial instruments	26.87	-	-	-
Payables				
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	242.44	-	951.50	-
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	707.22	-	1,603.70	-
Debt securities	2,324.21	26,995.86	18,033.10	27,965.74
Borrowings (other than debt securities)	50,401.95	230,077.31	63,385.46	134,857.87
Subordinated liabilities	3.42	9,957.14	2.54	9,947.32
Lease liability	132.01	1,566.83	121.70	667.44
Other financial liabilities	5,149.25	-	3,823.06	-
Total financial liabilities	**58,987.37**	**268,597.14**	**87,921.06**	**173,438.37**
Non Financial Liabilities				
Provisions	239.61	-	2.36	170.54
Deferred tax liabilities (net)	-	811.33	-	628.87
Other non-financial liabilities	1,884.88	-	1,514.26	-
Total non financial liabilities	**2,124.49**	**811.33**	**1,516.62**	**799.41**
TOTAL	**61,111.86**	**269,408.47**	**89,437.68**	**174,237.78**
Shareholders fund	**-**	**108,179.03**	**-**	**49,684.92**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

45 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, 2022	As at 31 March, 2021
Carrying amount of transferred assets measured	10,731.93	28,949.62
Carrying amount of associated liabilities	9,846.38	27,442.00
Fair value of assets	10,707.58	28,838.11
Fair value of associated liabilities	10,570.35	27,705.23
Net position at fair value	137.23	1,132.88

The nature of the risks and rewards of ownership to which the entity is exposed.

A description of the nature of the relationship between the transferred assets and the associated liabilities, including restrictions arising from the transfer on the reporting entity's use of the transferred assets.

Loans and advances to customers are sold by the Company to securitisation vehicles, which in turn issue PTCs to investors collateralised by the purchased assets. In securitisation transactions entered, the Company transfers loans and advances to an unconsolidated securitisation vehicle, however it retains credit risk (principally through credit enhancement provided by the Company).

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.

46 Change in liabilities arising from financing activities

Particulars	As at 1 April, 2021	Loan Taken	Loan Paid	Non Cash Changes*	As at 31 March, 2022
Debt securities	45,998.84	-	(16,000.00)	(678.77)	29,320.07
Borrowings (other than debt securities)	198,243.33	285,815.22	(204,042.07)	462.78	280,479.26
Subordinated liabilities	9,949.86	-	-	10.70	9,960.56
Total Liabilities from financing activities	**254,192.03**	**285,815.22**	**(220,042.07)**	**(205.29)**	**319,759.89**

Particulars	As at 1 April, 2020	Loan Taken	Loan Paid	Non Cash Changes*	As at 31 March, 2021
Debt securities	5,491.93	41,000.00	(2,500.00)	2,006.91	45,998.84
Borrowings (other than debt securities)	182,848.31	258,371.10	(242,059.62)	(916.46)	198,243.33
Subordinated liabilities	9,939.18	-	-	10.68	9,949.86
Total Liabilities from financing activities	**198,279.42**	**299,371.10**	**(244,559.62)**	**1,101.13**	**254,192.03**

*Represents adjustments on account of EIR and other adjustments

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions

(a) Capital

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) CRAR (%)	42.77	30.50
(ii) CRAR -Tier I Capital (%)	39.91	25.92
(iii) CRAR -Tier II Capital (%)	2.86	4.58
(iv) Amount of subordinated debt raised as Tier- II Capital*	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

Note :The Company had implemented resolution plan for certain loan accounts under the Resolution Framework for COVID-19-related Stress in accordance with the RBI circulars in this regard. For risk weight purposes such loan exposures have not been considered as restructured loans.

*The outstanding amount of Sub debt as on 31 March, 2022 is ₹ 9,960.56 Lacs (31 March, 2021 : ₹ 9,949.80 Lacs). However, during the FY2020-21 and FY2021-22, the Company had not raised any Subordinated Debt.

(b) Reserve Fund u/s 29C of NHB Act, 1987

Particulars	As at 31 March, 2022	As at 31 March, 2021
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the NHB Act 1987	2,160.60	2,160.60
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	3,701.04	3,092.37
Total	**5,861.64**	**5,252.97**

Particulars	As at 31 March, 2022	As at 31 March, 2021
Additions/Appropriation/Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	281.20	-
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	1,266.50	608.67
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	2,441.80	2,160.60
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	4,967.54	3,701.04
Total	**7,409.34**	**5,861.64**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

(c) Investments

Particulars	As at 31 March, 2022	As at 31 March, 2021
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India*	-	-
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India*	-	-
(b) Outside India	-	-

*Investment by the Company in Security Receipts amounting to ₹ 538.91 Lacs (31 March, 2021 ₹ 594.75 Lacs) included in "Other Financial Assets"

Particulars	As at 31 March, 2022	As at 31 March, 2021
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	-	-

(d) Derivatives

Forward Rate Agreement (FRA)/ Interest Rate swap (IRS)

Particulars	As at 31 March, 2022	As at 31 March, 2021
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 HFC upon entering into swaps	NIL	NIL
Concentration of credit risk arising from the swaps	NIL	NIL
The fair value of the swap book	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 2022	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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

The Company's borrowings 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.

Particulars	Currency Derivatives	Interest Rate Derivatives
Derivatives (Notional Principal Amount)	13,870.03	Nil
Marked to Market Positions	23.76	Nil
(A) Assets (+)	50.63	Nil
(B) Liabilities (-)	(26.87)	Nil
Credit Exposure	Nil	Nil
Unhedged Exposures	Nil	Nil

(e) Securitisation[1]

Particulars	As at 31 March, 2022	As at 31 March, 2021
(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]	4.00	4.00
2 Total amount of securitised assets as per books of the SPEs	10,224.35	13,542.04
3 Total amount of exposures retained by the originator 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	1,164.61	1,293.61
Others	391.76	518.18

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

Particulars	As at 31 March, 2022	As at 31 March, 2021
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	1,106.92	1,235.92
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	4,258.62	5,607.14
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
5 Sale consideration received for the securitised assets and gain/ loss on sale on account of securitisation	Not Applicable	Not Applicable

6 Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing etc. :	- Cash Collateral in the form of FD (First Loss) : ₹ 1,164.61 Lacs (Lien marked) - Liquidity support in form of Cash Collateral as FD (Second Loss) : ₹ 1,106.92 Lacs (Lien marked)[4] - Post Securitization assets servicing fee charged on monthly basis @ 0.10% on the outstanding amount.[5]	- Cash Collateral in the form of FD (First Loss) : ₹ 1,293.61 Lacs (Lien marked) - Liquidity support in form of Cash Collateral as FD (Second Loss) : ₹ 1,235.92 Lacs (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 : ₹ 1,293.61 Lacs (b) Lien Marked amount : ₹ 1,164.61 Lacs (90% of original FD value) (ii) Against Second Loss : (a) Amount of FD Placed : ₹ 1,235.92 Lacs (b) Lien Marked amount : ₹ 1,106.92 Lacs (90% of original FD value)	A) Details of the FD placed for this purpose as under[4]: (i) Against First Loss (a) Amount of FD Placed : ₹ 1,293.61 Lacs (b) Lien Marked amount : ₹ 1,293.61 Lacs (100% of original FD value) (i) Against Second Loss : (a) Amount of FD Placed : ₹ 1,235.92 Lacs (b) Lien Marked amount : ₹ 1,235.92 Lacs (100% of original FD value)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

		(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 : ₹ 809.38 Lacs (b) Repayment received : ₹ 417.62 Lacs (c) Outstanding amount : ₹ 391.76 Lacs (48% of original investment)	(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 : ₹ 809.38 Lacs (b) Repayment received : ₹ 291.19 Lacs (c) Outstanding amount : ₹ 518.19 Lacs (64% of original investment)
8	Average default rate of portfolios observed in the past (Home Loan) :	6.10%	4.88%
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

[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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

(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 during the year ended 31 March, 2022:	
Entity/Assignee	NIL
Count of Loan accounts Assigned	NIL
Amount of Loan accounts Assigned	NIL
Retention of beneficial economic interest (MRR)	NIL
Weighted Average Maturity (Residual Maturity)	NIL
Weighted Average Holding Period	NIL
Coverage of tangible security coverage	NIL
Rating wise distribution of rated loans	NIL

(ii) Details of acquired through assignment in respect of loans not in default during the year ended 31 March, 2022 :	
Entity/Assignor	HFC/NBFC
Count of Loan accounts Assigned	6,590 Loans
Amount of Loan accounts Assigned	₹ 49,281.42 Lacs
Retention of beneficial economic interest (MRR)*	10%
Weighted Average Maturity (Residual Maturity)**	171 Months
Weighted Average Holding Period	25 Months
Coverage of tangible security coverage	100%
Rating wise distribution of rated loans	Unrated

* Retained by the originator

** At the time of acquisition

(iii) Details of stressed loans transferred during the year ended 31 March, 2022	To ARCs	To permitted transferees	To other transferees
No of accounts	297	303	-
Aggregate principal outstanding of loans transferred*	-	₹ 2,147.36 Lacs	-
Weighted average residual tenor of the loans transferred	-	143	-
Net book value of loans transferred (at the time of transfer)*	-	₹ 1,388.39 Lacs	-
Aggregate consideration	₹ 1,229.91 Lacs	₹ 1,561.00 Lacs	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

(f) 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, 2022

	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one months up to 2 months	Over two months up to 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 *	85.08	-	1,625.34	956.65	4,944.03	12,983.15	29,811.12	103,722.33	72,802.99	63,509.13	**290,439.82**
Market borrowings **	-	-	-	-	852.43	486.81	984.98	26,995.85	-	-	**29,320.07**
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	1,298.13	-	4,937.44	6,107.70	10,890.26	17,997.64	36,551.26	131,700.23	87,881.22	131,540.38	**428,904.26**
Investments***	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of certain items of assets and liabilities as at 31 March, 2021

	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one months up to 2 months	Over two months up to 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 *	631.15	-	960.17	4,363.93	4,488.03	11,694.46	41,250.26	69,257.12	40,954.27	34,593.80	**208,193.19**
Market borrowings **	-	-	-	-	845.15	1,214.54	15,973.41	27,965.74	-	-	**45,998.84**
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	1,434.19	-	3,106.18	3,790.58	6,560.62	11,006.36	22,499.48	82,694.14	58,123.93	100,527.58	**289,743.06**
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 ₹ 538.91 Lacs (March 21 ₹ 594.75 Lacs) 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, 2022
(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

(g) (i) Exposure to Real Estate Sector*

(i) Direct exposure

Particulars	As at 31 March, 2022	As at 31 March, 2021
1 Residential mortgages	396,337.22	276,986.20
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
2 Commercial real estate	1,239.96	1,973.57
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;		
3 Investments in Mortgage Backed Securities (MBS) and other securitized exposures**		
(a) Residential,	-	-
(b) Commercial real estate	538.91	594.75

(ii) Indirect Exposure

Particulars	As at 31 March, 2022	As at 31 March, 2021
1 Fund based exposures		
(a) on National Housing Bank (NHB)	-	-
(b) on Housing Finance Companies (HFCs)	-	-
2 Non-fund based exposures		
(a) on National Housing Bank (NHB)	-	-
(b) on Housing Finance Companies (HFCs)	-	-

*In addition to the exposure to Real Estate Sector disclosed above, the Company also had loan exposure against retail commercial property amounting to ₹ 27,388.71 as on 31 March, 2022 and ₹ 12,196.36 Lacs as on 31 March, 2021 which did not fall under definition of Commercial Real Estate.

**Includes security receipts, classified under "Other Financial Assets"

(i) Exposure to Capital Market

The Company did not have any exposure to capital market as at the financial years ended 31 March, 2022 and 31 March, 2021.

(ii) Details of financing of parent company products

The Company has not financed any products of parent company during the financial years ended 31 March, 2022 and 31 March, 2021.

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

The Company has not exceeded the prudential exposure limits (SGL and BGL) during the financial years ended 31 March, 2022 and 31 March, 2021.

(iv) Unsecured advances

a) The Company did not provide Unsecured Loans and Advances during the financial years ended 31 March, 2022 and 31 March, 2021. For determining the amount of unsecured advances, the rights, licenses, authorisations, etc., charged to the Company as collateral in respect of projects financed by it, have not been reckoned as tangible security.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

b) 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, 2022 and 31 March, 2021.

(v) 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, 2022 and 31 March, 2021.

(II) Miscellaneous

(a) Registration obtained from other financial sector regulators

The Company has not obtained any registration from other financial sector regulators other than that issued by the Reserve Bank of India/ National Housing Bank under Section 29A of the National Housing Bank Act, 1987.

(b) Disclosure of Penalties imposed by NHB/RBI and other regulators

During the current year, there were no penalties imposed by NHB/RBI or any other regulators. In FY2020-21, NHB imposed a penalty of ₹ 59,000 on account of non-compliance with the provisions of para 2(1)(v)(x) of NHB Directions, 2010, para 10(2) of issuance of NCDs on Private Placement basis (NHB) Directions, 2014, para 2(iii) of NHB's Policy circular 86 and Policy Circular 58, 75 & 96.

(c) Related Party Transactions

Refer note: 39 for related party transactions.

(d) Details of ratings assigned by Credit Rating Agencies and migration of ratings during the year

Facilities	Name of rating agency	Note	As at 31 March, 2022	Amount	As at 31 March, 2021	Amount
(i) Long term bank facilities	CRISIL Ratings Limited	Refer Note - 1	AA+ (Stable)	1,500	-	-
	CARE Ratings Limited	Refer Note - 2	AA+ (Stable)	3,500	AA- (CWD)	750
	ICRA Limited	Refer Note - 3	-	-	AA- (CWD)	1,122
(ii) Secured non-convertible debentures	CRISIL Ratings Limited	Refer Note - 1	AA+ (Stable)	1,500	-	-
	CARE Ratings Limited	Refer Note - 2	AA+ (Stable)	1,500	AA- (CWD)	480
	Brickwork Ratings India Private Limited	Refer Note - 4	-	-	AA-	100
(iii) PTC (on account of securitisation transaction)	ICRA Limited	-	AA (SO)	102	AA (SO)	135
(iv) Short Term Debt (Commercial debt)	CRISIL Ratings Limited	Refer Note - 5	A1+	500	A1+	100
	CARE Ratings Limited	Refer Note - 6	A1+	300	-	-

Note:

1. CRISIL assigned the long-term rating of '**CRISIL AA+(Stable)**' vide rating letter dated 31 January, 2022.
2. CARE upgraded the long-term rating by 2 notches to '**CARE AA+(Stable)**' vide rating letter dated 26 August, 2021.
3. Rating from ICRA Limited stands withdrawn vide rating letter dated 06 October, 2021.
4. Rating from Brickwork Ratings India Private Limited stands withdrawn vide rating letter dated 21 April, 2021.
5. CRISIL enhanced rating limit to ₹ 500 Crore from ₹ 100 Crore vide rating letter dated 31 January, 2022.
6. CARE assigned the short-term rating of '**CARE A1+**' vide rating letter dated 19 October, 2021.

Summary of significant accounting policies and other explanatory information
for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

(e) Remuneration of Directors

Name of the non-executive directors	Nature of transaction	Year ended 31 March, 2022	Year ended 31 March, 2021
(i) Adar Poonawalla (w.e.f. 08.07.2021)	Director sitting fee	2.50	-
(ii) Abhay Bhutada (w.e.f. 08.07.2021 to 16.09.2021)	Director sitting fee	1.60	-
(iii) Sanjay Chamria (w.e.f. 11.02.2013 to 23.11.2021)	Director sitting fee	-	-
(iv) Amar Deshpande (w.e.f. 20.07.2021)	Director sitting fee	15.70	-
(v) Bhama Krishnamurthy (w.e.f. 24.05.2021)	Director sitting fee	16.60	-
(vi) Prabhakar Ramchandra Dalal (w.e.f. 24.05.2021)	Director sitting fee	17.50	-
(vii) Sajid Fazalbhoy (w.e.f. 24.05.2021 to 14.01.2022)	Director sitting fee	7.70	-
(viii) Deena Mehta (up to 09.06.2021)	Director sitting fee	2.00	12.70
(ix) Raman Uberoi (up to 09.06.2021)	Director sitting fee	2.00	8.80
(x) Satya Brata Ganguly (up to 12.07.2020)	Director sitting fee	-	0.90

(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 does not have any outstanding loans against collateral of gold jewellery to their outstanding total assets as at the financial year ended 31 March, 2022 and 31 March, 2021

(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, 2022	Year ended 31 March, 2021
Provision for depreciation on investment	-	-
Under "Employee Benefit Expenses"		
(i) Provision for compensated absences	179.70	74.43
(ii) Provision for gratuity	74.92	67.75
Under "Impairment for Loss Allowances"		
(i) Provision towards non-performing assets (NPAs)*	(106.79)	831.90
(ii) Provision for standard assets**	(2,331.57)	6,770.90

* 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 54 for further details in this regard.

** There has been write-back of provisions due to reversal of management overlay made during FY2020-21 to manage the potential impact of COVID-19 pandemic. Refer to the Note 54 for further details in this regard.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended 31 March, 2022	Year ended 31 March, 2021
Under "Tax expenses"		
(i) Provision made towards Income tax (includes deferred tax)	2,377.72	346.88

Break up of Loan and Advances and Provisions thereon	As at 31 March, 2022		As at 31 March, 2021	
	Housing	Non Housing*	Housing	Non Housing*
Standard Assets				
(i) Total outstanding amount	282,120.42	135,828.11	197,590.82	89,772.86
(ii) Provision made	3,144.86	2,206.63	5,568.74	2,836.30
Sub-Standard Assets				
(i) Total outstanding amount	3,551.51	2,762.63	2,445.77	1,098.83
(ii) Provision made	989.40	664.71	1,277.62	609.44
Doubtful Assets-Category-I				
(i) Total outstanding amount	357.05	286.25	146.24	88.42
(ii) Provision made	120.00	93.04	76.30	77.51
Doubtful Assets-Category-II				
(i) Total outstanding amount	-	57.12	-	13.19
(ii) Provision made	-	57.32	-	20.79
Doubtful Assets-Category-III				
(i) Total outstanding amount	-	2.81	0.01	-
(ii) Provision made	-	2.82	0.12	-
Loss Asset				
(i) Total outstanding amount	-	-	-	-
(ii) Provision made	-	-	-	-
Total				
(i) Total outstanding amount	**286,028.98**	**138,936.92**	**200,182.84**	**90,973.30**
(ii) Provision made	**4,254.26**	**3,024.52**	**6,922.78**	**3,544.04**

* It includes receivables towards fundings done for availment of insurance cover by the borrowers. Such receivables amounted to ₹ 9,436.08 Lacs as on 31 March, 2022 (31 March, 2021 : ₹ 6,981.20 Lacs)

Note: a. The Total Outstanding Amount means Principal + accrued interest + other charges pertaining to loans

Note : Provisions have been computed on exposure on Loan accounts before any Ind-AS adjustments

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

(b) Draw down from Reserves

The Company has not drawn any amount from Reserves during the financial year ended 31 March, 2022 and 31 March, 2021 respectively.

(c) Concentration of Public Deposits, Advances, Exposures and NPAs.

(i) Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

The Company is not a deposit accepting HFC. Accordingly, this disclosure is not applicable on the Company.

(ii) Concentration of Loans and Advances

	As at 31 March, 2022	As at 31 March, 2021
Total Loans and Advances to twenty largest borrowers	3,365.87	6,545.99
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	0.79%	2.25%

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

	As at 31 March, 2022	As at 31 March, 2021
Total Exposure to twenty largest borrowers / customers	3,395.87	7,273.27
Percentage of Exposures to twenty largest borrowers / customers to total Exposure of the HFC on borrowers / customers	0.67%	1.82%

*The Company doesn't provide any off-balance sheet facilities to its borrowers/ customers. However, there are some sanctioned undisbursed loan facilities which have been treated as off-balance sheet exposure. Further, the Company has not considered credit enhancement provided for securtisation transactions for this purpose.

(iv) Concentration of NPAs

	As at 31 March, 2022	As at 31 March, 2021
Total Exposure to top ten NPA accounts	546.54	546.49

(v) Sector-wise NPAs

Sector	% of NPAs to Total Advances in that sector	
	As at 31 March, 2022	As at 31 March, 2021
(A) Housing Loan		
1 Individuals	1.37%	1.31%
2 Builders/Project Loans	-	0.17%
3 Corporates	-	-
4 Others (specify)	-	-
(B) Non-Housing Loan		
1 Individuals	2.24%	1.33%
2 Builders/Project Loans	-	-
3 Corporates	1.20%	1.09%
4 Others (specify)	-	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

47 (I) Other disclosures as required by paragraph 16 of the NBFC - HFC Directions (contd.)

(d) Movement of NPAs

	As at 31 March, 2022	As at 31 March, 2021
i) Net NPAs to Net Advances (%)	1.20%	0.60%
ii) Movement of NPAs (Gross)		
a) Opening balance	3,792.46	3,884.27
b) Additions during the year	6,360.94	3,478.41
c) Reductions during the year	(3,136.02)	(3,570.22)
d) Closing balance	**7,017.38**	**3,792.46**
iii) Movement of Net NPAs		
a) Opening balance	1,730.68	2,321.18
b) Additions during the year	4,699.54	1,557.06
c) Reductions during the year	(1,340.12)	(2,147.56)
d) Closing balance	**5,090.10**	**1,730.68**
iv) Movement of provisions for NPAs (excluding provisions on standard assets)*		
a) Opening balance	2,061.78	1,563.09
b) Provisions made during the year	1,661.40	1,921.35
c) Write-off / (write-back) of excess provisions	(1,795.90)	(1,422.66)
d) Closing balance	**1,927.28**	**2,061.78**

* the provisions referred here is loss allowances for Expected Credit Loss (ECL) under Ind AS

(e) Overseas Assets

The Company does not have any overseas assets as at 31 March, 2022 and 31 March, 2021

(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, 2022 and 31 March, 2021

(IV) Customer Complaints

	As at 31 March, 2022	As at 31 March, 2021
(i) No. of complaints pending at the beginning of the year	22	4
(ii) No. of complaints received during the year	230	318
(iii) No. of complaints redressed during the year	251	300
(iv) No. of complaints pending at the end of the year	1	22

48 Principle Business Criteria

	As at 31 March, 2022	As at 31 March, 2021
a) Individual Housing Loan to Total Tangible Assets	64.92%	61.01%
b) Total Housing Loan to Total Tangible assets	65.22%	61.65%

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

49 Disclosures pursuant to RBI Circular no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13.03.2020

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	386,284.29	1,191.77	385,092.52	1,152.95	38.82
	Stage 2	31,664.23	4,087.62	27,576.61	2,550.95	1,536.67
Subtotal		**417,948.52**	**5,279.39**	**412,669.13**	**3,703.90**	**1,575.49**
Non Performing Assets (NPA)				-		-
Substandard*	Stage 1	214.15	2.15	212.00	32.88	(30.73)
	Stage 2	2,699.39	394.17	2,305.22	480.33	(86.16)
	Stage 3	3,400.60	1,257.80	2,142.80	802.81	454.99
Doubtful- up to 1 year*	Stage 1	0.67	-	0.67	0.67	(0.67)
	Stage 2	18.74	1.74	17.00	5.08	(3.34)
	Stage 3	623.89	211.30	412.59	283.46	(72.16)
1 to 3 years	Stage 3	57.13	57.32	(0.19)	48.26	9.06
More than 3 years	Stage 3	2.81	2.81	-	2.81	-
Subtotal for doubtful		**703.24**	**273.17**	**430.07**	**340.28**	**(67.11)**
				-		
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**7,017.38**	**1,927.29**	**5,090.09**	**1,656.30**	**270.99**
Other items such as gurantees,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	18,480.22	50.81	18,429.41	-	50.81
	Stage 2	213.39	21.29	192.10	-	21.29
		18,693.61	**72.10**	**18,621.51**	**-**	**72.10**
Subtotal		**443,659.51**	**7,278.78**	**436,380.73**	**5,360.20**	**1,918.58**
				-		-
Total	Stage 1	404,979.33	1,244.73	385,305.19	1,186.50	7.42
	Stage 2	34,595.75	4,504.82	29,898.83	3,036.36	1,447.17
	Stage 3	4,084.43	1,529.23	2,555.20	1,137.34	391.89
	Total	**443,659.51**	**7,278.78**	**436,380.73**	**5,360.20**	**1,918.58**

*In accordance with the RBI circular dated November, 2021 on “Prudential Norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances- Clarifications” and the clarification dated 15 February, 2022 the Company has already adopted the requirement prescribed with respect to ‘Upgradation of accounts classified as NPAs’ while the RBI clarification dated 15 February, 2022 has provided time till 30 September, 2022 to implement the same. Accordingly, total amount of ₹ 2,932.96 Lacs has been treated as Sub-Standard Assets under the IRACP even though it was rolled-back below 90DPD. However, for accounting under the Ind AS, this amount of ₹ 2,932.96 Lacs has not been shown under Stage 3 based on the recovery performance of the underlying loan facilities

Note : Provisions have been computed on exposure on Loan accounts before any Ind-AS adjustments

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

49 Disclosures pursuant to RBI Circular no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13.03.2020 (contd.)

As at and for the year ended 31 March, 2021

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	261,856.20	2,789.52	259,066.68	844.32	1,945.20
	Stage 2	25,507.48	5,615.53	19,891.95	1,336.54	4,278.99
Subtotal		**287,363.68**	**8,405.05**	**278,958.63**	**2,180.86**	**6,224.19**
Non Performing Assets (NPA)				-		-
Substandard	Stage 3	3,544.61	1,887.05	1,657.56	531.69	1,355.36
				-		-
Doubtful- up to 1 year	Stage 3	234.65	153.81	80.84	58.66	95.15
1 to 3 years	Stage 3	13.19	20.79	(7.60)	5.28	15.51
More than 3 years	Stage 3	0.01	0.12	(0.11)	-	0.12
Subtotal for doubtful		247.85	174.72	73.13	63.94	110.78
				-		
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**3,792.46**	**2,061.77**	**1,730.69**	**595.63**	**1,466.14**
Other items such as gurantees,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	16,087.63	31.36	16,056.27	-	31.36
	Stage 2	308.64	30.21	278.43	-	30.21
		16,396.27	**61.57**	**16,334.70**	**-**	**61.57**
Subtotal		**307,552.41**	**10,528.39**	**297,024.02**	**2,776.49**	**7,751.90**
				-		-
Total	Stage 1	277,943.83	2,820.88	275,122.95	844.32	1,976.56
	Stage 2	25,816.12	5,645.74	20,170.38	1,336.54	4,309.20
	Stage 3	3,792.46	2,061.77	1,730.69	595.63	1,466.14
	Total	**307,552.41**	**10,528.39**	**297,024.02**	**2,776.49**	**7,751.90**

** Represents loan cases sanctioned but not disbursed

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

50 Public disclosure on Liquidity Risk as at 31 March, 2022

(i) Funding Concentration based on significant counterparty (both deposits and Liabilities)

Sr. No.	Number of Significant Counterparties	Amount	% of total deposits	% of total Liabilities
1	13	316,006.07	NA	95.61%

Note : A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Company's total liabilities

(ii) Top 20 large deposits

The Company is a Non-Deposit taking Housing Finance Company and it does not accept any Public Deposits.

(iii) Top 10 borrowings

Sanctioned	Outstanding	% of total Borrowings
4,48,561.66	2,96,068.57	93.69%

(iv) Funding Concentration based on significant instrument/product

Name of the Instrument	Amount (in Lacs)	% of total Liabilities
Term Loan Facilities	267,781.72	81.02%
Cash Credit Facilities	-	0.00%
Non - Convertible Debentures	28,000.00	8.47%
Subordinate Debt Instruments	10,000.00	3.03%
Loan from PTC Investors	10,224.35	3.09%

A "significant instrument / product" is defined as a single instrument / product of group of similar instruments/ products which in aggregate amount to more than 1% of the Company's 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

Short term liabilities	% of Total Liabilities	% of Total Assets	% of Public Funds
-	-	-	-

Note : The outstanding balances mentioned above represents principal figures.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

50 Public disclosure on Liquidity Risk as at 31 March, 2022 (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.

(V) Schedule to the Balance Sheet of an HFC, as per the Companies Act, 2013

Particulars	As at 31 March, 2022		As at 31 March, 2021	
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	29,320.07	-	45,998.84	-
: Unsecured	-	-	-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	267,504.06	-	145,151.04	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans :		-		-
Loans repayable on demand	3,128.82	-	25,650.29	-
Subordinated liabilities	9,960.56	-	9,949.86	-
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 ₹ 9,846.38 Lacs 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.

(All Amount ₹ in Lacs unless otherwise stated)

50 Public disclosure on Liquidity Risk as at 31 March, 2022 (contd.)

Assets side

	Amount outstanding As at 31 March, 2022	Amount outstanding As at 31 March, 2021
3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	424,965.90	291,156.14
(b) Unsecured	3.43	12.26
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	-	-
(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	-	-
(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	-	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

50 Public disclosure on Liquidity Risk as at 31 March, 2022 (contd.)

Assets side

	Amount outstanding As at 31 March, 2022	Amount outstanding As at 31 March, 2021
2 Unquoted		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government securities	-	-
(v) Others	-	-

Schedule to the Balance Sheet of an HFC, as per the Companies Act, 2013

6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	As at 31 March, 2022 Amount net of provisions			As at 31 March, 2021 Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1 Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	2,437.22	-	2,437.22
(c) Other Related parties	-	-	-	-	-	-
2 Other than related parties	417,687.12	3.43	417,690.55	278,252.10	12.26	278,264.36
Total	**417,687.12**	**3.43**	**417,690.55**	**280,689.32**	**12.26**	**280,701.58**

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, 2022		As at 31 March, 2021	
	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	-	-	-	
Total	**-**	**-**	**-**	

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

50 Public disclosure on Liquidity Risk as at 31 March, 2022 (contd.)

8) Other Information

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) Gross Non Performing Assets		
(a) Related Parties	-	-
(b) Other than Related parties	7,017.38	3,792.46
(ii) Net Non Performing Assets		
(a) Related Parties	-	-
(b) Other than Related parties	5,090.10	1,730.68
(iii) Assets acquired in satisfaction of debt	-	-

51 Contingent liabilities and commitments (to the extent not provided for)

	As at 31 March, 2022	As at 31 March, 2021
(a) Contingent liabilities		
Claims against the Company not acknowledged as debt		
(i) Service tax matters under dispute	-	1.41
(ii) Income tax matters under dispute	192.58	192.56
(iii) Legal cases against the Company	0.28	0.28
Guarantees	1,500.00	1,500.00

During the year the Company has not issued any new Bank Guarantee (31 March, 2021 : Bank Guarantee of ₹ 1,500 Lacs was issued against loan facilities availed from NHB)

	As at 31 March, 2022	As at 31 March, 2021
(b) Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	91.39	0.63
(ii) Undisbursed housing / other loans	18,693.61	16,396.27

(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 any law/Ind AS/NHB Regulations 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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

52 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, 2022	Year ended 31 March, 2021
Gross amount required to be spent by the Company during the year:	26.26	256.51
Amount spent during the year:	32.35	258.80
Construction/ acquisition of any assets	-	-
Purposes other than above (Donation)	32.35	258.80
	32.35	**258.80**
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	M-Care - Providing healthcare services to marginalized people	Swayam, Mid Day Meal, M-Education,M-Care, PM CARES Fund

53 Disclosures relating to fraud

During the year ended 31 March, 2022, 8 fraud cases involving 15 loan accounts have been reported (March 2021: 8 fraud cases involving 10 loan accounts). The amount involved being ₹ 265.73 Lacs (March 2021: ₹ 163.60 Lacs) have been fully provided for / written-off as per the outstanding balance on the respective dates.

54 COVID-19

The Company carried a management overlay of ₹ 5,090.54 Lacs as at 31 March, 2021 to manage the potential impact of COVID-19 pandemic.Since during the financial year 2021-22 the impact of Covid-19 pandemic on economy is still persists although at reduced levels, for the year ended 31 March, 2022 the Company has continued the process of risk assessment on its credit exposures and accordingly, in addition to the model determined ECL provision, the Company carries a management overlay of ₹ 1,202.17 Lacs against future potential impact of COVID-19, which basis management estimate is adequate to cover the impact of COVID-19 on the entire loan portfolio. During the year ended 31 March, 2022, apart from the technical write-offs as per the adopted policy, the Company has additionally written-off loans aggregating to ₹ 4,614.10 Lacs.Further, the underlying forecasts and assumptions applied by the Company in determination of ECL provision (including additional COVID-19 provision) are subject to uncertainties which are often outside the control of the Company and accordingly, actual results may differ from these estimates.The Company has been duly servicing its debt obligations. The Company's capital and liquidity position remain strong and would continue to be one of the focus areas.

55 Reclassification of Loan assets from FVTOCI to Amortised cost

The Company has 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 ₹ (1,823.54) Lacs and deferred tax asset of ₹ 458.97 Lacs thereon previously recognised, in other comprehensive income is 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 31 March,2022, would have been ₹ 414,747.30 Lacs as against amortised cost of ₹ 416,570.85 Lacs. The portfolio of construction finance amounting to ₹ 1,116.27 Lacs and loan to staff amounting to ₹ 3.43 Lacs continues to be measured under amortied cost category and hence there is no impact on reclassification.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

(All Amount ₹ in Lacs unless otherwise stated)

56 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 6 August, 2020 for the year ended 31 March, 2022

Type of borrower	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of September 2021 (A) #	(B) Of (A), aggregate debt that slipped into NPA during Oct'21 to Mar'22	(C) Of (A) amount written off during Oct'21 to Mar'22 ##	(D) Of (A) amount paid by the borrowers during Oct'21 to Mar'22###	(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of Mar'22
Personal Loans	26,336.97	2,145.62	296.95	41.03	24,150.32
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**26,336.97**	**2,145.62**	**296.95**	**41.03**	**24,150.32**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Includes restructuring done in respect of requests received as of 30 September, 2021, processed subsequently.

represents amount slipped into NPA and subsequently written off during the half year ended 31 March, 2022.

Amount paid by the borrower during the half year is net off additions in the borrower account including additions due to interest capitalisation.

57 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.

58 During the year, Rising Sun Holdings Private Limited (RSHPL) acquired a controlling stake in Poonawalla Fincorp Limited (formerly Magma Fincorp Limited) (PFL) through preferential allotment and infused fresh capital in PFL. Consequently, PFL has become a subsidiary of RSHPL and the Company a step-down subsidiary of RSHPL. The Company has been renamed and rebranded under the Poonawalla brand and has been renamed from Magma Housing Finance Limited to Poonawalla Housing Finance Limited w.e.f. 22 July, 2021. The registered office of the Company has been shifted from Kolkata, West Bengal to Pune, Maharashtra with effect from 18 February 2022.

During the year, the Nomination and Remuneration Committee of the Company has approved allotment of 1,973,333 Equity Shares (face value ₹ 10 each) to an eligible employee upon exercise of Restricted Stock Options of the Company. Pursuant to the said allotment, the Company ceased to be a wholly owned subsidiary of PFL and continues to be a subsidiary of PFL, with PFL holding 99.22% of the paid capital of the Company.

59 In respect of the disclosure required vide notification dated 24 March, 21 issued by Ministry of Corporate Affairs, the Company has taken steps to identify transactions with the struck-off companies and considering the nature of business which is primarily lending for housing to individuals, there are no such transactions which may be required to be reported.

60 All the charge filing with respect to creation and satisfaction of charge has been done within the stipulated time period

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022
(All Amount ₹ in Lacs unless otherwise stated)

61 Ratios :

Sl. No.	Ratio	Numerator	Denominator	FY 2021-22	FY 2020-21	% Variance	Reason for Variance (if above 25%)
1	CRAR	114,099.66	266,775.30	42.77%	30.50%	40.23%	Increase in Tier I capital during the year
2	Tier I CRAR	106,476.41	266,775.30	39.91%	25.92%	53.98%	Increase in Equity Share Capital and Reserves due to capital infusion of ₹ 50,000 Lacs on 31 May, 2021 by the holding company
3	Tier II CRAR	7,623.25	266,775.30	2.86%	4.58%	37.61%	(i) Reduction in general provision (management overlay created for Covid) (ii) reduction in Sub-ordinated debt due to discounting effect"
4	Liquidity Coverage Ratio	Not Applicable					

62 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

Priti Saraogi
Company Secretary

Place : Pune
Date : 11 May, 2022

Place : Pune
Date : 11 May, 2022

Place : Pune
Date : 11 May, 2022

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POONAWALLA HOUSING FINANCE LIMITED

(Erstwhile known as Magma Housing Finance Limited)

CIN: U65922PN2004PLC208751

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