POONAWALLA FINCORP

July 1, 2023

BSE Limited
Corporate Relationship Department
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001.
BSE Scrip Code: 524000

National Stock Exchange of India Limited
The Listing Department,
Exchange Plaza,
Bandra- Kurla Complex, Bandra (East),
Mumbai - 400 051.
NSE Symbol: POONAWALLA

Dear Sir / Madam,

Subject: Notice of Annual General Meeting and Annual Report for Financial Year 2022-23

Reference: Regulation 30, 34 & 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

This is in furtherance to our letter dated April 26, 2023, we hereby inform you that the 43rd Annual General Meeting ("AGM") of the Company will be held on Tuesday, July 25, 2023, at 2:00 P.M through Video Conferencing ("VC") /Other Audio-Visual means ("OAVM").

In continuation to the aforesaid letter and in compliance with Regulation 30 and 34 read with Paragraph A of Part A of Schedule III and Regulation 53 of SEBI Listing Regulations, we are enclosing herewith the following:

I) Notice of the 43rd Annual General Meeting of the Company (including e-voting instructions).
II) Annual Report of the Company for the Financial Year (FY) ended March 31, 2023.

The Notice of the 43rd Annual General Meeting and the Annual Report for the FY 2022-23 is available on the Company's website at the link i.e., https://poonawallafincorp.com/investor-financials.php.

In compliance with circulars issued by the Ministry of Corporate Affairs ("MCA") and the Securities and Exchange Board of India ("SEBI"), copies of the Annual Report for the FY 2022-23 and Notice of the 43rd AGM of the Company (including E-voting instructions) are being sent through electronic mode to all the Members whose email addresses are registered with the Registrar and Share Transfer Agent viz. Link Intime India Private Limited or the Depository Participant(s).

Cut-off date and E-voting details:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time and read with MCA Circulars and SEBI Circulars, the Company is pleased to provide all its Members the facility to exercise their vote electronically at the 43rd Annual General Meeting of the Company, on all resolutions set forth in the Notice of the Annual General Meeting.

Members of the Company holding shares either in physical or in dematerialized form as on the cut-off date, i.e., Tuesday July 18, 2023, may exercise their votes electronically. The voting rights of Members shall be in proportion to their share in paid up equity capital of the Company as on Tuesday, July 18, 2023 (“cut-off date”). A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained with the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or e-voting at the Annual General Meeting.

The remote e-voting period begins on Friday, July 21, 2023, at 9:00 A.M. (IST) and ends on Monday, July 24, 2023, at 5:00 P.M. (IST).

The Company is providing VC facility through NSDL platform for the Members to participate in the Annual General Meeting. Members may access the facility at https://www.evoting.nsdl.com through the same login credentials provided to them for e-voting. Further, the detailed instructions for e-voting, participation in the Annual General Meeting through VC and remote e-voting have been provided in the Notice of the Annual General Meeting.

We hereby request you to take the above information on record.

Thanking You,

Yours faithfully,
For Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)

SHABNUM ZAMAN Digitally signed by SHABNUM ZAMAN Date: 2023.07.01 21:16:33 +05'30'

Shabnum Zaman
Company Secretary
ACS-13918

POONAWALLA FINCORP

POONAWALLA FINCORP LIMITED

(Formerly, Magma Fincorp Limited)

Registered Office: 201 and 202, 2nd Floor, AP81,
Koregaon Park Annex, Mundhwa, Pune - 411 036, Maharashtra
Phone: 020 6780 8090 CIN: L51504PN1978PLC209007
Website: www.poonawallafincorp.com Email: secretarial@poonawallafincorp.com

NOTICE OF ANNUAL GENERAL MEETING

Remote e-VOTING STARTS ON	Remote e-VOTING ENDS ON
Friday, July 21, 2023 at 9:00 a.m. (IST)	Monday, July 24, 2023 at 5:00 p.m. (IST)

Notice is hereby given that the **43rd Annual General Meeting ("AGM/Meeting")** of the Members of Poonawalla Fincorp Limited (Formerly known as Magma Fincorp Limited) (hereinafter referred to as **"Company"/ "the Company"**) will be held on Tuesday, July 25, 2023 at 2:00 P.M. Indian Standard Time (**"IST"**) through Video Conferencing (**"VC"**)/ Other Audio-Visual Means (**"OAVM"**) to transact the following businesses.

ORDINARY BUSINESS:

1. **To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2023 together with the Reports of the Board of Directors' and Auditors' thereon:**

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

   "RESOLVED THAT the audited standalone financial statements of the Company for the financial year ended March 31, 2023, together with the Reports of the Board of Directors' and Auditors', thereon, be and are hereby received, considered and adopted."

2. **To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2023 together with the Report of Auditors' thereon:**

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

   "RESOLVED THAT the audited consolidated financial statements of the Company for the financial year ended March 31, 2023 and the report of the Auditors' thereon, be and are hereby received, considered and adopted."

3. **To declare dividend on equity shares for the financial year 2022-23:**

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

   "RESOLVED THAT a dividend at the rate of ₹2/- (Rupees Two only) (100%) per equity share of face value of ₹2/- each as recommended by the Board of Directors, be and is hereby declared for the financial year 2022-23."

4. **To re-appoint Mr. Amar Deshpande (DIN: 07425556), who retires by rotation and, being eligible, has offered himself for re-appointment:**

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

   "RESOLVED THAT Mr. Amar Deshpande (DIN: 07425556), Director, who retires by rotation at this Meeting and being eligible for re-appointment in accordance with the provisions of Section 152 of the Companies Act, 2013, be and is hereby re-appointed as a Director of the Company."

5. **To appoint M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration Number: 105215W/W100057) as Joint Statutory Auditors of the Company:**

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

   "RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (**"the Act"**), read with the Companies (Audit and Auditors) Rules, 2014, RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force, and pursuant to the Articles of Association of the Company, M/s. Kirtane & Pandit LLP, Chartered Accountants, (Firm Registration Number 105215W/W100057) be and are hereby appointed as Joint Statutory Auditors of the Company, and to hold office for a period of three (3) years from the conclusion of forty third (43rd) Annual General Meeting till the conclusion of the forty sixth (46th) Annual General Meeting, on such terms and conditions, including remuneration, as may be recommended by the Audit Committee and as may be mutually agreed upon between the Company and the said Joint Statutory Auditors and as may be further approved by the Board of Directors (**"the Board"**) from time to time, with power to the Board, including the Audit Committee, to alter and vary the terms and conditions of their appointment, including remuneration etc., including by reason of necessity on account of conditions arising out of change/ increase in scope of work, amendment to the Accounting Standards or conditions as may be stipulated by the RBI and/ or any other statutory/ regulatory authority, in such manner and to such extent as may be mutually agreed by the Company with the Joint Statutory Auditors without being required to seek any further consent or approval of the Members of the Company."

By order of the Board of Directors
For Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)
Sd/-
Shabnum Zaman
Company Secretary
ACS No.: 13918

Registered Office:

201 and 202, 2nd Floor, AP81,
Koregaon Park Annex,
Mundhwa, Pune – 411 036
Maharashtra
Place : Pune
Date: April 26, 2023

NOTES:

1. The Ministry of Corporate Affairs, Government of India ("MCA") vide its General Circular Nos. 20/2020 and 10/2022 dated May 5, 2020 and December 28, 2022, respectively, and other circulars issued in this respect ("MCA Circulars") allowed, inter-alia, conduct of AGM through Video Conferencing/ Other Audio-Visual Means (**"VC/ OAVM"**) facility on or before September 30, 2023, in accordance with the requirements provided in paragraphs 3 and 4 of the MCA General Circular No. 20/2020. The Securities and Exchange Board of India (**"SEBI"**) also vide its Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 (**"SEBI Circular"**) has provided certain relaxations from compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI Listing Regulations"**). In compliance with these Circulars, provisions of the Companies Act, 2013 (**"the Act"**) and the SEBI Listing Regulations, the 43rd AGM of the Company is being conducted through VC/ OAVM facility, which does not require physical presence of Members at a common venue. The deemed venue for the 43rd AGM shall be the Registered Office of the Company.

2. In terms of the MCA Circulars, physical attendance of Members has been dispensed with and, therefore, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 43rd AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting through Board Resolution/ Power of Attorney/ Authority Letter, etc., for participation in the 43rd AGM through VC/ OAVM facility and e-Voting during the 43rd AGM. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to girishbhatia1956@gmail.com with a copy marked to evoting@nsdl.co.in. Since the 43rd AGM is being held through VC/ OAVM facility, the Route Map is not annexed in this Notice.

3. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Secretarial Standard-2 (**"SS-2"**) on General Meetings and Regulation 44 of SEBI Listing Regulations read with MCA Circulars, as amended, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the 43rd AGM and facility for those Members participating in

the 43rd AGM to cast vote through e-Voting system during the 43rd AGM. For this purpose, NSDL will be providing facility for voting through remote e-Voting, for participation in the 43rd AGM through VC/ OAVM facility and e-Voting during the 43rd AGM. Members may note that NSDL may use third party service provider for providing participation of the Members through VC/ OAVM facility.

4. Attendance of the Members participating in the 43rd AGM through VC/ OAVM facility using their login credentials shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

5. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 30 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc., who are allowed to attend the AGM, without restriction on account of first come first served basis.

6. In case of joint holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

7. Dispatch of Notice of AGM and Annual Report through Electronic mode:

a. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Depositories/ Registrar and Share Transfer Agent (**"RTA"**). Physical copy of the Notice of the AGM along with Annual Report for the FY 2022-23 shall be sent to those Members who request for the same at secretarial@poonawallafincorp.com mentioning their Folio No./ DP ID. and Client ID.

b. Members may note that the Notice and the Annual Report 2022-23 will also be available on the Company's website www.poonawallafincorp.com at weblink i.e. https://poonawallafincorp.com/investor-financials.php and websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL at https://www.evoting.nsdl.com/.

c. Members not having their email IDs registered are requested to download a copy of the Notice and Annual Report available at the website of the Company at www.poonawallafincorp.com at the weblink https://poonawallafincorp.com/investor-financials.php

8. Procedure for remote e-Voting:

a. Pursuant to the provisions of section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI Listing Regulations and in terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting facility provided by listed entities and the MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM.

b. **The remote e-Voting period begins on Friday, July 21, 2023 at 9:00 A.M. (IST) and ends on Monday, July 24, 2023 at 5:00 P.M. (IST). The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/ Beneficial Owners as on the cut-off date i.e., Tuesday, July 18, 2023 may cast their vote electronically. The voting right of Member shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, July 18, 2023.** Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently.

c. The Board of Directors has appointed Mr. Girish Bhatia, Practicing Company Secretary (FCS 3295 CP No. 13792), as the Scrutinizer for scrutinizing the process of remote e-Voting and e-Voting during the Meeting in a fair and transparent manner.

d. The Results of remote e-Voting and e-Voting at the Meeting shall be declared by the Chairman or by any other director duly authorised in this regard. The Results declared along with the Report of the Scrutinizer shall be placed on the Company's website at https://poonawallafincorp.com/investor-governance.php and also be displayed on the Notice Board of the Company at its Registered Office and on the website of NSDL at https://www.evoting.nsdl.com immediately after the results are declared and simultaneously communicated to the

Stock Exchanges in compliance with Regulation 44(3) of the SEBI Listing Regulations. The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. Tuesday, July 25, 2023, subject to receipt of the requisite number of votes in favour of the Resolutions.

9. NSDL e-Voting Instructions:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual Meeting for Individual Shareholders holding securities in demat mode

In terms of SEBI Circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual Shareholders holding securities in demat mode is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “**Beneficial Owner**” icon under “**Login**” which is available under ‘**IDeAS**’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “**Access to e-Voting**” under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual Meeting & voting during the Meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “**Register Online for IDeAS Portal**” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual Meeting & voting during the Meeting. 4. Shareholders/Members can also download NSDL Mobile App “**NSDL Speede**” facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual Meeting & voting during the Meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/ CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e., NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual Meeting & voting during the Meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000.
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

B) Login Method for e-Voting and joining virtual Meeting for Shareholders other than Individual Shareholders holding securities in demat mode and Shareholders holding securities in physical mode;

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e., IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by folio number registered with the company. For example if folio number is 001*** and EVEN is 124302 then user ID is 124302001***

5. Password details for Shareholders other than Individual Shareholders are given below:

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in **process for those Shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual Meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e., assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders:

1. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to girishbhatia1956@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. Any person holding shares in physical form and non-individual Shareholders, who acquires shares of the Company and becomes Member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. July 18, 2023, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or to Issuer/RTA. However, if you are already registered with NSDL for remote e-Voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call at 022 - 4886 7000 and 022 - 2499 7000. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., July 18, 2023 may follow steps mentioned in the Notice of the AGM under Step 1: "Access to NSDL e-Voting system" as mentioned above.

3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

4. In case of any queries, you may refer the Frequently Asked Questions **(FAQs)** for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call at 022 - 4886 7000 and 022 - 2499 7000 or send a request to Mr. Amit Vishal, Asst. Vice President – NSDL and /or Ms. Pallavi Mhatre, Senior Manager – NSDL at evoting@nsdl.co.in.

10. Process for those Shareholder whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-Voting for the resolutions set out in this notice:

a. In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card) by email to evoting@nsdl.co.in.

b. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card) to evoting@nsdl.co.in. If you are an Individual Shareholders' holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e., Login method for e-Voting and joining virtual Meeting for Individual Shareholders holding securities in demat mode.**

c. Alternatively, Shareholder/ Members may send a request to evoting@nsdl.co.in for procuring user id and password for e-Voting by providing above mentioned documents.

11. The instructions for Members for e-Voting on the day of the AGM are as under:-

a. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.

b. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

c. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

d. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.

12. Instructions for Members for attending the AGM through VC/OAVM are as under:

a. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under "Join Meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

b. Members are encouraged to join the Meeting through Laptops for better experience.

c. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.

d. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

e. Members who would like to express their views/ ask questions as a speaker at the AGM may preregister themselves by sending a request from their registered email ID mentioning their names, DP ID and Client ID/folio number, PAN and mobile number to secretarial@poonawallafincorp.com from Monday, July 10, 2023 (9:00 a.m. IST) to Wednesday, July 19, 2023 (5:00 p.m. IST). Only those Members who have pre-registered themselves as speakers will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

f. Members who need assistance before or during the AGM, can contact Mr. Amit Vishal, Asst. Vice President – NSDL and /or Ms. Pallavi Mhatre, Senior Manager – NSDL at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000.

13. Shareholder Awareness:

a. Non-resident Indian Shareholders are requested to inform about the following immediately to the Company or its RTA or the concerned Depository Participant, as the case may be:-

i. the change in the residential status on return to India for permanent settlement, and

ii. the particulars of the NRE account with a Bank in India, if not furnished earlier.

b. Members are requested to support the Green Initiative by registering/updating their e-mail addresses, with the Depository Participant (in case of shares held in dematerialised form) or with RTA (in case of shares held in physical form).

c. Mandatory update of PAN, KYC and Nomination details and linking of PAN and Aadhaar by holders of physical shares: SEBI vide its Circular dated November 3, 2021 read with December 14, 2021 has made it mandatory for the Shareholders holding shares in physical form to furnish PAN, KYC details and Nomination in the prescribed forms to the RTA of the Company.

Further, SEBI vide its Circular dated March 16, 2023, mandated all physical Shareholders to update their KYC i.e. PAN, Address with PIN code, Mobile Number, Bank Account details, Specimen Signature and nomination before September 30, 2023.

Non – updation of KYC: Folios wherein any one of the cited details/documents, (i.e. PAN, Bank Details, Address with PIN code, Mobile Number, Bank Account details, Specimen Signature and Nomination) are not available on or after October 01, 2023, shall be frozen as per SEBI Circular.

The securities in the frozen folios shall be eligible:

- To lodge any grievance or avail of any service, only after furnishing the complete documents / details as mentioned above;
- To receive any payment including dividend, interest or redemption amount (which would be only through electronic mode) only after they comply with the above stated requirements.

The forms for updation of PAN, KYC, bank details and Nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 and the said SEBI circular are available on our website at https://poonawallafincorp.com/investor-info.php.

d. In compliance with the above stated SEBI Circular, the Company has sent individual communication to its Shareholders holding shares in the physical form requesting them to update their PAN, KYC details and Nomination. In order to avoid freezing of folios, such Members are requested to furnish details in the prescribed form as mentioned in the aforesaid SEBI Circular along with the supporting documents, wherever required, to our RTA, **Link Intime India Pvt. Ltd.** at rnt.helpdesk@linkintime.co.in for immediate action. A copy of such forms can be downloaded from the website of the Company at https://poonawallafincorp.com/investor-info.php or from the website of our RTA at https://www.linkintime.co.in **→ Resources→ Downloads→ KYC →Formats for KYC.**

In view of the above, we urge Members holding shares in physical form to submit the required forms along with the supporting documents at the earliest.

e. Pursuant to the MCA's Circular, the Company shall publish a newspaper advertisement urging its Members (who have not registered their email IDs) to register their email IDs at the earliest. However, Members who have still not registered their email IDs, are requested to do so at the earliest, in the following manner:

i. Members holding shares in physical mode and who have not registered / updated their e-mail address with the Company are requested to register / update the same by submitting duly filled and signed Form ISR-1 with the RTA, Link Intime India Pvt. Ltd. at rnt.helpdesk@linkintime.co.in. In case of any queries/difficulties in registering the e-mail address, Members may write to secretarial@poonawallafincorp.com.

ii. Members holding shares in dematerialised mode are requested to register /update their e-mail address with the relevant Depository Participant.

f. The Company has entered into necessary arrangement with NSDL and CDSL to enable the Shareholders to dematerialize their shareholding in the Company for which they may contact the Depository Participant of either of the above Depositories.

g. Members are requested to contact the Company's RTA for reply to their queries/ redressal of complaints, if any at rnt.helpdesk@linkintime.co.in or contact Ms. Shabnum Zaman, Company Secretary at secretarial@poonawallafincorp.com.

h. In terms of Regulation 40(1) of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019. Members may please note that SEBI, vide its Circular dated January 25, 2022, has clarified that listed companies, with immediate effect, shall issue the securities only in demat mode while processing investor service requests pertaining to issuance of duplicate shares, exchange of shares, endorsement, sub-division/ consolidation of share certificates, etc. In view of this as also to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to demat mode. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR–4, the format of which is available on the Company's website under the weblink at https://poonawallafincorp.com/investor-info.php.

i. As per the provisions of Section 72 of the Act, the facility for making nominations is available to the Members in respect of the shares held by them. Members who have not yet registered their nomination, are requested to register the same by submitting Form No. SH-13. If a Member desires to opt-out or cancel the earlier nomination and record a fresh nomination, the Member may submit the same in form ISR-3 or form SH-14, as the case may be. The said forms can be downloaded from the Company's website under the weblink at https://poonawallafincorp.com/investor-info.php Members are requested to submit the said form to their respective DPs in case the shares are held in electronic form, and to the RTA in case the shares are held in physical form.

j. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, July 19, 2023, to Tuesday, July 25, 2023 (both days inclusive) for the purpose of AGM and payment of dividend for FY 2022-23.

k. Brief profile and other information about the Director proposed to be re-appointed as required under Regulation 36(3) and Secretarial Standard on General Meetings (**'SS-2'**) issued by The Institute of Company Secretaries of India and additional information on appointment of Joint Statutory Auditors as required under Regulation 36(5) of SEBI Listing Regulations are forming part of the Explanatory Statement of this Notice.

14. Dividend related information:

a. The dividend, as recommended by the Board of Directors, if approved at the AGM, would be paid subject to deduction of tax at source, as may be applicable, on or after Friday, July 28, 2023, to those Shareholders or their mandates :

i. whose names appear as Beneficial Owners as at the end of the business hours on Tuesday, July 18, 2023 in the list of Beneficial Owners to be furnished by National Securities Depository Limited (**"NSDL"**) and Central Depository Services (India) Limited (**"CDSL"**) in respect of the shares held in electronic form; and

ii. whose names appear as Members in the Register of Members of the Company as at the end of the business hours on in respect of the shares held in physical form, after giving effect to valid request(s) received for transmission/ transposition of shares.

If circumstances warrant or necessary to meet the statutory requirement to change the above dates, same would be posted on the website of the Company which shall be in accordance with applicable law.

b. SEBI vide its circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, read with Regulation 12 and Schedule 1 of SEBI Listing Regulations has mandated that for making dividend payments, Companies whose securities are listed on the stock exchange shall use electronic clearing services as approved by the Reserve Bank of India. Further, pursuant to MCA General Circular No. 20/2020 dated May 5, 2020, Companies are directed to credit the dividend of the Members directly to the bank accounts of the Members using Electronic Clearing Service **("ECS")**.

Hence, the Members are requested to furnish/ update their bank account name & branch, bank account number and account type along with other core banking details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code) etc. at the earliest with the respective Depository Participants **("DP")** (in case of the shares held in electronic mode).

The Company's RTA i.e., Link Intime India Pvt. Ltd. at C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083 or at rnt.helpdesk@linkintime.co.in (in case of the shares held in physical form).

Members may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not be able to accede to any direct request from such Members for change/ addition/deletion in such bank details. Accordingly, the Members holding shares in demat form are requested to update their Electronic Bank Mandate with their respective DPs.

Further, please note that instructions, if any, already given by the Members in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form.

The Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall despatch the iPay cheque/ dividend warrant to such Members by post/courier.

c. **TDS ON DIVIDEND:**

Pursuant to the Income-tax Act, 1961, as amended by the Finance Act, 2020, dividend income will be taxable in the hands of Members with effect from April 1, 2020 and therefore, the Company shall be required to deduct Tax At Source **("TDS")** from dividend paid to Members at the prescribed rates. Members are requested to update their Permanent Account Number (**"PAN"**) and email ID with the Company/RTA i.e. Link Intime India Pvt. Ltd. (in case of shares held in physical mode) and the depositories (in case of shares held in demat mode).

For **Resident Shareholders,** tax shall be deducted at source under Section 194 of the Income-tax Act, 1961 @ 10% on the amount of dividend declared and paid by the Company during the financial year (**"FY"**) 2022-23 provided PAN is furnished by the

Shareholder. If PAN is not submitted, TDS would be deducted @ 20% as per Section 206AA of the Income-tax Act, 1961.

Further, if any person is a specified person as per the provisions of Sec 206AB of the Income Tax Act then higher rate of TDS @20% would be applicable in such cases.

However, no Tax shall be deducted on the dividend payable to a resident Individual if the total dividend to be received during FY 2022-23 does not exceed ₹5,000/-.

Separately, in cases where the Shareholder provides Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an Individual above the age of 60 years), no tax at source shall be deducted provided that the eligibility conditions are being met.

Further, if any Shareholders want to take any benefit of Nil or lower TDS then they should share the relevant certificates and documents to the Company based on which such benefits can be provided to the Shareholders.

For **Non-Resident Shareholders,** taxes are required to be withheld in accordance with the provisions of Section 195 of the Income-tax Act, 1961 at the applicable rates in force. As per the relevant provisions of Section 195 of the said Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of Dividend payable to them. In case of Foreign Portfolio Investors/Foreign Institutional Investors, the withholding tax shall be as per the rate specified in 196D of the Act plus applicable surcharge and cess on the amount of Dividend payable to them.

However, as per Section 90 read with Section 195 of the Income-tax Act, the Non-Resident Shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (**"DTAA"**) between India and the country of tax residence of the Shareholders, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the Non-Resident Shareholder will have to provide the following:

Self-attested true copy of Tax Residency Certificate (**"TRC"**) obtained from the tax authorities of the country of which the Shareholder is resident for the financial year 2022-23;

Self declaration in Form 10F;

Self-attested true copy of the PAN Card if allotted by the Indian Income Tax authorities;

Self-declaration in the format prescribed by the Company, certifying the following points:

i. Shareholders are and will continue to remain a tax resident of the country of their residence during the financial year 2022-23;

ii. Shareholders are eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;

iii. Shareholders have no reason to believe that their claim for the benefits of the DTAA is impaired in any manner;

iv. Shareholder does not have a taxable presence or a Permanent Establishment (**"PE"**) in India during the financial year 2022-23. In any case, the amounts paid/ payable to the Shareholder are not attributable or effectively connected to the PE or fixed base, if any, which may have been constituted otherwise;

v. Shareholder is the ultimate beneficial owner of shares held in the Company and dividend receivable from the Company; and

vi. Non-Resident Shareholder is satisfying the Principle Purpose Test as per the respective tax treaty effective April 1, 2020 (if applicable).

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the Non-Resident Shareholder.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from the Shareholders, there would still be an option available with the Shareholders to file the return of income and claim an appropriate refund, if eligible.

The Company shall arrange to email the soft copy of TDS certificate to the Shareholders at the registered email ID in due course, post payment of the said Dividend.

The Company has by email informed the Members about the deduction of tax at source on dividend.

Kindly note that the aforementioned documents can also be submitted to our Registrar & Share Transfer Agent, Link Intime India Pvt. Ltd. at its dedicated email & link as mentioned below:

Email: poonawalla-taxexemption@linkintime.co.in

Link: https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before July 05, 2023, by 5 p.m. (IST) in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate.

The forms are also available on the website of the Company at https://poonawallafincorp.com/investor-info.php

FAQ's on dividend is available at https://poonawallafincorp.com/pfca/assets/pdf/FAQs-on-TDS-on-Dividend.pdf

15. Shareholders unpaid/unclaimed dividend/ shares related matters:

a. In terms of Sections 124 and 125 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (**'IEPF Rules'**), as amended from time to time, dividends which remain unpaid/ unclaimed over a period of 7 years will have to be transferred by the Company to Investor Education and Protection Fund Authority (**'IEPF Authority'**) of the Central Government.

b. The Members are requested to note that pursuant to the provisions of Section 124(6) of the Act, SEBI Listing Regulations and the IEPF Rules, all such shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are also required to be transferred to IEPF Authority. In this regard the Company will send individual notices to the concerned Shareholders for whom the dividend remains unclaimed and unpaid with the Company from FY 2015-16 onwards and will also publish notice in this regard in accordance with the IEPF Rules.

c. The details of the dates on which dividend should be transferred to the aforesaid Authority is given below:-

Financial Year	Date of Declaration	Due for transfer
2015-16	September 19, 2016	October 25, 2023
2016-17	August 2, 2017	September 7, 2024
2017-18	August 2, 2018	September 7, 2025
2018-19	August 1, 2019	September 6, 2026
2019-20	The Company did not declare any dividend for F.Y. 2019-20.	
2020-21	The Company did not declare any dividend for F.Y. 2020-21.	
2021-22	July 29, 2022	September 03, 2029

The Company has uploaded the information in respect of the unpaid / unclaimed dividend amounts lying with the Company, as on the date of the last Meeting held on July 29, 2022, on the IEPF website www.iepf.gov.in and under "Investors Section" on the website of the Company viz., https://poonawallafincorp.com/investor-info.php.

d. Accordingly, all unpaid / unclaimed amounts in respect of dividends paid by the Company for the year ended March 31, 2016 must be transferred to the IEPF Authority. Shareholders are requested to encash the dividend before the due date of transfer i.e. October 25, 2023.

e. The Members of the Company can encash the unpaid Dividend Warrants for the year ended March 31, 2016 or any subsequent year, before transfer to the IEPF Authority by writing a request to the Company Secretary, Poonawalla Fincorp Limited 201 and 202, 2nd Floor, AP81, Koregaon Park Annex, Mundhwa, Pune – 411036, Maharashtra or at secretarial@poonawallafincorp.com or to RTA at rnt.helpdesk@linkintime. No claim will be entertained thereafter by the Company.

f. The Members are being informed that the Company has transferred 20,299 Equity Shares to the IEPF Authority in accordance with the applicable provisions. The Company has also transferred an amount of ₹ 5,00,692/- to IEPF Authority being the unclaimed dividend for FY 2014-15.

g. Once the unpaid/ unclaimed dividend or the shares are transferred to IEPF Authority, the same may be claimed by the Members from the IEPF Authority by making an application in prescribed Form IEPF-5 online and sending the physical copy of the same duly signed (as per the specimen signature recorded with the Company) along with requisite documents to the Registered Office of the Company for verification of the claim.

h. The IEPF Rules and the application form (Form IEPF – 5), as prescribed by the MCA for claiming back of the shares/ dividend, are available on the website of the Company www.poonawallafincorp.com at its weblink i.e. https://poonawallafincorp.com/investor-info.php as well as website of IEPF at www.iepf.gov.in.

16. Procedure for inspection of documents and Members queries

a. Members seeking to inspect such documents can send an email to Company at secretarial@poonawallafincorp.com mentioning their name, Folio No./DP ID and Client ID and the documents that they seek to inspect, with a self-attested copy of their PAN card attached.

b. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Wednesday, July 19, 2023 through email at secretarial@poonawallafincorp.com with their name, folio No./DP ID and Client ID. The same will be replied by the Company suitably.

c. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Act, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act read with rules issued thereunder, and the certificate from the Secretarial auditor certifying that the Company's Employee Stock Option Scheme is implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 shall be available for inspection upon login at NSDL e-Voting system at https://www.evoting.nsdl.com/. on the date of AGM during the Meeting.

Furthermore, all documents referred to in the Notice will also be available for electronic inspection from the date of circulation of this Notice up to the date of AGM i.e., July 25,2023. The members seeking to inspect such documents are requested to write to the Company at secretarial@poonawallafincorp.com. Alternatively, the aforesaid documents are available for inspection at the registered office of the Company on any working day between 11:00 A.M to 1:00 P.M.

EXPLANATORY STATEMENT

As an additional information, the Explanatory Statement contains material facts pertaining to ordinary business mentioned in Item No. 4 and 5 of the said Notice.

ITEM NO. 4

Information as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 (**"SS-2"**) on General Meetings for re-appointment of the Director is given hereunder:

Name of Director	**Mr. Amar Deshpande**
DIN	07425556
Designation/Category of Directorship	Non- Executive Director
Date of Birth (Age)	January 22, 1961 (62 years)
Date of first appointment on the Board	June 3, 2021
Qualification	M. Sc. in Statistics & Diploma in Financial Management
Expertise in specific functional area	Over 36+ years of experience in the BFSI Sector mainly into NBFCs with expertise in areas including Fund Mobilization, Corporate Funding, Project Finance, Debt Syndication, Credit Appraisal and Management Consultancy. He comes with long-standing experience in Finance, Banking, Legal and Management spheres. He has spear-headed an arena of various departments such as Legal, Compliance, Operations, Finance, Treasury, Collections, etc.
Terms and conditions of appointment/ re-appointment	Re-appointment in terms of Section 152(6) of the Companies Act, 2013
Details of remuneration last drawn	Please refer to the Report on Corporate Governance.
Details of remuneration sought to be paid	Sitting fees will be paid. Please refer to the Report on Corporate Governance.
*List of outside Directorships held in listed entities	Poonawalla Housing Finance Limited (Formerly Magma Housing Finance Limited)
Name of Listed entities from which the Director has resigned in the past three years	Nil
**Chairman/Member of the Committee of the Board of Directors of other Companies in which he/she is a Director	Poonawalla Housing Finance Limited (Formerly Magma Housing Finance Limited) - Audit Committee, Member
Shareholding in the Company No. of shares held	
(a) Own	Nil
(b) For other persons on a beneficial basis	Nil
No. of Meetings of the Board attended during the year	No. of Meetings held : 5 No. of Meetings attended: 5
Inter se relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None

*Includes Directorships in Listed entities (including debt listed).

** Includes only Audit Committee and Stakeholders' Relationship Committee.

The Board of Directors recommends the resolution set out in Item No. 4 of the AGM Notice to the Members for their consideration and approval, by way of an Ordinary Resolution.

Save and except Mr. Amar Deshpande and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out in Item No. 4 of the AGM Notice.

ITEM NO. 5

This Explanatory Statement is in terms of Regulation 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI Listing Regulations"**), though statutorily not required in terms of Section 102 of the Companies Act, 2013 (**"the Act"**).

M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) was appointed as the Statutory Auditors of the Company for tenure of 3 years from the conclusion of forty first (41st) Annual General Meeting till the conclusion of the forty forth (44th) Annual General Meeting of the Company.

The Members are further informed that 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 April 27, 2021, issued by RBI (**"RBI Guidelines"**), entities with asset size exceeding ₹15,000 Crore will have to get their statutory audit conducted under joint audit of a minimum of two audit firms. Appointment of each auditor can be for a continuous period of three years, subject to the audit firms satisfying the eligibility norms each year as specified in the RBI Guidelines. Post the expiry of the term of 3 years, the Statutory Auditors shall be eligible for re-appointment only after a cooling period of six years.

Accordingly, since the asset size of the Company has crossed ₹15,000 Crore as on March 31, 2023, there is a requirement of appointment of Joint Statutory Auditor.

In accordance with the Act, the RBI Guidelines, on the recommendation of the Audit Committee (**"the Committee"**) and considering various parameters including experience of Lead Audit partner, their clientele, industry experience and profile and knowledge in the financial services sector, the Board of Directors at their Meeting held on April 26, 2023 considered, approved and recommended for approval of the Members of the Company, the appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No. 105215W/W100057) as Joint Statutory Auditors of the Company for a period of 3 (three) years commencing from the conclusion of forty third (43rd) Annual General Meeting till the conclusion of forty sixth (46th) Annual General Meeting of the Company.

M/s. Kirtane & Pandit LLP was established in 1956, the firm has offered over six decades of audit & quality assurance, value-added services, and a solution-driven system for all its clients. The firm endeavour to provide sound financial solutions and guidance to their clients. An institution of professionally authorized chartered accountants and financial advisors who are committed to strengthening the significance and optimizing the quality of deliverables while maintaining its goal of deep ethical commitment and professional responsibility.

The Members are requested to note that M/s. Kirtane & Pandit LLP have consented to their appointment as Joint Statutory Auditors of the Company vide letter dated April 22, 2023, and confirmed that their appointment, if made, will be within the limits specified under the Act and the RBI Guidelines and that they are not disqualified from being appointed as Joint Statutory Auditors of the Company.

Members are requested to note that if appointed, M/s. Kirtane & Pandit LLP shall be paid statutory audit fees of ₹35 Lakhs (including regulatory certificates) plus applicable taxes, and reimbursement of out-of-pocket expenses incurred, for performing the statutory audit of the Company for the financial year 2023-24. The fees for services for other professional work will be in addition to the statutory audit fee as above and will be decided by the Company in consultation with the Joint Statutory Auditors and will be subject to approval by the Board of Directors and / the Committee in the manner as mentioned in the resolution at Item No. 5 of the AGM Notice. The remuneration payable to M/s. Kirtane & Pandit LLP for their remaining tenure shall be decided by the Board of Directors of the Company or the Committee by resolution as set out in Item No. 5 of this AGM Notice.

The Board of Directors recommends the resolution set out in Item No. 5 of the AGM Notice to the Members for their consideration and approval, by way of an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out in Item No. 5 of the AGM Notice.

By order of the Board of Directors
For Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)
Sd/-
Shabnum Zaman
Company Secretary
ACS No.: 13918

Registered Office:

201 and 202, 2nd Floor, AP81,
Koregaon Park Annex,
Mundhwa, Pune – 411 036
Maharashtra
Place : Pune
Date: April 26, 2023

NOTES

Re-imagining Business in a Digital Era

POONAWALLA FINCORP

Annual Report FY 2022-23

What's inside

A year of inspiring performance

↑ **YoY GROWTH**

10.7%
NIM
↑ **94 bps**

₹585 Cr
Profit after tax
↑ **100%**

4.4%
ROA
↑ **172 bps**

₹612 Cr
Operating Profit (PPOP)
↑ **35%**

₹16,143 Cr
Asset Under Management
↑ **37%**

1.44%
Gross NPA
↓ **185 bps**

₹6,425 Cr
Shareholder's fund

0.78%
Net NPA
↓ **52 bps**

39%
CRAR

Note: All the numbers are standalone and for FY 2023

Re-imagining Business in a Digital Era

In the recent years, digitalisation has revolutionised the business landscape, fundamentally altering how companies operate. The traditional systems are being swiftly replaced by state-of-the-art digital processes, driven by artificial intelligence and machine learning. Moreover, our country has emerged as a trailblazer in establishing extensive digital infrastructure, exemplified by Aadhaar and the India Stack. These innovative platforms serve as 'digital highways', facilitating the seamless flow of diverse services. Embracing this digital era, Poonawalla Fincorp Limited (PFL) is harnessing digitalisation to reimagine our business, delivering unparalleled customer experiences, fortifying our core business principles, and conducting our operations responsibly.

In line with our reimagined business, we have made significant investments in digital platforms. Our website has undergone a comprehensive revamp, and we have implemented a cutting-edge Loan Origination System under our Direct Digital Program (DDP) distribution model (Refer pg. 36-37). These advancements have empowered our customers to seamlessly apply for loans, monitor the progress of their applications, and manage their accounts efficiently. As we forge ahead in the digital era, our relentless pursuit of innovations has enabled us to attract a new wave of tech-savvy customers who prioritise convenience, speed, and transparency.

Stories in focus

From business to customers, everything that changed digitally

Read more Page 14

Leveraging digitalisation to strengthen our financial fundamentals

Read more Page 18

Running our digitised business responsibly

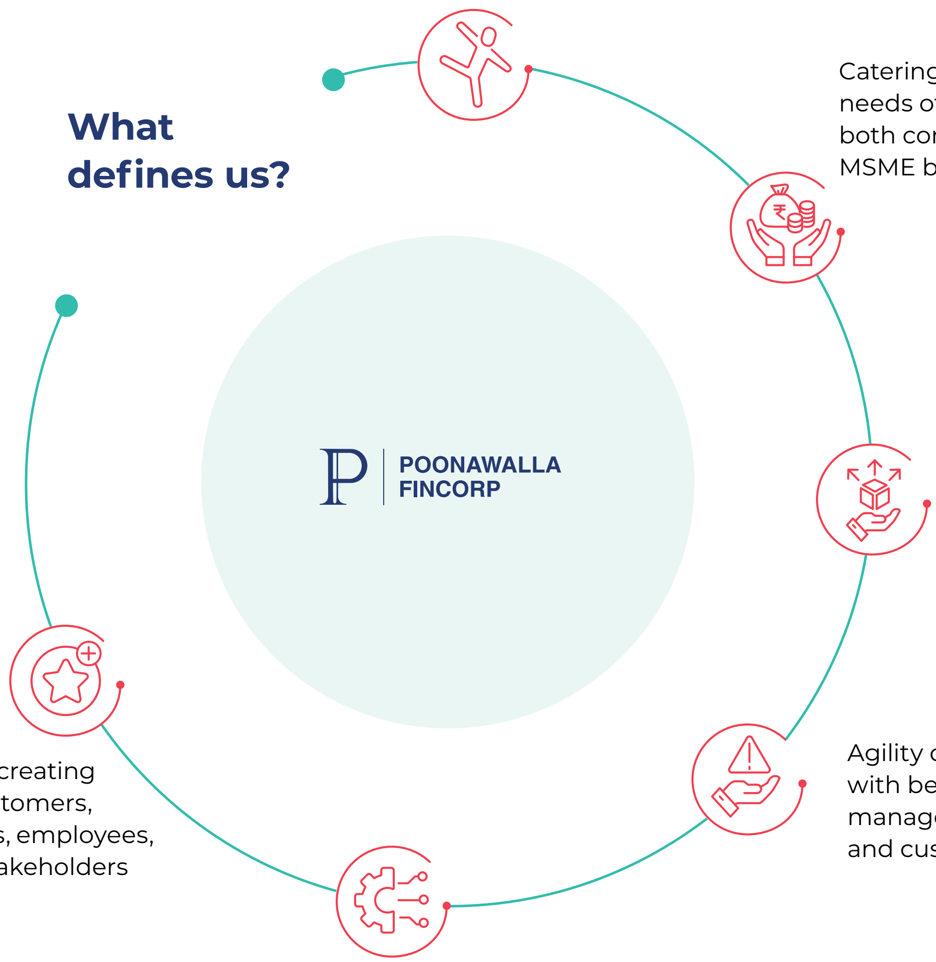
Read more Page 22

Poonawalla Fincorp at a glance

Advancing digitally with a strong entrepreneurial legacy

At PFL, we pride ourselves on being one of the premium non-deposit-taking NBFCs in India. As part of the esteemed Poonawalla Group led by Cyrus Poonawalla, we have been able to leverage the group's expertise and extensive resources to drive our growth and success in the financial service industry.

What defines us?



PFL in numbers

19
States and Union Territories covered

₹22,462 Cr
Market capitalisation as on March 31, 2023

2,452
Employees as on March 31, 2023

~1.9 Mn
Live customers as on March 31, 2023

62.14%
Promoters holding as on March 31, 2023

AAA
CRISIL and CARE rating (Long-term)

How we shifted our gears?

Focus on Consumer financing

- Digital personal loan
- Pre-owned cars
- Auto lease
- Digital consumer finance
- Digital consumption loan
- EMI card (in the pipeline)
- Co-branded credit card (in the pipeline)

Focus on MSME financing

- Digital loans to professionals
- Digital business loan
- Merchant cash advance
- Medical equipment loan
- Loan against property
- Machinery loan
- Supply chain finance

End-to-end digital services:

- **Sales onboarding:** We have fully automated our customer onboarding through digital KYC (CKYC, VKYC), e-applications, digital signatures, e-agreements and e-NACH. As a result, we have significantly reduced our turnaround time (TAT).
- **Operational and collection efficiency:** We have highly improved on our collection efficiency by introducing digital collections through payment gateway apps, like Bharat Pay, UPI. Operationally, we have introduced system-driven payouts and enabled strong partnerships to quicken the digital onboarding for our customers.
- **Customer engagement and service:** To provide seamless and efficient service to our valuable customers, we have enabled 24*7 digitised service through multiple digital interactions.

Chairman's message

Turning our vision into reality

"Enabling a digital-first future"

Dear stakeholders,

We are delighted to present the 43rd Annual Report of our Company, showcasing the realisation of our vision and the successful transformation of our goals into tangible achievements.

In the past, when asked about the trajectory of Poonawalla Fincorp Limited, my response has consistently been rooted in our shared vision of aligning with India's progress, "Moving where India moves". Today I reaffirm this conviction as we navigate alongside India's unwavering path towards digitalisation. Embracing a robust digital transformation, we adapt to the evolving trends within our nation and around the world, ensuring our resilience in the face of change.

Reflecting on FY 2022-23, it becomes evident that this period presented numerous obstacles for global economies, including our own. The Russian-Ukraine conflict and subsequent supply chain disruptions, coupled with surging commodity prices due to persistent inflationary pressures worldwide, posed a challenging environment. As the conflict escalated, food and energy prices increased, slowing the overall growth globally–with the biggest of the banks unable to arrest the inflationary pressures.

Even amidst these bottlenecks, a silver lining emerged for India: the recovery from the prolonged

COVID-19 pandemic. India's growth story held its ground, with strong domestic activities serving as a beacon of hope. Against all the odds, India's GDP grew at 7.2% in FY 2022-23 and is expected to grow at around 6.5% in FY 2023-24, as per the Reserve Bank of India (RBI)'s projections– courtesy of the government's push on infrastructure spending, healthy bank credit, a resurgence in corporate investments, and a significant improvement in rural demand. Another case in point is the whopping growth in the micro, small and medium enterprises (MSMEs) sector in the same period.

Behind the booming consumption cycle are India's fast-evolving banking, financial services, and insurance (BFSI) companies, helping consumers tide over their financial needs by providing them with loans or suiting their capital needs allowing them to start new ventures or expand their existing businesses. Moreover, the growth of our economy is empowering individuals to increase their purchasing power, thereby improving their standard of living through enhanced income sources and opportunities.

As the needs of individuals transform, so does our Company, dear shareholders. Amidst the swift transition towards digitisation in our nation, we truly embraced the unfolding opportunities it presented us with. With our innovation-led approach, we are contributing significantly to India's growing demands and fulfilling rising aspirations. We witnessed the convergence of new technological advancements, ensuring the uninterrupted functioning of various businesses. This transformation has created an opportunity for us to develop more advanced and user-friendly digital platforms within our operations, allowing us to surge ahead as a digital-first lender.

In this fast-changing digital landscape, we acknowledge the immense potential and countless opportunities that lie ahead. PFL is currently at the forefront of this digital lending revolution. We are not just investing in technology but are also introducing seamless solutions to ensure we are ahead of the curve in terms of offerings and creating customer delight.

We have replaced manual operations with digital solutions and are utilising technology to engage with customers. In doing so, we are on track to achieving our vision: To be the most trusted financial service brand in the country–with a mission to help individuals and businesses achieve more by offering best-in-class customer-centric products and solutions most conveniently.

Going beyond customer satisfaction, our growth mindset will permeate all aspects of our operations, including stronger governance, enhanced employee empowerment, and investments in analytics for informed decision-making.

Ahead of the curve

Firmly rooted in a stable business foundation and bolstered by unwavering support and strong investments from our esteemed promoter group, Poonawalla Fincorp has established itself as a distinguished brand, renowned for its legacy of excellence and a high-performance culture. This robust backing ensures that we are amply capitalised for the next 4 to 5 years, positioning us strategically to embrace promising opportunities and embark on a remarkable journey of growth.

We remain committed to our vision and mission, leaving no stone unturned in our pursuit of success. To that end, the disinvestment of Poonawalla Housing Finance Limited stands as compelling testament to our focused strategy. This reinforces our capital reserves, enabling us to augment our capabilities and ascend to new levels of achievement. It signifies our unwavering resolve to strengthen our position and embrace opportunities for growth.

In the coming year, expect to witness a wave of targeted and personalised products in the consumer and small and medium-sized enterprises (SME) lending segments. Technology will continue to be the beating heart of everything we create as we remain dedicated to delivering cutting-edge solutions that transform the financial services industry.

Amidst our endeavours, we seek your enduring support for our dedicated and experienced team. With continued encouragement, we remain confident that Poonawalla Fincorp will thrive and flourish in the years ahead. Together, we will forge a path of success and achieve remarkable milestones as we navigate the future with determination and resilience. Your support is invaluable to us.

Best,

Adar Cyrus Poonawalla

Chairman

MD's message

Spearheading digital transformation

"Our latest initiative–the Direct Digital Program (DDP) distribution model–has accelerated disbursements, expanded customer base and reduced customer-acquisition costs."

Dear stakeholders,

I am thrilled to address you as we reflect on our journey under the new management since the acquisition by the esteemed Cyrus Poonawalla Group. This year has marked a remarkable transformation for us as we aligned our business processes with our Vision 2025. Our progress has been extremely satisfying while we navigated the realms of business, technology, people, and processes with precision and purpose.

Our commitment to excellence is evident in the way our business has flourished as digital-first, tech-led exhibiting consistent growth across various key metrics such as disbursement, Assets Under Management (AUM), asset quality, profitability, and return on assets. We are proud to share that our financial standing and our efforts in transforming the organisation have received recognition, most recently with the long-term credit rating upgrade to AAA by CRISIL and earlier by CARE Ratings.

During this year, we initiated the value-unlocking process of our housing finance subsidiary, Poonawalla Housing Finance Limited, and we expect the transaction to be completed over the next couple of months post requisite regulatory approvals. The addition to our capital should propel us further to the next level of our journey.

Performance highlights

I am pleased to announce that we remained aligned with our expectations from the last year. Our performance resulted in strong revenue of ₹2,010 Crore and the highest-ever PAT of ₹585 Crore during FY 2022-23.

Disbursements showed remarkable momentum with a YoY growth of 109%, reaching an impressive figure of ₹15,751 Crore for FY2022-23; this marked for us the highest disbursement ever achieved. Our AUM experienced a remarkable 37% year-on-year growth, amounting to ₹16,143 Crore. Our focused AUM, which stands at ₹15,198 Crore, has witnessed a substantial 73% year-on-year growth and a 19% quarter-on-quarter growth, accounting for 94% of our total AUM.

As part of our strategic initiatives, we have been winding down our discontinued book, resulting in an AUM of ₹945 Crore, with an on-book AUM of ₹640 Crore. We expect the remaining book to fully run down over the next few quarters. Business loans, including loan to professionals, constitute the highest portion of our total AUM at 28%, followed by pre-owned car loans at 17%, personal loans and loan against property at 16% each, and supply chain finance at 7%. We continue to be focused on maintaining a secured-unsecured ratio of 40:60 and predominantly target prime customers with a credit score of 700 and above, leveraging the available database.

Our latest initiative–the Direct Digital Program (DDP) distribution model–has accelerated disbursements, expanded our customer base, and reduced customer-acquisition costs compared to traditional distribution models.

Our gross non-performing assets (GNPA) stands at 1.44%, reflecting a significant decrease of 185 bps YoY.

Additionally, I am pleased to inform you that our Board of Directors has proposed a dividend of ₹2 per share to our shareholders, which is equivalent to 100% of the face value of each share. This decision reflects the confidence and belief of the Board in our Company's financial strength and its ability to generate returns for our valued shareholders.

Customer centricity

Driven by our digital-first strategy, we have created an ecosystem that has transformed the way we serve our customers, offering them a seamless and hassle-free experience. We are also rationalising our branch network and manpower to establish a more efficient organisational structure. By consolidating our resources, we aim to enhance our operational effectiveness and optimise our performance, thereby driving sustainable growth and value creation.

Our commitment to efficiency is evident in the significant improvements, we have made in our disbursal turnaround time, in turn, attracting more customers. The launch of our DDP distribution model has further amplified our service capabilities, enabling robust in-house sourcing, an expansive reach through our revamped website, and continuous targeted marketing efforts. We also have strong alliances and partnerships to extend our reach.

Our wide array of products and services provides customers with diverse options and the ability to customise their loan offerings effortlessly. We continuously strive to enhance our product suite. Exciting additions such as EMI cards and co-branded credit cards are already in the pipeline, poised to elevate our product suite. We are committed to placing our customers at the heart of everything we do.

People approach

If customers are at the heart of everything we do, our people are the grey matter who drive Poonawalla Fincorp's operational excellence. Cognisant of their importance and role, we have created a people-centric work environment. This includes advanced systems and transparent operations, extensive investment in learning and development, regular engagement with senior leadership. Our use of cutting-edge technology enhances employee efficiency while promoting equality, prioritising health and well-being, and recognising excellence through rewarding initiatives.

ESG at the core

We are committed to responsible practices within our organisation, ensuring the proper utilisation of assets and compliance with governance frameworks. Despite significant regulatory changes, we successfully embraced digital transformation while ensuring compliance. Additionally, we actively engage in Corporate Social Responsibility (CSR) initiatives to contribute to the communities in which we operate.

Way forward

With our sights set on Vision 2025, we remain committed to our guiding philosophy. Embracing innovation and enhancing our digital capabilities will be key as we seize the countless opportunities that await us. Together, with the constant dedication of our team, the support of our stakeholders, and the trust of our customers, we are confident to create a brighter future.

Let's march ahead, united by purpose, and make our aspirations a reality. Thank you for being part of this incredible journey.

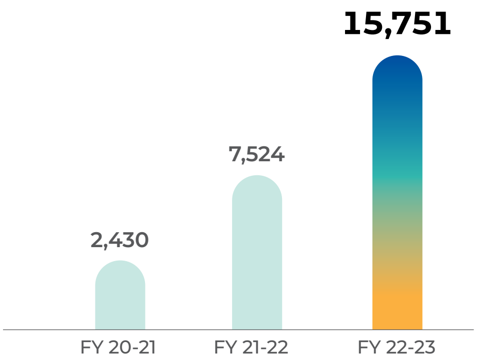
Regards,

Abhay Bhutada
Managing Director

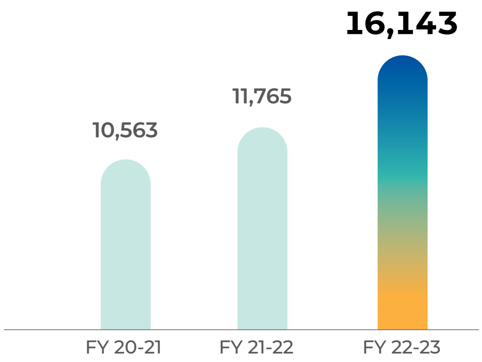
Our performance

Our growth demonstrates our resilience

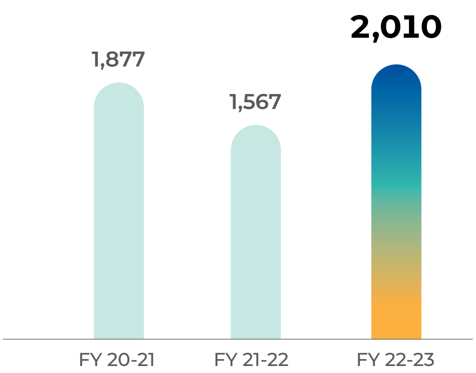
Disbursements
(₹ Cr)



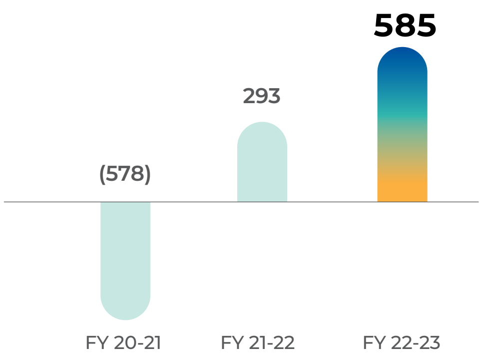
Assets under management
(₹ Cr)



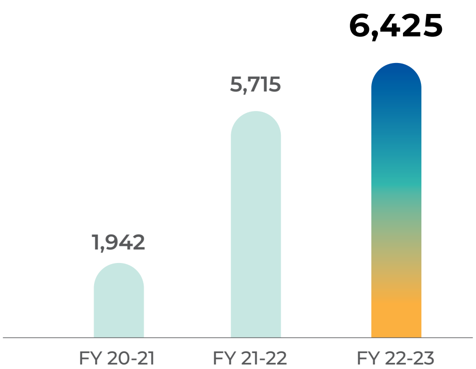
Revenue
(₹ Cr)



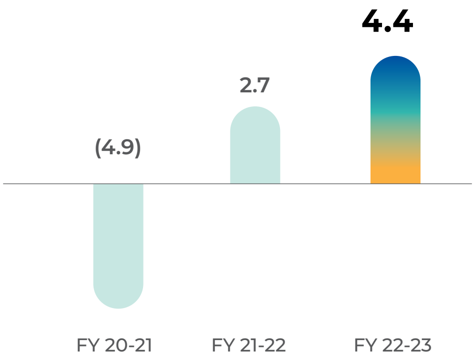
Profit after tax
(₹ Cr)



Shareholders’ fund
(₹ Cr)

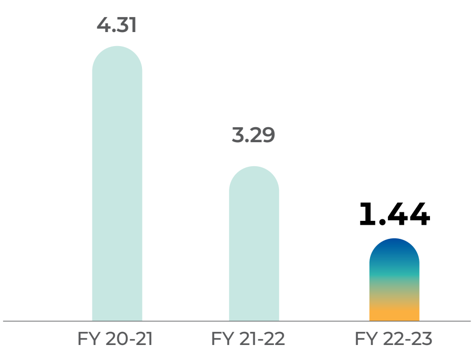


Return on assets
(%)



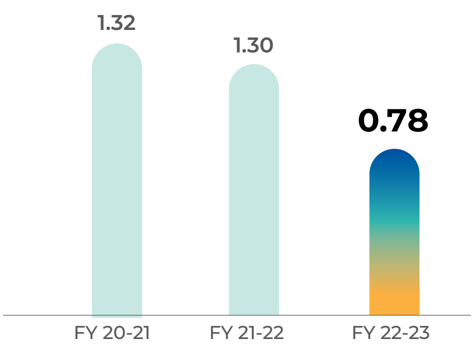
Gross stage 3 assets/Gross NPA*

(%)



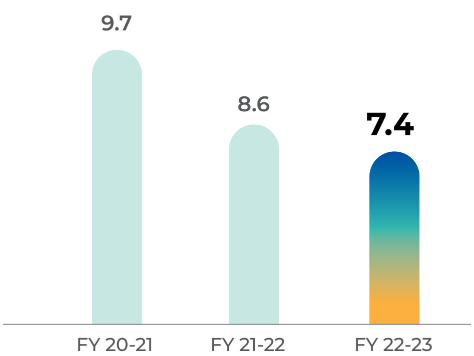
Net stage 3 assets/Net NPA*

(%)



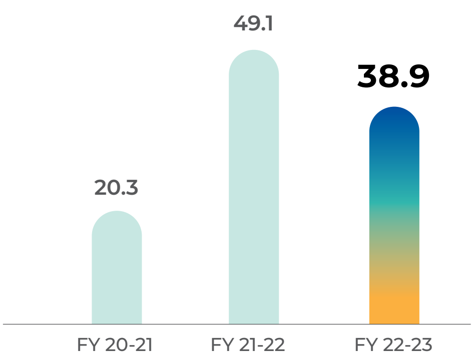
Cost of borrowing

(%)



Capital adequacy ratio

(%)



*The reduction in GNPA / NNPA is despite the alignment with revised NPA definition as per RBI circular | Comparison of aligned GNPA / NNPA on September 2022 drawn from GS3 / NS3 of previous periods.

Making our business future-ready

IN THE SPOTLIGHT

From business to customers, everything that changed digitally

Leveraging digitalisation to strengthen our financial fundamentals

Running our digitised business responsibly

Story in focus

From business to customers, everything that changed digitally

To achieve sustainable growth in today's world, it is essential to embrace change as a constant. Adapting to evolving market trends, shifting customer preferences, and emerging technologies is vital to remain relevant and competitive in the long run.

We have transformed our business digitally and implemented various systems such as LOS, LMS and ERP, and are now primarily focusing on consumer and MSME financing. With the shift in our offerings, we gradually transitioned into a new target market of urban and semi-urban customers who are being addressed through formal communication. Today, we have emerged to be one of the premium NBFC companies that serve customers based on their creditworthiness: Self-employed individuals, working professionals, and other individuals that match our benchmarked credit scores. We have successfully augmented our portfolio by deepening our investment in technology to create endless opportunities for our existing and ever-expanding customer base.

Leveraging strengths

In order to provide a seamless and superior experience, we have invested in technology capabilities that are:

Modular

One of the biggest strengths of our developed technology is its modularity. This means that different components of technology can be easily swapped in and out as needed without disrupting the overall system. This makes it easy to upgrade and adapt to changing business needs without having to start from scratch.

Scalable

As our customer base grows and expands, the technology can easily handle the increased demand without sacrificing performance or reliability. This implies that we can continue to provide a high level of service to our customers.

Secure-analytics-driven

The technology is also designed keeping security in mind. We understand that customers trust our Company with sensitive financial information. To that end, we have implemented robust security measures to protect this data, including encryption, access controls, and regular security audits. By analysing customer data, we can gain insights into customer behaviour, preferences, and needs. This allows us to offer more personalised products and services, making data-driven decisions beneficial for us and our customers.

Plug-and-play

This feature allows for easy connection and compatibility with existing systems and technologies without the need for extensive configuration or modifications. The simplicity of installation reduces the time and effort required to set up new components, resulting in cost and time savings.

Story in focus

Customers

Self-service online web application

By enabling a self-service online web application, customers can access our services and products online, without needing to interact with a human representative.

The self-service online portal makes it more convenient for customers to use our platform and access financial services, and will help to reduce our customer service workload.

Contact centre-led digital onboarding

We allow customers to onboard themselves digitally with the help of a contact centre representative.

This provides an extra layer of support for customers who may be new to our platform or who have questions during the onboarding process.

Contactless customer service through bots

By enabling contactless customer service through bots, we provide customers with quick and easy access to support, without needing to interact with a human representative.

This helps us reduce our customer service workload and also provides customers with a more seamless experience.

Impact

Partners

Extended API infrastructure

We offer an extended API infrastructure that allows our partners to integrate with our platform and access services and products through their own applications.

This makes it easier for our partners to work with our platform and expand their horizon into diversified offerings.

CRM extension

Our CRM extension provides our partners with a way to manage their customer relationships using our platform.

It offers better support to the partners, providing them with a complete picture of the interactions with customers on our platform.

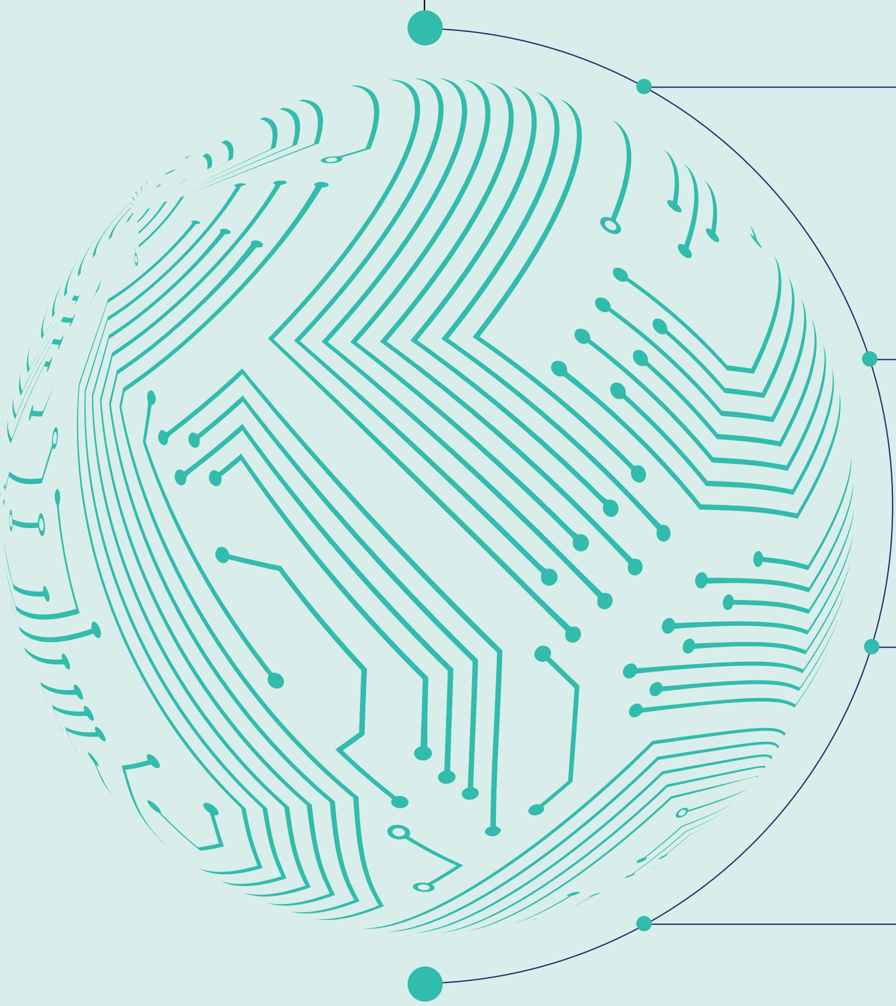
Marketplace partnerships

We offer marketplace partnerships that allows partners to list their own products and services on our platform, and, in turn, provides customers with a wider range of offerings to choose from.

It helps expand our customer reach and offer more value to them.

Impact

Features



API backbone

Cloud-ready infrastructure

Best-in-class infosec

Data-analytics driven

Story in focus

Leveraging digitalisation to strengthen our financial fundamentals

Our digital transformation has significantly strengthened our asset quality and helped in reducing our credit costs. By leveraging digital platforms and technologies in our business, we have enhanced our efficiency, reduced our costs, improved risk management, offered personalised products and services, and expanded market reach, ultimately improving our financial fundamentals.

Impact	The know-how
Cost reduction	One of the primary benefits of digitalisation is the cost reduction. By digitising our operations, we automated our processes, reduced manual interventions, and saved on operational costs. Additionally, digitalisation enabled us to streamline our customer-acquisition and servicing processes, reducing the cost of customer acquisition and enhancing customer satisfaction. By leveraging digital platforms, we are seamlessly reaching and analysing vast amounts of data in real time, empowering us to make informed lending decisions and identify high-risk borrowers swiftly. **>50%** Reduction in head count across Sales, Credit, and operations due to digitalisation
Improved risk management	We have significantly enhanced our risk management capabilities by harnessing advanced analytics and machine learning algorithms. We have integrated various tools such as pdf banking, consent-based downloading of documents from source, etc. We have also proactively identified and mitigated credit risks, minimised loan defaults, and strengthened our overall risk management framework. **0.78%** Net NPA
Enhanced customer experience	Digitalisation has equipped us with the means to provide a convenient and user-friendly experience to our customers. Our tailor-made products and solutions, offered through various digital platforms such as e-application, e-signing which help to increase speed and enhances customer delight. This has paved the way for a more personalised approach towards customer engagement and retention. **54** NPS score – One of the best in the industry
Increased market reach	We have extended our market reach significantly by venturing into tier-2 and tier-3 cities. This has allowed us to tap the significant opportunities in cities, beyond the urban centres of the country. **10x** Increase in customer acquisition over last 12 months

Story in focus

Our financial fundamental strengths

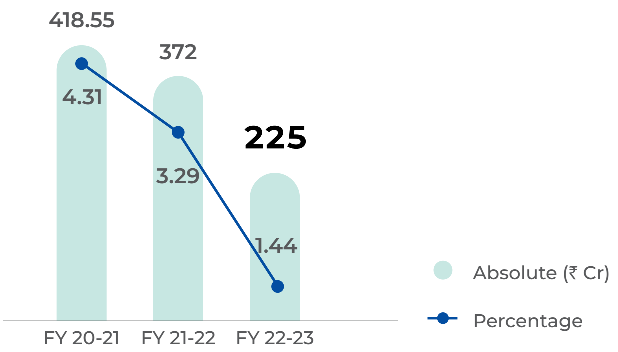
Asset quality and credit cost are two important metrics that are used to assess the performance and health of our Company. Our approach to enhancing the quality of assets has proven to be highly successful and serves as a prime example of our constant drive to improve the asset.

Improved asset quality

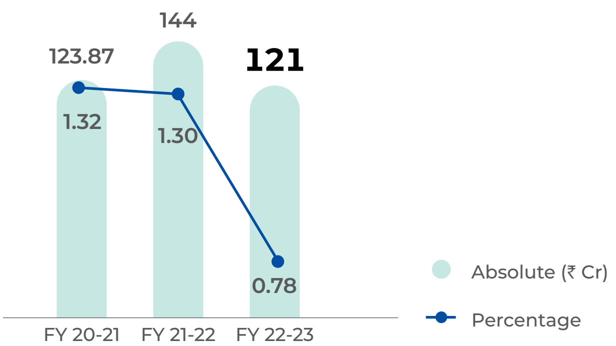
Through a combination of measures such as digital underwriting, collection efficiency, implementing tighter controls on asset quality, and proactively addressing potential slippages and write-offs, we have achieved a remarkable improvement in our asset quality parameters. This has resulted in a significant reduction in Stage 3 assets, as well as a decline in restructuring books and non-performing assets, which are key indicators of our overall asset quality.

Our Initiatives	Rationale
Stricter credit assessment	We have tightened our credit assessment process, resulting in more stringent criteria for loan approvals. This has helped us reduce the number of non-performing loans in our portfolio. **>700** CIBIL score needed for customers to get a loan approval
Focus on high-quality assets	We have shifted our focus towards high-quality assets that have a lower risk of default. This has resulted in a more diversified portfolio that is less vulnerable to market fluctuations.
Improved collections	We have improved our collection process by leveraging technology and data analytics to identify the early warning signals of potential delinquencies. This has helped us take proactive measures to prevent loan defaults.

Gross stage 3/GNPA



Net stage 3/NNPA



Reduced credit costs

We have undergone a significant transformation since our acquisition by the Poonawalla Group, with a focus on strengthening our foundation through technology, distribution, and talent investments. This has helped us streamline our processes, expand our reach, and attract skilled professionals to our team. Additionally, we have taken proactive steps to manage our credit risk by front-loading, provisioning and writing off legacy-stressed loans aggressively. As a result, our asset quality has improved, and credit costs have remained benign, with expectations of continuing at around 1%. Our strong customer-focused approach has contributed to the success, and we remain committed to delivering sustainable value to our stakeholders.

Our efforts in reducing our credit costs

- Diversifying funding sources
- Credit risk management practices
- Closely monitoring credit quality of portfolio
- Leveraging technology to enhance underwriting capabilities and improve operational efficiency

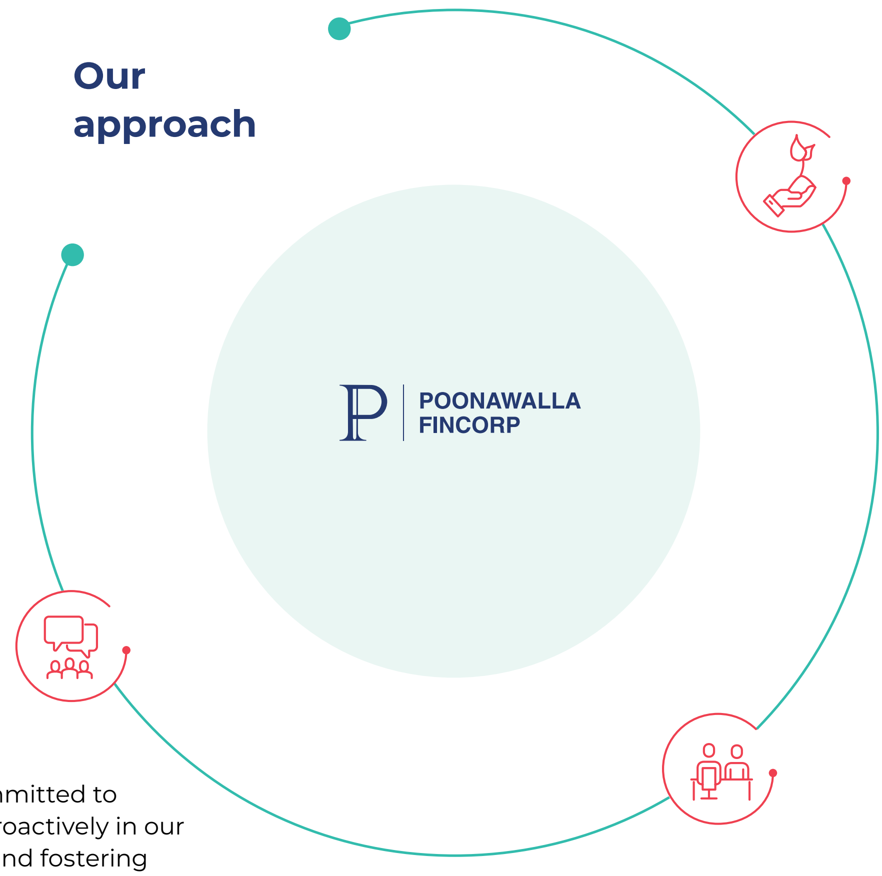
POONAWALLA FINCORP

Story in focus

Running our digitised business, responsibly

By fully embracing digital transformation, we, at PFL, have cultivated a culture that places responsible practices at the forefront. With a focus on Environmental, Social, and Governance (ESG) initiatives, we strive to create sustainable long-term value for our stakeholders. Our holistic approach forms the base of our commitment to sustainability as we continue to prioritise responsible business practices.

Our approach



Environment

We are committed towards sustaining our environment by responsibly maintaining and optimising our assets regularly. Our key initiatives would lead our business operations to run smoothly and create a friendly environment for all.

Social

We are committed to investing proactively in our workforce and fostering positive relationships with external stakeholders, including customers, lenders, vendors, and communities. Our social commitment is centred on prioritising people and building lasting partnerships for mutual benefit.

Governance

We are committed to strong governance that encompasses all of our business drivers, including strategic depth, Codes of Conduct, board membership, risk management, and guiding principles.

Evolving trends in the industry

The NBFC sector has been systemically important in driving the growth of the financial sector in India. Despite the challenges faced in the recent past, the sector has demonstrated resilience and has improved its financial position. With the Indian economy heading towards a strong growth journey, there is ample room for growth in the country's NBFC sector.

Strong economic fundamentals

With strong financial fundamentals, India is poised for significant growth over the next few years. This bodes well for the NBFC sector as there will be a rise in the demand for credit growth in the country.

Favourable demography

With 65% of India's population under 35 years of age, the youthful and tech-savvy segment is driving a positive growth environment for the lending sector due to their increasing credit acceptance rate.

MSME credit gap

MSME credit gap: India's MSME market is vast. The micro sector represents more than 99% of the total estimated number of MSMEs, with approximately 630.52 Lakh enterprises. The small sector comprises 3.31 Lakh MSMEs (0.52% of the total), and the medium sector consists of 0.05 Lakh MSMEs (0.01% of the total). Out of the estimated 633.88 Lakh MSMEs, 51.25% (324.88 Lakh MSMEs) are in rural areas, while 48.75% (309 Lakh MSMEs) are in urban areas. The Ministry of Small and Medium-Sized Enterprises (MSME) was allocated ₹22,238 Crore in the FY24 budget, a 3.3% increase compared to the ₹21,422 Crore allotted in FY23. The credit demand as of FY23 is estimated at ₹136.8 Trillion. Assuming an annual growth rate of 15% in credit demand, the credit gap is expected to reach around ₹40 Trillion as of FY23. This presents a significant opportunity for NBFCs and fintech companies to address the credit gap.

Growing demand for pre-owned vehicles

Growing incidence of multiple car ownership, reduced ownership cycle, a shift towards the organised market, along with growing disposable income are pushing the growth of the pre-owned car market in India.

19.5%

CAGR in India's used-vehicle market between FY 21-22 and FY 26-27

New regulatory framework

On April 11, 2022, the RBI took a significant step by introducing specific principles, standards, and procedures for the Compliance function in NBFCs. This move was made with a focus on proportionality, ensuring that compliance measures are aligned with the scale and complexity of the entities. In addition, NBFCs face multiple disclosure and return filing requirements imposed by RBI circulars, further highlighting the importance of robust compliance practices in the industry.

Our response

At our Company, we are focused on leveraging the latest digital technologies to meet the needs of the MSME and consumer financing industry, while remaining competitive in the market.

We have taken significant measures to improve our asset quality by keeping our underwriting processes robust and continuously aiming to reduce our credit costs. Our efforts have been recognised by CRISIL and CARE, as they upgraded our credit rating from AA+ to AAA.

By staying positive and seeking solutions to industry gaps, we have successfully emerged as one of the strongest NBFC companies. We strive to provide the best customer experience, and build long-term relationships with our clients.

Our competitive edge

Risk management

Navigating potential risks with confidence

We have implemented a robust risk management framework that enables us to identify, assess, and mitigate various types of risks that we face in our operations.

Our risk management approach is comprehensive and proactive, and it is based on a deep understanding of the markets we operate in, as well as the needs and expectations of our customers. Through continuous monitoring, evaluation, and improvement of our risk management practices, we strive to maintain a strong risk culture and uphold our commitment to our stakeholders.

Risk management framework

Our Risk Management Committee (RMC) plays a vital role in the risk management framework of our Company in accordance with the Non-Banking Financial Companies–Corporate Governance (Reserve Bank) Directions, 2015, and Listing Regulations.

The Board of Directors of our Company is committed to developing a sound system for identifying and mitigating risks, both systemic and non-systemic. To this end, we implemented the Internal Capital Adequacy Assessment Process (ICAAP), which entails the identification and assessment of material risk faced by our Company, stress-testing framework, and assessment of capital requirements.

ICAAP framework

Material risk assessment

- Credit Risk
- Operational Risk
- Market Risk
- Liquidity Risk
- Interest Rate Risk
- Concentration Risk
- Reputational Risk
- Strategic Risk
- Compliance Risk

Stress testing

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

Capital requirement

- Assessment of Capital Requirement
- Availability of Capital

In addition to the aforementioned assessments, we conducted stress testing for key risks, including credit risk, liquidity risk, and interest rate risk. The results of these assessments and stress tests were used to determine the capital requirement based on our Company's risk exposure. Following the assessment, we found sufficient capital reserves beyond the assessed requirement as per the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP serves as an ongoing framework to evaluate our business plan and capital needs, playing a crucial role in our decision-making processes moving forward.

Monitoring and managing the emerging risks

We have taken effective measures to systematically manage the above risks.

Early Warning Signals (EWS)

By implementing this, we can upgrade our system, which will enable us to take proactive measures to manage and maintain the credit quality of the portfolio effectively.

Stress-testing scenarios

As the process evolves, we will enhance and expand the stress-testing framework to evaluate the potential effects of macroeconomic factors, regulatory changes, and low-probability-high-impact events on our business.

RAS and KRI framework

We employ the Risk Appetite Statement (RAS) parameters and Key Risk Indicators (KRI) framework to monitor any breach of the prescribed thresholds, which is promptly addressed through appropriate management action plans to rectify the situation.

Enterprise-wide Risk Management (ERM) framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. PFL has framed an Integrated Risk Management (IRM) Policy which acts as an umbrella policy and defines the overall risk management framework in PFL. Involvement of the Senior Management team in implementation of the IRM framework ensures achievement of overall organisational objectives across all business units.

Risk management

Risk and mitigation measures	Our mitigation
Credit risk We may face credit risk where a borrower may default on their loan obligations, resulting in financial loss to our Company.	We implemented active monitoring of the loan portfolio to identify trends in delinquency rates, the establishment of portfolio guardrails, and the implementation of RAS parameters, specifically related to credit risk. Additionally, we conducted retrospective credit assessments to evaluate the effectiveness of our credit function, and we consistently review and revise our credit policies as needed. We also developed an Early Warning System (EWS) framework to proactively identify signs of stress and closely monitor and review product programmes and exposure limits. By employing these mitigation strategies, we aim to effectively manage and mitigate potential credit risks.
Operational risk We may face operational risks such as technology, and cyber risk, compliance risk, human resources risk, and process risk.	We conducted Risk Control Self-Assessment (RSCA) exercises that cover major functions within the organisation, as well as Internal Financial Control (IFC) testing to ensure robust financial controls. We also monitored Key Risk Indicators (KRI) to promptly identify any potential operational risk issues. Additionally, regular branch reviews are conducted to assess operational effectiveness and identify areas for improvement. A comprehensive risk register is maintained, covering all functions of our Company, helping us identify and manage operational risks. We established RAS parameters specifically related to operational risk to guide decision-making processes. Furthermore, workshops and training sessions are conducted to enhance awareness among our employees and promote a strong risk culture throughout the organisation.
Fraud risk We may face fraud risks such as loan fraud, identity theft, internal fraud, and cyber fraud. These risks pose the threat of financial loss, resulting from intentional deception or misrepresentation by individuals or entities.	Fraud risks can damage our functioning and reputation. We have implemented a governance framework to prevent, identify, and deal with fraud. A dedicated Risk Containment Unit (RCU) monitors, investigates, detects, and prevents fraud. We maintain a zero-tolerance policy towards fraud, actively raising awareness and implementing robust controls to prevent any occurrence. Our Fraud Risk Management reports to the Chief Risk Officer and monitors all fraud risks, while our Audit Committee and Board of Directors monitor frauds specified by the regulator.

Risk and mitigation measures	Our mitigation
Information security risk We can face data breaches, cyberattacks, and unauthorised access, leading to compromised sensitive information and potential reputational damage.	We implemented information classification and appropriate controls, utilising Data Leak Prevention (DLP) measures to prevent unauthorised data disclosures, maintaining a Security Operations Centre (SOC) to monitor and respond to security incidents, conducting vulnerability assessments for all infrastructure and applications, monitoring the brand for potential risks and threats, ensuring email and network security measures are in place, developing Business Continuity and Disaster Recovery plans, and establishing Risk Appetite Statement (RAS) parameters specifically related to IT systems.
Liquidity risk We may face the risk of financial loss resulting from factors such as sudden changes in market conditions, unexpected changes in customer demand, or disruptions in funding sources. These factors may lead to funding, market, or operational risks, which could cause financial loss to our Company.	To mitigate liquidity risk, we diligently monitor RAS parameters such as Liquidity Coverage Ratio (LCR), Asset Liability Management (ALM) mismatches, and lender concentration. Additionally, we conduct regular liquidity stress testing to assess our resilience in challenging liquidity scenarios. These practices enable us to proactively identify and address potential liquidity risks, maintain sufficient liquidity buffers, and ensure the ability to meet its financial obligations promptly.

Business model

Creating value for all

Value drivers

Products and services
Loans for personal, business, professional, pre-owned car and others with services like quick pay for EMI.

Customers
Empower customers who need debt to kickstart their transformational journey towards new aspirations.

People
Dynamic workforce with skillsets that helps make financial services easily accessible to customers by staying aligned with our culture and vision.

Technology, data and risk management
Flexible, digital-ready platform and enhanced database creation to mitigate risk and cater to the needs of our customers.

Governance
Following governance frameworks strictly that establishes the responsibility of doing things in the right way leading to enduring results towards sustainability.

Value creation

Our enhanced business model is designed to serve the best interests of our key stakeholders, and we are actively working towards this goal.

Our stakeholders

Customers

Employees

Communities

Shareholders

Government

Strategic priorities

Superior customer delight

Innovative products that suit our target market

Deepening digitisation through enhanced technology

Upholding robust credit quality

Continuously optimising cost of borrowing and liquidity

Future-ready human capital with strong leadership

Outcomes

Customers

Striving to empower people across India by providing swift financial assistance for their aspirations. With a customer base of over ~ 1.9 Million, we have significantly reduced the turnaround time for loan disbursals.

Employees

Being rich in our culture and commitments, we have a dedicated and high-performing workforce.

Communities

We are promoting education, health and wellness and provisions to the marginalised people of the country.

Shareholders

Our Company has demonstrated robust financial performance and shown commitment towards strong ESG approach.

Government

Timely compliance to regulations, transparent business practices and payment of taxes on time.

Our strategy

Accomplishing Vision 2025

We are taking big steps by creating smaller milestones that will lead us to a brighter future. Our vision for 2025 is all about that. We envision emerging as one of the best NBFC companies in India by 2025, led by our six strategic pillars.

Our strategic pillars are focused on customers, technology, and innovative financial solutions. Adhering to strong governance policies and continuous risk management practices, they provide our valuable customer base with a secure platform and exceptional risk-free returns.

We have analysed the progress on those fronts and believe that we are well on track to meet these targets within the stipulated time.

Vision 2025

To be among the top 3 NBFCs in consumer and MSME finance

Risk calibrated accelerated growth, ~3x of FY21 AUM

Amongst the lowest Cost of Funds (CoF) in the industry with ~250 bps reduction in borrowing cost

Best-in-class asset quality; Net Stage 3 < 1%

Accelerate the growth trajectory of Poonawalla Housing Finance Limited (PHFL), followed by value unlocking

Positioning	Our strategic pillars
• We established ourselves as a market leader in pre-owned cars segment. • We achieved market leader position in providing loans to professionals on a monthly disbursement basis.	Differentiating by offering superior customer value Future-ready human capital with strong leadership
• Our AUM has achieved an impressive year-on-year growth of 37% and a quarter-on-quarter growth of 16%, reaching a total value of ₹16,143 Crore. Furthermore, our focused AUM, which amounts to ₹15,198 Crore, has experienced a significant year-on-year growth of 73% and a quarter-on-quarter growth of 19%. This focused AUM now represents a remarkable 94% of our total AUM, highlighting its substantial contribution to our overall growth and success. • We achieved a monthly disbursement run rate of ₹2,000+ Crore in FY 2022-23 for our focused products, and we have plans to introduce new products soon. • We have also established a distribution model that includes Direct Digital Program (DDP) channels, which should aid at accelerating the pace of scaling up. Disbursement under the DDP model constituted 81% of the total disbursement.	Aligning distribution and products that suit target market Digital first, technology-led to the core
• Since acquisition, we managed to reduce our average cost of borrowing by more than 250 bps to 7% in Q1 FY23. This was achieved through favourable negotiations on term loan pricing and rating upgrades. • We have plans to refinance our fixed rate legacy debt raised from capital markets at lower rates in future. We would continue to strive to be amongst the lowest cost fund raiser.	Continuously optimising cost of borrowing and liquidity
• Net Stage 3 at 0.78% as on March 31, 2023, supported by a cleanup of the legacy book.	Upholding robust credit quality

- In Q3 FY23, our Board approved sale of the housing finance subsidiary Poonawalla Housing Finance Limited to Perseus SG Pte. Ltd., an entity affiliated with TPG Global, LLC at equity valuation of ₹3,900 Crore. Shareholders approval received. The transaction would be consummated post requisite regulatory approvals.

Strategy 1

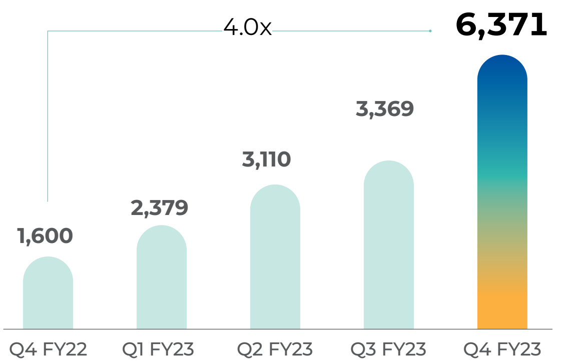
Differentiating by offering superior customer value

We are striving to ensure sustainable loan growth and cement our leadership position to stay aligned with our strategy that provides our customers with a high level of satisfaction towards our services. We have tactfully reduced paperwork and human intervention and introduced advanced data analytics that takes steps towards continuously reducing the turnaround time for providing loans and other financial support to our customers.

Seamless digital journey from beginning to end	• We have significantly reduced the amount of paperwork required • We have greatly minimised the need for human involvement • We have enabled advanced data analytics
Customer focus We are dedicated to providing exceptional experiences and ensuring customer satisfaction	• Our digital platforms now offer round-the-clock customer service accessibility • We have achieved the best NPS score in the industry
Amongst the best Turnaround Time (TAT)	• We have consistently decreased our TAT • Smoothened and quickened the process of loan disbursals which is facilitated by lead and agile back-end operations
Continuous engagement across customer lifecycle	• Our strengthened distribution model helps us to reach more customers • Leveraging technology, we have touched lives for long-term relationships

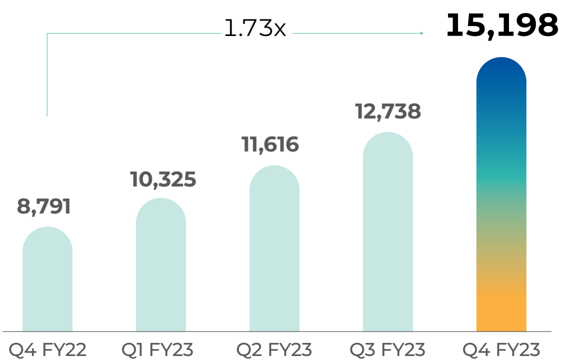
Accelerating organic disbursement growth

(₹ Cr)



Focused AUM has grown 73% YoY

(₹ Cr)



54

NPS score – One of the best in the industry

Strategy 2

Aligning distribution and products that suit target markets

We launched the Direct Digital Program (DDP) to improve our distribution system and reach more customers. We updated our product offerings to appeal to customers who are looking for loans. Our goal is to offer customised loans that are better than the traditional options. With DDP, we want to sell more of these loan offers with competitive interest rates to customers.

Our renewed product suite

Pre-owned cars

Merchant cash advance

Digital consumer finance

Auto lease

Digital business loans

Digital personal loans

Digital loan to professionals

Loan against property

Machinery loans

Digital consumption loan

Medical equipment loan

Supply chain finance

Offering our products through DDP

DDP model

Direct channel

In-house sourcing of customer through own branches and call centres

Digital channel

In-house sourcing of customer through web, social media, and other digital platforms

Digital ecosystem

Multiple tie-ups, alliances, and partnership arrangements

Outcomes

Higher profitability

We have accelerated customer acquisition by providing services directly to them

We have enhanced our X-sell/ upsell capabilities to gain more traction from our target market

We are offering our products at competitive interest rates through our tie-ups in the digital ecosystem

Strategy 3

Digital-first, technology-led to the core

We have been resolute in our plans to embody the culture of building digital-first technology, since we reimagined our business. The ongoing technology disruption in the lending business will lead several digital-first tech players like us to scale their operationalisation of technology centres fully. Our digital strategy is centred around transforming the three pillars of our business.

Enhancing organisational efficiency by enabling technological advancements

Drive product innovation through our back-end infrastructure FinnOne system

Create superior customer experience through our CRM platform, LeadSquared

What are we doing?

Core
Micro-services-based architecture

Cloud
Cloud-based applications

API factory
API-based backbone for integrations

Infosec
Cyber-threat-resilient competencies

Deep investments in technology (our capabilities)

We are enhancing our tech focus by investing in scalable backend infrastructure, FinnOne, to handle high-volume, high-speed transactions. We aim to partner with tech-led ecosystem players and stay ahead in NBFC tech.

Building a tech-led play (benefits)

We provide fast, efficient, and convenient services to customers and partners through our plug-and-play API stack and API-based integration for underwriting checks and validations. Our digitised business operation is continuously innovating.

Customers

Self-service online web application
Contact centre-led digital onboarding
Contactless customer service

Partners

Extended API Infrastructure
CRM Extension
Customised Credit and Risk

Digitised Operating Layer with controls inbuilt

Sales process digitisation

Credit decision automation

Disbursement and customer service

Digitised collections

Modular

Scalable

Secure

Analytics Driven

Plug-and-play technology

API Backbone and Cloud-ready Infrastructure

Robotic process automation

Best-in-class Infosec

Data analytics and Machine Learning driven

Outcomes

End-to-end digitised lending: Lower TATs, minimal paperwork, and reduced human intervention

We offer a fully digital customer journey with e-KYC, e-sign, e-agreements, e-NACH, and digital collections. Our BRE facilitates quick decision-making, and our Straight Through Digital Small Ticket Personal Loan simplifies access.

Focus on customer/ partner advocacy: Robotics interfaces, straight-through processing, and multiple self-service channels

Our omni-channel engagement offers seamless customer experience via call centres, branches, mobile apps, and website. First-time right service ensures maximum NPS, while channel partners enjoy 100% digital onboarding.

Advanced data analytics usage: Across sales, underwriting, collections and risk monitoring

We leverage advanced analytics to optimise policies, using risk scorecards for pre-approved offers and predictive models for delinquency and risk segmentation. Real-time data updates enhance our decision-making capabilities.

Strategy 4

Upholding robust credit quality

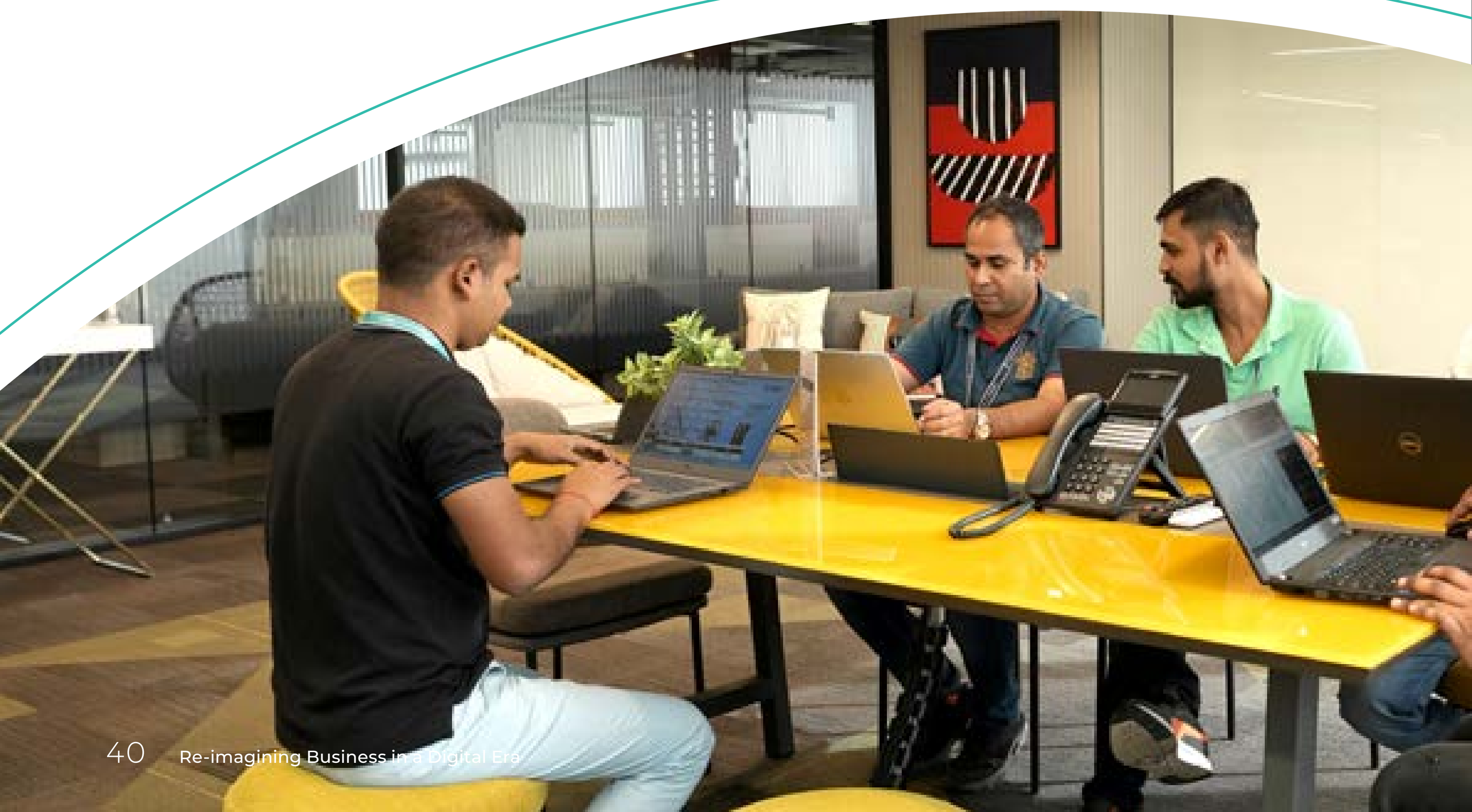
With our extensive customer base, we strive to maintain robust credit quality so that we do not fail to meet the obligations undertaken from our partners in accordance with the agreed terms. We ensure that we constantly remind our customers to clear their interests timely, which helps us maintain a healthy financial book.

Impact

- Choosing the right market segment and strong collection capabilities
- Closely monitoring early warning signals
- Conservative underwriting standards with counter-cyclical adjustments in policy and front-ended write-offs

Outcomes

- Consistent outperformance on asset quality with high-level customer profiles, mostly focused on metropolitan and urban areas.
- GNPA of 1.44%
- NNPA of 0.78%



Strategy 5

Continuously optimising cost of borrowing and liquidity

We recognise that establishing a robust and diversified loan-providing portfolio can result in reduced borrowing costs, ultimately leading us towards a sustainable and profitable business model. In other words, the lower cost of borrowings will naturally imply that our Company needs to select higher-quality customers.

Impact

- Optimum mix of instruments and diversified sources leading to competitive cost of borrowing
- Expansion in the pool of lenders/subscribers
- Maintaining adequate liquidity

Key highlights

AAA

Our transformation from AA+ rating to AAA rating

₹3,001 Cr

Liquidity surplus as on March 31, 2023

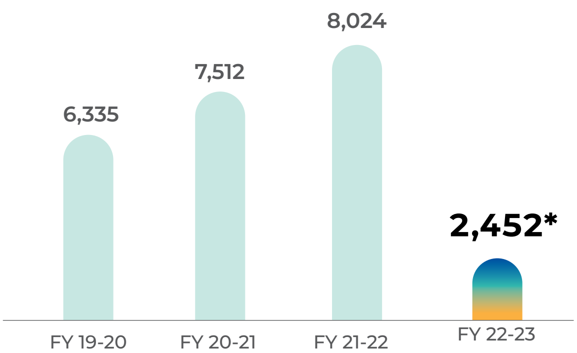
Strategy 6

Future-ready human capital with strong leadership

We are investing significant efforts towards building the right culture in our organisation by ensuring transparency among our employees. Leveraging technology in our working environment, we have retained strong leadership to maintain a high quality at work and streamline communication among employees. Keeping the process well defined, we are also creating a sustainable working environment for our people through engaging activities and incentives to make them feel like an important part of our growth. After all, our deep investments in human capital will be one of the key factors to drive our success.

Our strength

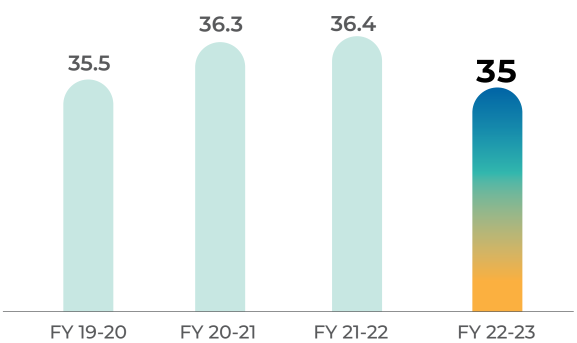
Employee count



*FY 22-23 employee count is standalone

Average age

(years)



1.4%
Reduced the average age of people in the organisation

23%
Of senior leadership comprises women employees

What are we doing?

We are building a high-performance culture in the organisation with a balance of employee development and engagement.

On our way to building a future-ready organisation

Improved productivity and exciting rewards

- Implemented OKR framework for goal-setting and alignment with our objectives.
- New incentive models encourage high performance and promote excellence.
- ESOPs now cover middle management for ownership and performance appreciation.
- The productivity enhancement programme improves efficiencies and structures across all functions.

Constant development

- Development plan established for all levels, ensuring clear growth paths.
- Competency framework defines role skills, aiding employee capability development.
- Functional and behavioural training programmes enhance skills and improve performance.
- Leadership programme for high-potential employees to develop effective leadership and drive success.

Enhancing operational efficiency

- Implemented the use of Microsoft Teams as the primary platform for consistent communication.
- We have significantly streamlined our workflows, reduced email overload, and improved team collaboration.
- Strengthened staff governance for compliance and ethical behaviour maintenance.
- Flexible leave, WFH, and holiday policies introduced to support work-life balance and well-being.

Employee engagement

- Employee satisfaction survey with GPTW for insights and improvements.
- Synergy programme with town halls and zonal connects for feedback and bonding.
- Fun-at-work programmes to promote a positive culture and employee well-being.
- Comprehensive reward and recognition programme to acknowledge outstanding employee performance.

Way forward

Strategising, now and ever

We are expanding our product offerings as our diversified product suite helps us accelerate our customer acquisition and presence. We have now added transaction credit and consumer finance on top of consumer finance products and will now focus on creating different variants for our products. We are also working on card-based products, which we intend to offer in the next few quarters, including the launch of EMI cards, Co-branded credit cards, and other digital loan offerings through our state-of-the-art digital platform to offer a superior customer experience.

Our product strategy is focused on building a mix of short- and long-term products, and it drives our customer acquisition and risk management strategy and also determines our ability to generate higher profitability and robust asset quality. Using our short-term products, we can test for cross-sell and upsell campaigns and incorporate analytics to understand the customer profile, propensity, and behaviour for facilitating a better customer experience.

Our core objectives

Focus on technology-driven growth

Our growth strategy will be centred on utilising digital capabilities and technology in our chosen segments. The goal is to achieve an annual AUM growth of 35-40% in the next three years.

Sustained superior profitability

We are focused on achieving sustainable growth and enhancing operational efficiency by prioritising risk management. With this approach, we aim to maintain a sustained Return on Assets (RoA) within the range of 4-4.5%. By balancing growth with risk mitigation and operational excellence, we strive to create long-term value for our stakeholders while maintaining a sound financial profile.

Best-in-class asset quality

We aim to keep our Net NPA below 1% by implementing a combination of prudent underwriting and collection practices. Through these measures, we are committed to maintaining a healthy asset quality that supports our financial stability and sustainability over the long term.

OPEX reduction

As part of our growth plan, we intend to streamline our branch network and manpower to establish a more efficient organisational structure that aligns with our strategic objectives. By consolidating our resources, we aim to enhance our operational effectiveness and optimise our performance, thereby driving sustainable growth and value creation.

Capitalisation and cost of borrowing

We are currently well-capitalised and have one of the lowest borrowing costs compared to our peers. This transition will further strengthen our position for exponential growth in the next 5 to 7 years.

Strategic investments

With a substantial capital base, we are in a favourable position to explore strategic investments in technology and analytics.

Environment

Our commitment to a sustainable future

We are committed to sustaining our environment by responsibly maintaining and optimising our assets regularly. Our key initiatives would lead our business operations to run smoothly and create a friendly environment for all.

Key initiatives

- We installed LED lights in our new and upcoming branches wherever possible and are also gradually replacing the existing lights with LED lights in a phased manner.
- All the primary wastes, mainly paper and electronic, are recycled. We ensure that the release of emissions and wastes is within the permissible limits of the applicable laws.

Social – People

Putting our people first

We are committed to staying ahead of the curve in today's fast-paced and ever-changing business landscape. We believe that a company is only as good as the people who work for it, which is why, at PFL, we place a strong emphasis on talent training and development.

We are building a better place at work

Enhanced systems, transparent operations

Deep investment in effective training

Regular engagement with senior leadership and management

Cutting-edge tech driving employee efficiency

Equality for all; no discrimination

Health and well-being at the forefront

Rewards to recognise excellence at work

Social – People

Our key initiatives

Our people-centric approach reflects our commitment to building meaningful relationships and fostering growth, both within our Organisation and the customers we serve. We strive to create a sustainable and inclusive ecosystem that empowers our people and enables them to achieve their full potential.

- Customer centricity: Our digital ecosystem is built on the foundation of transparency, security, and trust. With the power of technology, we are committed to providing our customers with personalised and innovative solutions that cater to their unique financial needs while also ensuring that they have access to the necessary tools and resources to make informed financial decisions.
- HRMS system: To enhance the accessibility and convenience of our HR processes, we have implemented Galaxy, a cutting-edge HR management platform powered by Zing HR. With Galaxy, our employees can easily access a range of HR services, including leave management, attendance tracking, payroll management, and much more, from the comfort of their own devices. This also allows our employees to access to social media posts and interventions related to the daily life cycle within the organisation.
- Hybrid working model: We believe in providing our employees with a healthy work-life balance. We offer work-from-home opportunities and create a comfortable work environment for our employees in our workstations. Our aim is to enable our employees to work in a way that suits their lifestyles while ensuring their productivity and well-being.
- Talent management: Our top leadership actively manages talent by regularly interacting with employees, providing impactful training, and rewarding good work with bonuses and incentives.
- Intent to retain employees: Our culture is centred around retaining all our employees, and our core values reflect this. Even if an employee is underperforming, we are committed to helping them improve through our comprehensive training programmes. Our ultimate goal is to support every member of our team and facilitate their professional and personal growth.
- Team building activities: With 20 operating branches, we conduct zonal and leadership connections to build stronger teams and encourage interaction across our distributed team. Our divisional connections further promote collaboration and communication across different departments, helping us work together more effectively towards our shared goals.
- Mental health programmes: We believe that the mental well-being of our employees is just as important as their physical health. We implemented several mental health programmes with an aim to provide our employees with the support and resources they need to maintain emotional well-being, and work in a positive and productive environment.
- Equal opportunities: We prioritise equality for all employees, regardless of gender. We support women empowerment, and we also strive to ensure that everyone feels included and valued in the workplace. Our main focus is on fostering a culture of respect, fairness, and equality for all, which creates a positive and productive work environment.

Outlook for FY 2023-24

We will continue to attract young, agile, and ambitious talent while also provide internal employees with opportunities to switch jobs within the organisation through our IJP policy. Additionally, we plan to commence cross-product training programmes to ensure that resources in different departments are aware of what their colleagues in other departments are working on. Our goal is to foster a dynamic and collaborative workplace where employees can grow and develop their skills in their preferred fields.

Social – Community

Empowering communities

Our social commitment ushers a proactive investment in talent and maintaining healthy relations with our external stakeholders, such as our customers, lenders, vendors, and communities. We also create opportunities for them through our CSR activities.

Key initiatives

- Our business focuses on addressing the essential needs of individuals and empowering them to earn their livelihood through the financial products we offer to MSMEs, marginal farmers, and small shopkeepers.
- We are constantly contributing towards education, health, and the environment.

Key CSR activity

M Scholar

Under this, scholarships are offered to meritorious students from marginalised families.

Governance

Leading the way with passion and purpose

We are dedicated to upholding the governance policies that drive growth and profitability, while prioritising financial discipline, ethics, transparency, and trust. Our long-term corporate goals focus on enhancing shareholder value and safeguarding stakeholders' interests. We strive to follow best practices across all functional areas, fulfilling our responsibilities towards our stakeholders and the community. Our actions align with our values and principles, and is reinforced across all levels.

Ensuring compliance

We experienced significant regulatory changes during the year while reimagining our business digitally to ensure compliance. In September 2022, the RBI introduced guidelines on digital lending, which provided clarity on various aspects to be followed by NBFCs in digital lending. We proactively ensured compliance with these guidelines by engaging with partnering platforms and co-lenders.

Our efforts

- Adopted the Board-approved Policy on Common Guidelines for Digital Loans that states the common guidelines for digital lending through a remote and automated lending process. This in line with the recommendations made in Annex-1 of RBI's circular dated September 02, 2022 – Guidelines on Digital Lending, which recommended a regulatory framework to support orderly growth of credit delivery through digital lending methods.
- Ensured adoption of all requirements in line with the scale-based regulatory framework.
- Digitised the loan journey across all products in line with applicable RBI regulations.
- Implemented a seamless, secure, live, informed, consent-based audio-visual interaction process with the customer to obtain identification information required for CDD purposes by way of V-CIP.
- Retrieval of customer's KYC documents from the Central KYC Registry portal, subject to the prior written consent of the customer(s), has further eased the customer journey and experience.
- Complied with CFSS norms as per applicable regulations (regulatory timeline is 2025).
- To maintain data confidentiality, we introduced digital storage of customer data.
- Conducted periodic reviews and updated all policies and SOPs.
- Automated system-based triggers for identifying suspicious transactions.
- Conducted training sessions on the digital lending guidelines and KYC AML.

We have formulated various policies and codes under the applicable laws and regulations. Our corporate governance practices and disclosures are well beyond complying with statutory and regulatory requirements stipulated under the applicable laws. We have zero tolerance towards non-compliance.

BoD framework

- As at September 2022, our Board comprised 10 Directors, which included 5 Independent Directors and 1 woman Director.
- All the Non-Executive Directors are eminent professionals and bring the wealth of their professional expertise and experience to the management of our Company.
- We have set up a Stakeholders' Relationship and Shareholders'/ Investors' Grievance Committee to look into the redressal of the complaints of investors as per the requirement of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- We have constituted an Environmental and Social Governance (ESG) Committee, which, inter alia, reviews the implementation of the Sustainability Strategy/Roadmap and reports it to the Board.

Board of Directors

Mr. Adar Cyrus Poonawalla
Chairman

C C C C M

Mr. Abhay Bhutada
Managing Director

M M M M M M M M M

Mr. Amar Deshpande
Non-Executive Director

C C C

Mr. Prabhakar Dalal
Independent Director

M M M

Mrs. Vijayalakshmi R Iyer
Independent Director

M M

Mr. Sajid Fazalbhoy
Non-Executive Director

M
M
M

Mr. Bontha Prasada Rao
Independent Director

M
M
M

Mr. Atul Kumar Gupta
Non-Executive Director

M
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Mr. G. Jaganmohan Rao
Independent Director

M
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M
M

Mr. Sanjay Kumar
Independent Director

5
Board meetings

96%
Board attendance

98%
Board committee attendance

Committees

- Audit Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Asset Liability Management Committee
- Management Committee
- Review Committee
- IT Strategy Committee

C Chairman
M Member

Skills and expertise*

1. Market Understanding Banking
2. Understanding of Business / Industry
3. Financial Understanding
4. Strategy and strategic planning Law
5. Critical and innovative thoughts, and Risk Compliance oversight

*The skills and expertise mentioned are possessed by every board member.

Management Team

Mr. Abhay Bhutada
Managing Director

Mr. Sanjay Miranka
Chief Financial Officer

Mr. Manish Chaudhari
Head of Retail Assets

Mr. Rajendra Tathare
Chief Risk Officer

Mr. Anup Agarwal
Chief Internal Auditor

Mr. Manoj Gujaran
Chief Compliance Officer

Mr. Kandarp Kant
Chief Technology Officer

Ms. Smita Mitra
Head – Human Resources

Mr. Atul Garg
Chief Information Officer

Mr. Hiren Shah
Head – Strategy, BIU & IR

Mr. Mahender Bagrodia
Head – Collections

Awards and accolades

Achieving excellency in recognition

We strive to achieve excellence in all aspects of our business operations. Our commitment to providing innovative financial solutions and exceptional customer service has earned us recognition from various prestigious organisations. We are proud to showcase the awards and accolades we have received, which highlight our dedication to delivering the best-in-class financial products and services to our customers.

HR practices

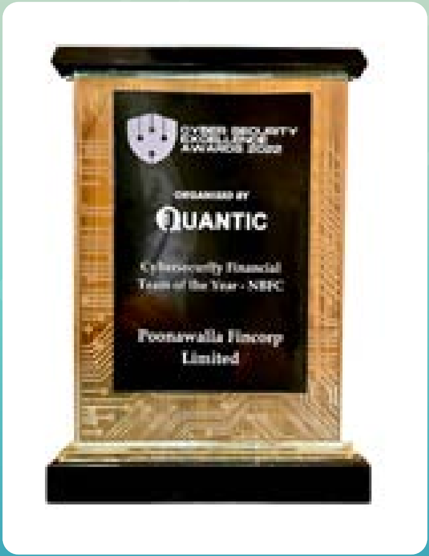
Recognised as the **most preferred workplace 2022-23**

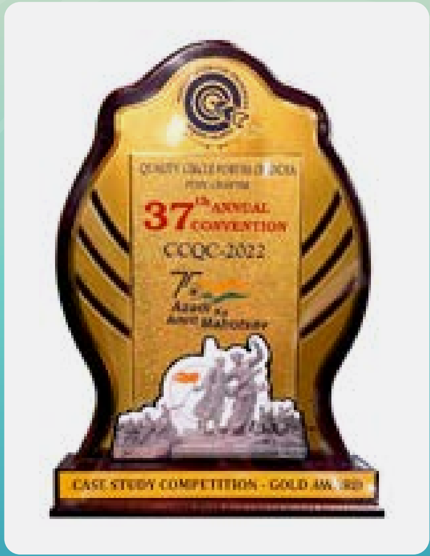
Customer centricity

One of the most Customer-Centric Brands at **Economic Times CX Summit 2022**

Digital NBFC

Best Digital NBFC of the Year award at the **4th Annual India NBFC Summit 2022**





Cybersecurity

Cybersecurity Financial Team of the Year 2022 by **Quantic India**

Operational excellence

Gold award at the 37th annual convention of **Quality Control Forum of India (QCFI)–2022**

Best Brand

Best Brand award at the 5th Best Brands Conclave of **The Economic Times-2022**

Board's Report

To the Members,

Your Directors have pleasure in presenting the 43rd Annual Report along with the Audited Financial Statements of the Company for the financial year ended March 31, 2023.

FINANCIAL HIGHLIGHTS (STANDALONE):

(₹ in Crore)

Particulars	FY 2023	FY 2022
Total Income	2,010.03	1,567.08
Finance cost	595.28	509.29
Net income	**1,414.75**	**1,057.79**
Operating expenses	803.05	604.61
Pre-provisioning operating profit	**611.70**	**453.18**
Net loss on derecognition of financial instruments	10.87	-
Impairment on financial instruments	(144.53)	68.61
Profit before exceptional item and tax	**745.36**	**384.57**
Exceptional items	21.21	-
Profit before tax	**766.57**	**384.57**
Profit after tax	**584.94**	**293.20**
Retained earnings as at the beginning of the year	**(55.37)**	**(289.85)**
Profit after tax	584.94	293.20
Other comprehensive income on defined benefit plan	1.62	(0.02)
Retained earnings before appropriations	**586.56**	**293.18**
Appropriations		
Transfer to reserve fund under Regulation 45-IC of Reserve Bank of India Act, 1934	117.00	58.70
Dividend paid	30.60	-
Retained earnings as at the end of the year	**383.59**	**(55.37)**

FINANCIAL PERFORMANCE AND STATE OF THE COMPANY'S AFFAIRS:

Total Income increased to ₹2,010.03 Crore in FY 2022-23 from ₹1,567.08 Crore in FY 2021-22.

Net Income on a standalone basis increased to ₹1,414.75 Crore in FY 2022-23 from ₹1,057.79 Crore in FY 2021-22.

The impairment on financials instruments decreased from ₹68.61 Crore in FY 2021-22 to ₹(144.53) Crore in FY 2022-23.

The Company's Profit after Tax ("PAT") on a standalone basis increased to ₹584.94 Crore in FY2022-23 from ₹293.20 Crore in FY2021-22.

The Company's net interest margin ("NIM") increased to 10.7% in FY2022-23 as compared to 9.8 % in FY 2021-22.

On a Standalone basis, the Capital Risk Adequacy Ratio ("CRAR") for the year FY 2022-23 was 38.91% against the RBI stipulated norm of 15%.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis, as required in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), forms part of this Board's Report.

CHANGE IN NATURE OF BUSINESS:

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING 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.

CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with the requirements in terms of Regulation 34 of SEBI Listing Regulations your Company had prepared Consolidated Financial Statements in accordance with Ind AS 110 – "Consolidated Financial Statements" and Ind AS 27 – "Separate Financial Statements". The Consolidated Financial Statements forms part of this Report.

SUBSIDIARY AND JOINT VENTURE COMPANIES:

The Company has one subsidiary, viz. Poonawalla Housing Finance Limited ("PHFL") and one Joint Venture Company Jaguar Advisory Services Private Limited ("JASPL").

During the year under review, Sanoti Properties LLP has acquired from the Company 4,53,62,281 equity shares of the Company's Joint Venture with HDI Global SE for General Insurance Business in India named as Magma HDI General Insurance Company Limited ("Magma HDI") pursuant to receipt of all the applicable approvals. Subsequently, Magma HDI has ceased to be joint venture of your Company.

During FY 2022-23, no new subsidiary was incorporated/ acquired.

The Company's policy for determination of material subsidiary, as adopted by the Board of Directors, in conformity with regulation 16 of the SEBI Listing Regulations, can be accessed on the Company's website at https://poonawallafincorp.com/investor-governance.php

In terms of the said policy and provisions of regulation 16 of the SEBI Listing Regulations, PHFL is a material subsidiary of the Company.

Performance highlights of the Subsidiary and Joint Venture ("JV") are given below:

PHFL (Subsidiary Company)

PHFL has made disbursements of ₹2,585.20 Crore in FY 2022-23 against ₹1,970.13 Crore in previous year. PHFL has earned a PBT of ₹154.19 Crore for the year ended March 31, 2023 against ₹101.16 Crore in previous year.

During the year under review, the Board of Directors and the Shareholders of the Company had approved the divestment of all the 24,98,21,117 equity shares held by Company in its Subsidiary to Perseus SG Pte ltd, an entity affiliated to TPG Global LLC, at a purchase consideration based on a per equity share price of ₹152.84/- representing a total equity value of the Company of ₹3,900 Crore (Indian Rupees Three Thousand Nine Hundred Crore) subject to approvals from Reserve Bank of India (RBI) and lenders and completion of customary conditions.

The financial statements of the Subsidiary Company is also available on the Company's website at https://poonawallafincorp.com/investor-financials.php

JASPL (JV Company):

Jaguar Advisory Services Private Limited ("JASPL"), a Joint Venture with HDI Global SE is an advisory services Company domiciled in India. JASPL is a SPV of the Company. Pursuant to divestment of 11,000 equity shares constituting 48.89% of the share capital held by the Company in JASPL as approved by shareholders, the transactions will be consummated upon receipt of certain regulatory approvals. Accordingly, in line with the requirements of Ind AS 105 "Non-current assets Held for Sale", such investments have been designated as assets held for sale.

Pursuant to Section 129(3) of the Companies Act, 2013 ('the Act') a statement in Form AOC-1 containing the salient features of the Financial Statement of your Company's subsidiary forms part of this report and hence not repeated here for the sake of brevity.

TRANSFER TO RESERVE:

During the year the Company is proposing to transfer ₹117.00 Crore to Reserve as required under Regulation 45-IC of Reserve Bank of India Act, 1934 issued by Reserve Bank of India ("RBI").

DIVIDEND:

The Board of Directors of the Company have at their meeting held on April 26, 2023, recommended a dividend @ 100 % on equity shares i.e ₹2/- per equity share of the face value of ₹2/- each for FY 2022-23 vis- a- vis @20 % on equity shares i.e ₹0.40 per equity shares in FY 2021-22 to deliver sustainable value to its shareholders. The dividend would be paid to all the equity shareholders, whose names would appear in the Register of Members / list of Beneficial Owners on the Record Date fixed for this purpose.

The dividend recommended is in accordance with the Company's Dividend Distribution Policy.

The Dividend Distribution Policy, in terms of Regulation 43A of the SEBI Listing Regulations and as reviewed and adopted by the Board of Directors of the Company, is available on the Company's website viz., https://poonawallafincorp.com/investor-governance.php

DEPOSITS:

Being a non-deposit taking systemically important Non-Banking Finance Company, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and the provisions of the Act.

EMPLOYEE STOCK OPTION SCHEME:

Equity based compensation is an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through share-based compensation scheme/plan. Your Company believes in rewarding its employees as well as that of the Subsidiary Company for their continuous hard work, dedication and support, which has led the Company, and the Subsidiary Company on the growth path.

The Employee Stock Options ("ESOPs") granted to the employees of the Company and its Subsidiary currently operate under the following Schemes:

- Employees Stock Option Plan 2007 (ESOP 2007);
- Restricted Stock Option Plan 2014 (RSOP 2014); and
- Employees Stock Option Plan 2021 (ESOP 2021).

The aforesaid Schemes complied with the SEBI (Share Based Employee Benefits) Regulations, 2014 and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI (SBEB&SE) Regulations, 2021"), to the extent applicable.

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Schemes in accordance with the SEBI (SBEB&SE) Regulations, 2021.

During the year, the Company granted ESOPs to the eligible employees of the Company, in accordance with the respective Schemes and as approved by the Nomination and Remuneration Committee.

The details of the ESOPs granted and outstanding as on March 31, 2023 along with other particulars as required by Regulation 14 of the SEBI (SBEB&SE) Regulations, 2021 is available on the website of the Company at https://poonawallafincorp.com/investor-governance.php

The certificate from the Secretarial Auditor, as required under Regulation 13 of the SEBI (SBEB&SE) Regulations 2021, stating that the ESOP Schemes have been implemented in accordance with the SEBI (SBEB&SE) Regulations, 2021 would be available for inspection by the Members during the Annual General Meeting ("AGM").

Grant wise details of ESOP vested, exercised and cancelled are also provided in the notes to the standalone financial statements.

CHANGES IN SHARE CAPITAL:

During the year, your Company allotted 3,024,053 equity shares arising out of the exercise of Employees Stock Options granted to eligible employees of your Company and its Subsidiary.

Post allotment of the aforesaid equity shares, the total issued, subscribed and paid-up share capital of the Company as of March 31, 2023, stood at ₹1,53,58,95,184.00 comprising 76,79,47,592 equity shares of ₹2/- each.

The new equity shares issued shall rank pari-passu with the existing equity shares of the Company in all respects.

FINANCE:

Borrowing

During the year, the Company has raised fresh secured term loans of ₹4,600 Crore from banks and financial Institutions for an average tenor of 3 to 7 years. Besides public sector banks/financial institutions incremental credit lines were received from private/foreign banks to diversify the borrowing base. The Company also raised commercial paper aggregating to ₹1,975 Crore and ₹500 Crore of non-convertible debentures raised during the year through private placement. The funds raised through non-convertible debentures were utilized for the purpose specified in the respective offer documents.

RBI GUIDELINES:

The Company continues to fulfil all the norms and standards laid down by RBI pertaining to non–performing assets, capital adequacy, statutory liquidity assets, etc. As against the RBI norm of 15%, the capital to risk-weighted assets ratio of the Company was 38.91% as on March 31, 2023. In line with the RBI guidelines for Asset Liability Management ("ALM") system for NBFCs, the Company has an Asset Liability Management Committee, which meets quarterly to review its ALM risks and opportunities.

CREDIT RATING:

During the year under review, the long-term ratings assigned to various debt instruments and bank facilities of the Company were upgraded to 'AAA; Stable' by CARE Ratings based on strong parentage, low leverage, improved asset quality, focused and diversified product approach in retail segment and a strong senior management team. In April 2023, CRISIL also upgraded the long-term rating assigned to debt instruments and bank facilities to 'AAA/Stable'.

In September 2022, CARE Ratings upgraded the rating assigned to bank facilities and long-term debt instruments. Ratings of long-term Bank Facilities, Non-convertible Debentures and Subordinated Debt were upgraded to CARE AAA; Stable, while ratings of Market Linked Debentures were upgraded to CARE PP-MLD AAA; Stable. Ratings of Perpetual Debt were upgraded to CARE AA+; Stable. The ratings assigned to Short-Term Bank facilities and Commercial Paper were reaffirmed at 'CARE A1+'.

In October 2022, CRISIL reaffirmed the rating of 'CRISIL AA+/Stable' assigned to bank facilities and non-convertible Debentures, and 'CRISIL A1+' rating assigned to the Commercial Paper issue for an enhanced amount. In April 2023, CRISIL upgraded the rating assigned to Bank facilities and Long-Term Debt instruments. Ratings of Long-Term Bank Facilities and Non-convertible Debentures were upgraded to 'CRISIL AAA/Stable'. The ratings assigned to Commercial Paper were reaffirmed at 'CRISIL A1+'.

There was no change in ratings assigned by ACUITE and Brickwork Ratings during the year.

'AAA' rating indicates highest degree of safety regarding timely servicing of financial obligations and lowest credit risk.

'AA+' rating indicates high degree of safety regarding timely servicing of financial obligations and very low credit risk.

A summary of outstanding ratings is presented below:

Rating Agency	Instrument / Facility	Outstanding Rating (As on March 31, 2023)
CARE Ratings	Non-convertible debentures	AAA; Stable
	Long Term Bank facilities	AAA; Stable
	Market Linked Debentures (MLD)	AAA; Stable
	Sub debt	AAA; Stable
	Perpetual debt	AA+; Stable
	Commercial paper/Short Term Bank Facilities	A1+
*CRISIL	Non-convertible debentures	AA+ / Stable
	Bank facilities	AA+ / Stable
	Commercial paper /Short Term Bank Facilities	A1+
Acuite	Non-convertible debentures	AA+ / Positive
	Sub debt	AA+ / Positive
Brickwork Ratings	Non-convertible debentures	AA+ / Stable
	Sub debt	AA+ / Stable
	Perpetual debt	AA / Stable

*In April 2023, CRISIL also upgraded the long-term rating assigned to debt instruments and bank facilities to 'AAA/Stable'.

A status of ratings assigned by rating agencies and migration of ratings during the year is provided in note to the standalone financial statements of the Company.

PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS OUTSTANDING DURING THE FINANCIAL YEAR:

The Company, being an NBFC registered with the RBI and engaged in the business of giving loans in ordinary course of its business, is exempt from complying with the provisions of section 186 of the Companies Act, 2013 ("Act") with respect to loans. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been made in this Board's Report.

Particulars of loans and investments outstanding during the financial year are furnished in notes to the standalone financial statements of the Company.

RISK MANAGEMENT:

The Risk Management Committee (RMC), functions in line with the Non-Banking Financial Companies – Corporate Governance ("Reserve Bank") Directions, 2015 and SEBI Listing Regulations. The Committee met six times during the year, its terms of reference and functioning are set out in the Corporate Governance Report. The Company understands that risk evaluation and risk mitigation is a function of the Board of the Company, and the Board of Directors are fully committed to developing a sound system for identification and mitigation of applicable risks viz., systemic and non-systemic. For detailed Risk Management procedure of the Company, please refer to the Management Discussion & Analysis Report.

INTERNAL FINANCIAL CONTROL:

The Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale, nature and complexity of its operations and regulatory requirements. A comprehensive review of the internal financial controls environment of the Company was undertaken during the year which covered testing of Process, IT and Entity level controls including review of key business processes for updating Risk Control, Matrices, etc. The risk and control matrices are annually reviewed, and control measures are tested and documented. Moreover, the Company continuously upgrades its systems and undertakes review of policies, guidelines, manuals, and authority matrix. The internal financial control is supplemented by extensive 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 all material respects, adequate internal financial control over financial reporting and such controls are operating effectively. The Statutory Auditors of the Company have also certified on the existence and operating effectiveness of the internal financial controls relating to financial reporting as of March 2023.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

Pursuant to Section 177(9) of the Act and Regulation 4(2)(d)(iv) of the SEBI Listing Regulations, the Company has in place a vigil mechanism named "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 behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Business Ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in appropriate and exceptional circumstances.

The details of the said Policy is explained in the Corporate Governance Report and is available on the website of the Company at https://poonawallafincorp.com/investor-governance.php.

HUMAN RESOURCES:

Your Company firmly believes that employees are its greatest asset and foundation of our operations is human capital. The focus of the Human Resources (HR) strategy is to enable the growth of the Company through talent fulfilment for growth areas, capability building in emerging technologies and building internal talent pipeline. Your Company strives to create a conducive environment for growth and development of our employees. Training & Development initiatives are being taken for employees from time to time. More details can be found in the human resource section in the Management Discussion & Analysis Report.

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 the constitution of the Internal Committee under the POSH Act. During the year under review, no case of sexual harassment was reported to the Internal Committee ("IC"). The composition of IC is in accordance with POSH Act. To build awareness and appreciation of this area, we have implemented an online knowledge module leveraging our learning management system. We continue to strive harder with each passing year to ensure we succeed in bringing the best out of our people and enable the organization to create value for its shareholders and employees.

INFORMATION TECHNOLOGY:

The Company has made unprecedented progress in establishing best-in-class technology infrastructure and ecosystem. A total paradigm shift has been executed by the Company from in-house developed applications landscape to Software-As-A-Service ("SAAS") model. This has enabled the Company to start benefiting from the latest features and integrations within a short time. By using SAAS applications, the Company has also leveraged industry best practices which are baked into these systems.

SAAS platform has been implemented for Enterprise Resource Planning ("ERP") system. This software system provided by a US-based technology giant is a market leader in the ERP space. As part of this implementation business processes have been aligned as per industry-best practices. There are multiple API based integrations thus enabling end-to-end automation of each process. Automation of procure-to-pay cycle will equally benefit the suppliers and employees. Deployment of this standard ERP product is a testament to our commitment to complete transparency in our operations.

Further technological advancements have been executed in asset management. With a large footprint of branches spread across the country, it was imperative to have traceability of all the Company assets and fixtures. This has now been achieved such that administration and technology departments have much better control over their assets.

A new Collections system has also been launched. This application is fully integrated with the core loan management system. Our collections officers can use the mobile app on which the cases allocated to them for collecting shall appear. Simple and convenient interface of this application will help improve collection efficiency of the Company.

On the infrastructure side also, we have seen a major upgradation. The on-premises data center has been completely shut down. This will result in substantial cost savings for the Company. With the entire technology infrastructure now hosted in cloud, the Company is poised very well to handle rapid upscaling of business with ease.

Looking forward, the Company has laid out a vision to increase focus on customer centricity. In alignment with this vision, it has been planned to enhance customer facing applications. As a first step a new mode of EMI payment, Bharat Bill Payment System (BBPS) has been introduced by the Company. With this initiative the penetration of digital payments will definitely see a huge rise.

Work is also underway at expanding the scope of data warehouse and implementing a data lake. This will enable analysts to use superior algorithms like machine learning and artificial intelligence to derive better insights into our customers' needs and their behaviors. The new platform will cater to internal MIS, analytics, and real time insights.

CORPORATE IMAGE BUILDING & ENGAGING TARGET AUDIENCE:

Some of the key initiatives undertaken by the Company during the year are:

➢ **Public Relations**

To create awareness about Poonawalla Fincorp Limited ("PFL") and the new management with external stakeholders and the media, we did an extensive Public Relations ("PR") campaign throughout the year. Through specific communication and messaging we reached out to our stakeholders and informed them about the organization's development as well as work post-acquisition. We focused on getting the right visibility for the Company and made sure that there is an overall positive sentiment for the organization. Some of the leading media houses including electronic channels, newspapers as well as online publications covered the growth story of the organization and gave us good visibility. The Company's vision and mission were well placed in the media and we got excellent positive visibility for the Brand Poonawalla Fincorp. We successfully overshadowed the erstwhile Magma Fincorp's legacy and were successful in positioning Poonawalla Fincorp as one of the leading NBFCs in the country with digital-first tech-led approach. We also positioned our organization as best in class financial products and solution providing company in the consumer and MSME financing space.

As part of our PR initiatives, we did an extensive media outreach to inform our stakeholders about the management, its vision along with its flawless execution. A healthy mix of english and regional media coverage has positioned Poonawalla Fincorp as a force to reckon within NBFC space.

a. **Leadership Profiling at various leading publications**

With strategic communication and media reach out we did some large format interviews for our top management with leading publications like Moneycontrol, Financial Express, Economic Times, Hindu Business Line, etc. This gave us media visibility and helped us position our leadership as an industry though leaders.

b. **Digital PR campaigns**

We are building the brand digitally through strategic content placements in the form of authored articles, press releases as well as opinion pieces. So far, successfully featured content on various leading digital publications like Moneycontrol, LiveMint, Hindustan Times, ETBFSI, Indian Express.

c. **Regional Influencer Engine**

Successfully identified, onboarded, and coordinated with various regional youtubers on creating content around brand Poonawalla Fincorp and its various products. So far 12 videos have been published and more than 10,000 people viewed these videos. These videos were made and published by various regional youtubers with a cumulative subscriber base of 3 Lakh.

Employer Branding:

a. Launch of LinkedIn Brand management activity

Successfully positioned Poonawalla Fincorp as employer of choice through various interventions. We have started regularly posting about key milestones, important awards, and recognitions as well as various employee engagement activities. Some of the LinkedIn posts on important days and festivals helped us garner good engagement as well as followers for organization's LinkedIn profile.

b. Events and PR for employer branding

The Company not only applied and was recognized in key employer branding platforms like Most Preferred Employer of the Year Awards 2022-23, but also build visibility in these forums through communication channels and leadership visibility. Poonawalla Fincorp was also featured in HR trend stories in key national publications through interviews and authored articles.

Branding and Internal Communication

Effective and timely communication of all the important announcements as well as initiatives from the internal communications desk. Also, did end-to-end branding for all stakeholders like customers, channel partner, digital aggregators & employees.

Following are some of the important projects taken care by brand and internal communication team:

- Joy of Giving- Initiative to donate food to the needy ones in association with RobinHood Army- Successful communication amongst employees resulted in massive contribution for the initiative;
- Quarterly Organisational Townhalls;
- Rewards and Recognitions (R&R) rebranding and communication framework -both for employees as well as partners;
- Branch Branding - End to end branding activity as well as standardization of branding across branches (New as well relocated ones); and
- Business R&R for all product teams.

Events and Awards:

a. Partnership with various events

Collaborated with marquee brands to participate in national level media events like News18's Rising India Summit 2023, Yourstory's Tech Sparks 2023, MoneyControl's Fintech Summit 2023. These events attracted top think tanks of India and the financial and tech sectors, thus giving Poonawalla Fincorp significant visibility amongst our key stakeholders as well as helping the brand build thought leadership and visibility in key markets.

b. Awards and Recognitions

Awards and Recognitions received during the year:

- Most Preferred Workplaces 2022-23 by Merkesmen Daily in association with India Today;
- The Economic Times Best Brands 2022 at 5th Edition of Economic Times Conclave;
- Top CX Delivering Brands at 3rd Economic Times Customer Experience (CX) summit 2022;
- Best Digital NBFC of the year 2022 at 4th annual NBFC India summit;
- The Fastest Growing NBFC of the year at ELETS 100 leaders of excellence awards;
- Cybersecurity Financial Team of the year at Cyber Security Excellence Awards 2022; and
- Best NBFC in Customer Service at 4th annual NBFC India summit.

Corporate Social Responsibility

During the Financial Year 2022-23, the Company did not have any obligation to spend under Corporate Social Responsibility as enumerated in Section 135(5) of the Act. The Company has spent an amount of ₹74.45 Lakh towards ongoing projects.

CUSTOMER RELATIONSHIP MANAGEMENT:

Poonawalla Fincorp strives to be the most trusted financial services brand with Quality of Customer Service being one of the pillars for our Company. Our Company also believes in ethics, integrity, good governance, professionalism, transparency, and customer satisfaction.

Several key initiatives were undertaken to enhance the Customer Experience:

- Implementation of Net Promoter Score ("NPS") which is a leading indicator of Customer Loyalty and Cross Sell. PFL have tied up with Litmus World, a leading brand in Customer Loyalty Assessment to conduct NPS survey through unbiased customer feedback. Customer experience across key moments of truth – Sales, Onboarding, Service and Exit is conducted based on questionnaire to identify opportunities for improvement;
- Annual NPS score is 54, which is very competitive as per industry standards;
- Reaching out to customers digitally being a core area which our Company has started working on with data migration to start with several blueprints;
- With Customer Centricity at core, PFL embarked on the mission to enable its customer services digitally for real time instant servicing leading to instant resolution of customer Queries, via IVR and WhatsApp, with an average Self-Serve Adoption > 20% of the Overall QRGs.

Key Initiatives in FY23:

- Enhancement of Self-Service Adoption;
- Dedicated Social Media Desk;
- Enabled WhatsApp for real time Customer servicing;
- Centralized NOC Desk to dispatch proactively for POC Product.

To ensure we treat customers fairly; we have implemented the following:

Transparency

- Tariff sheet included in Welcome Letter to ensure complete transparency of all charges;
- System enabled acknowledgement for every request & complaint communicated to customer at the time of registration;
- Unbiased customer feedback recorded via NPS framework at critical moments of truth across the loan journey to understand customers' expectations.

Servicing customers in their preferred language

- Agreement copy in vernacular languages are available at branches;
- Sanction letters are also provided in vernacular language.

Handling Grievances effectively

- Complaints are resolved within defined Service Level Agreement ("SLA") as per the Case Type ("CT") Sub Type ("ST");
- Complaints Root Cause Analysis ("RCA") Forum conducted on a quarterly basis to address key process gaps, if any;
- Rigorous training and continuous improvements for front line staff conducted on a regular basis to ensure highest standards of service quality;
- Continuous Call Quality monitoring;
- All Grievance resolutions checked for service recovery; and
- Proactive approach to identify potential escalations/ grievances from customers for quick redressal.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Board Composition

The composition of the Board of Directors of the Company is governed by the Act and Regulation 17 of the SEBI Listing Regulations and is in conformity with the same. As on March 31, 2023, the Board of Directors comprised a combination of ten Directors as mentioned below:

Sr. No.	Name	Designation	DIN
1	Mr. Adar Cyrus Poonawalla	Chairman, Non-Executive Director	00044815
2	Mr. Abhay Bhutada	Managing Director	03330542
3	Mr. Amar Deshpande	Non-Executive Director	07425556
4	Mr. Atul Kumar Gupta	Non- Executive Director	01052730
5	Mr. Sajid Fazalbhoy	Non- Executive Director	00022760
6	Mr. Bontha Prasada Rao	Independent Director	01705080
7	Mr. G. Jaganmohan Rao	Independent Director	06743140
8	Mr. Prabhakar Dalal	Independent Director	00544948
9	Mr. Sanjay Kumar	Independent Director	09466542
10	Mrs. Vijayalakshmi R Iyer	Independent Director	05242960

There were no changes in the Board composition during the year.

The Board mix provides a combination of professionalism, knowledge and experience required in the NBFC sector.

Re-appointment:

Mr. Bontha Prasada Rao (DIN: 01705080) was re-appointed as an Independent Director of the Company for a second term of three years with effect from December 10, 2022 to December 09, 2025 considering his expertise, skills and knowledge. His re-appointment as Independent Director was approved by the Members of the Company through Postal Ballot passed on November 29, 2022. Mr. Rao is not liable to retire by rotation.

Retirement by Rotation:

In accordance with the provisions of Section 152 of the Act read with Articles of Association of the Company, Mr. Amar Deshpande (DIN: 07425556) retires by rotation 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.

Appropriate resolution seeking your approval for the aforesaid re-appointment along with brief profile of the said Director is forming part of the Notice convening the 43rd AGM of your Company.

Key Managerial Personnel:

In terms of Section 203 of the Act, the following are the Key Managerial Personnel of the Company as on March 31, 2023:

1. Mr. Abhay Bhutada, Managing Director;
2. Mr. Sanjay Miranka, Chief Financial Officer; and
3. Mrs. Shabnum Zaman, Company Secretary.

There were no changes in Key Managerial Personnel during the year.

Declaration from Independent Directors:

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Act and Regulation 16(1)(b) and 25(8) of the SEBI Listing Regulations, that he/she meets the criteria of independence as laid out in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations.

In terms of Regulation 25(8) of the SEBI Listing Regulations, Independent Director have confirmed that they are not aware of any circumstances or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based upon the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

In terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

In the opinion of the Board, the Independent Directors possess the requisite integrity, experience, expertise, and proficiency required under all applicable laws and the policies of the Company.

A separate meeting of the Independent Directors was held on January 20, 2023.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and commission, as applicable, received by them.

Fit and Proper Policy:

The Company adheres to the process and methodology prescribed by the RBI in respect of the 'Fit & Proper' criteria as applicable to NBFCs, signing of Deeds of Covenants which binds the Directors to discharge their responsibilities to the best of their abilities, individually and collectively in order to be eligible for being appointed/ re-appointed as a Director of the Company.

All the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed in Chapter XI of RBI Master Direction No. DNBR. PD. 008/ 03.10.119/2016-17 dated September 1, 2016 and that they are not disqualified from being appointed/ continuing as Directors in terms of Section 164(2) of the Act. The prescribed declarations / undertakings given by the Directors, are placed before the Nomination and Remuneration Committee for its review and noting.

Familiarisation Programme for Independent Directors:

In compliance with the requirement of Regulation 25 of SEBI Listing Regulations, the Company has put in place a Familiarisation Programme for the Independent Directors to familiarise them about the Company and their roles, rights, responsibilities in the Company.

The details of the Familiarisation Programme along with the number of hours spent by each of the Independent Directors during the Financial Year 2022-23 is explained in the Corporate Governance Report. The same is also available on the website of the Company at https://poonawallafincorp.com/investor-financials.php

Performance Evaluation:

The Board conducted the performance evaluation of the Individual Directors, Board Committees, Board as a whole and the Chairman of the Board in accordance with the provisions of the Act and the SEBI Listing Regulations, including the Guidance Note on Board Evaluation issued by SEBI.

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual Directors by seeking their inputs on various aspects of Board/Committee Governance through structured questionnaire.

The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfilment of Directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings.

Also, the Nomination and Remuneration Committee has carried out an evaluation of every Director's performance and reviewed the self-evaluation submitted by the respective Directors. These meetings were intended to obtain Directors' inputs on effectiveness of Board/ Committee processes.

The Board considered and discussed the inputs received from the Directors. Further, the Independent Directors at their meeting reviewed the performance and role of Non-Independent Directors and the Board as a whole and Chairperson of the Board Meeting of the Company. Further, the Independent Directors at their meeting had also assessed the quality, quantity, and timeliness of flow of information between the Company management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

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 reasonably good. Similarly, the effectiveness of the Board Committees has been rated high. The Committees of the Board function effectively. Sufficient time is allotted for discussion of the agendas. Contrary views were also encouraged and the same were viewed in the right perspective. The performance of the Chairman of the Company has been found to be Excellent and was rated 5 within the overall rating scale of 1 to 5. The Chairman demonstrates effective leadership qualities and skills, provides strategic directions and guidance to the Company and addresses recommendations/ suggestions of the Board Members including divergent views. Overall, the Board was functioning very well in a cohesive and interactive manner. Last year recommendations of Independent Directors and Board on Performance Evaluation have been largely implemented.

Remuneration Policy:

The Board has, on the recommendation of the Nomination and Remuneration Committee adopted the Remuneration Policy, which inter alia includes policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management Personnel and their remuneration. The salient features of the Remuneration Policy are stated in the Corporate Governance Report. The Remuneration Policy of the Company is available on the Company's website under the web link https://poonawallafincorp.com/investor-financials.php

Code of Conduct for Directors and Employees:

The Company has adopted a Code of Conduct for its Directors and employees including a Code of Conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Act. The said Codes can be accessed on the Company's website at https://poonawallafincorp.com/investor-governance.php

In terms of the SEBI Listing Regulations, all Directors and Senior Management Personnel have affirmed compliance with their respective codes. The Managing Director has also confirmed and certified the same, which certification is provided at the end of the Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of our knowledge and belief, your Directors make the following statements in terms of Section 134 (5) of the Act:

a. that in the preparation of the annual accounts for the year ended March 31, 2023, the applicable Ind AS have been followed along with proper explanation relating to material departures, if any;

b. that such accounting policies as mentioned in Notes to the annual accounts have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that date;

c. that proper and sufficient care has been taken 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;

d. that the annual accounts have been prepared on a going concern basis;

e. that proper internal financial controls are in place and that the financial controls are adequate and are operating effectively; and

f. that proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and operating effectively.

MEETINGS:

A minimum of four pre-scheduled Board meetings are held annually. Additional Board meetings are convened by giving appropriate notice to address the Company's specific needs. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

During the year under review, five Board Meetings and Seven Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Act and SEBI Listing Regulations.

COMMITTEES OF THE BOARD OF DIRECTORS:

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority.

Audit Committee

The Audit Committee presently comprises of Mr. Prabhakar Dalal who serves as the Chairman of the Committee, Mr. Amar Deshpande, Mr. G Jaganmohan Rao, Mr. Sanjay Kumar and Mrs. Vijayalakshmi R Iyer, as other members. The terms of reference of the Audit Committee have been furnished in the Corporate Governance Report. All the recommendations made by the Audit Committee during the year were accepted by the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee presently comprises of Mr. Prabhakar Dalal who serves as the Chairman of the Committee, Mr. Amar Deshpande and Mr. G Jaganmohan Rao as other members. The terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee presently comprises of Mr. Prabhakar Dalal who serves as the Chairman of the Committee, Mr. Amar Deshpande, Mr. Sajid Fazalbhoy and Mr. Sanjay Kumar as other members. The terms of reference of the Stakeholders' Relationship Committee have been furnished in the Corporate Governance Report.

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee presently comprises of Mr. Abhay Bhutada who serves as the Chairman of the Committee and Mr. Amar Deshpande, Mr. G Jaganmohan Rao and Mrs. Vijayalakshmi R Iyer, as other members.

The Annual Report on CSR activities is annexed herewith and marked as **Annexure 1**. Further, in terms of the amended CSR Rules, the Chief Financial Officer has certified that the funds disbursed have been utilized for the purpose and in the manner approved by the Board.

The other Committees of the Board are the Asset Liability Management Committee, Risk Management Committee, IT Strategy Committee, Review Committee, and the Management Committee. The details of composition, terms of reference and number of meetings held for the respective Committees have been furnished in the Corporate Governance Report.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

In line with the requirements of the Act and the SEBI Listing Regulations, the Company has in place a Policy on Related Party Transactions and the same can be accessed on the Company's website at its weblink i.e., https://poonawallafincorp.com/investor-governance.php. All transactions with Related Parties are placed before the Audit Committee for approval. All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business, the particulars of such transactions are disclosed in the notes to the financial statements. Disclosures of related party transactions of the Company with the promoter/promoter group which holds 10% or more shareholding in the Company, if any, is given in note to the standalone financial statements.

All the related party transactions that were entered into during the year were on an arm's length basis and in ordinary course of business. All the related party transactions that were entered into during the year were on an arm's length basis and in ordinary course of business. The nature of related party transaction require disclosure in AOC -2, the same is attached with this Report as **Annexure-2**.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review there were no significant material orders passed by the Regulators/ Courts/ Tribunals against the Company which would impact the going concern status or its future operations.

STATUTORY AUDITORS:

Walker Chandiok & Co LLP, Chartered Accountants, (Firm Registration No. 001076N/N500013 have been appointed as the Statutory Auditors of the Company for a period of three years to hold office from the conclusion of the Forty-First AGM till the conclusion of the Forty-Fourth AGM as per Section 139 of the Act and Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (Sas) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by Reserve Bank of India ("RBI Circular"). The Statutory Auditors have given 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.

The standalone and the consolidated financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark, or disclaimer.

Pursuant to the RBI Circular and the Policy, the Company is required to appoint a Joint Statutory Auditor for a period of three years, to hold office from the conclusion of the Forty-Third AGM until the conclusion of the Forty-Sixth AGM of the Company.

In this regard, based on a review of the profile, including the size, experience and area of specialization and recommendation of the Audit Committee the Board has, on April 26, 2023, inter alia, approved and recommended for the approval of the members, the appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration Number: 105215W/W100057), as the Joint Statutory Auditor of the Company, for a period of three years to hold office from the conclusion of the Forty-Third AGM until the conclusion of the Forty-Sixth AGM of the Company for the purpose of the audit of the financial statements, with power to the Board (including the Audit Committee of the Board or any other person(s) authorized by the Board or Audit Committee in this regard), to do all such acts, matters, deeds and things as may be necessary or desirable in connection with or incidental for giving effect to the said appointment of the Joint Statutory Auditors.

M/s. Kirtane & Pandit LLP was established in 1956, the firm has offered over six decades of audit & quality assurance, value-added services, and a solution-driven system for all its clients. The firm endeavor to provide sound financial solutions and guidance to their clients. An institution of professionally authorized chartered accountants and financial advisors who are committed to strengthening the significance and optimizing the quality of deliverables while maintaining its goal of deep ethical commitment and professional responsibility.

SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed M/s. MKB & Associates, Practicing Company Secretaries [Membership No-7596] to conduct the Secretarial Audit for the FY 2022-23. The Secretarial Audit Report confirms that the Company has complied with the provisions of the Act, Rules, SEBI Listing Regulations and Guidelines and that the report does not contain any qualification. The Secretarial Audit Report for the financial year ended March 31, 2023, is annexed herewith and marked as **Annexure-3**.

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of your Company had appointed M/s. SIUT & Co LLP, Company Secretaries (Firm Registration No. L2021MH011500) to act as the Secretarial Auditor of the Company for FY 2023-24.

M/s. SIUT & Co LLP, Company Secretaries is a peer reviewed Practicing CS firm registered with the Institute of Company Secretaries of India (ICSI), providing services in diverse domains having more than three decades of experiences in the field of Company Law and allied matters, Securities Laws, Foreign Exchange Management Laws, MSME, and Insolvency and Bankruptcy law, Secretarial Audit, Due Diligence & SEBI, Company Law etc.

COST AUDITORS:

Being an NBFC, maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act are not applicable in respect of the business activities carried out by the Company.

SECRETARIAL STANDARDS:

The Company complies with all applicable Secretarial Standards issued by Institute of Company Secretaries of India.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:

In May 2021, SEBI made an amendment to Regulation 34(2)(f) of the SEBI Listing Regulations, by introducing enhanced disclosure requirements regarding ESG parameters through a revised format called Business Responsibility and Sustainability Report ("BRSR"). The BRSR format replaced the previous Business Responsibility Report. The revised disclosures were introduced to increase transparency in reporting and enable market participants to identify and assess sustainability-related risks and opportunities. BRSR is mandatory from FY 2022-23.

As a responsible organization we take various measures to mitigate our impact on the environment, ensure our conduct is responsible towards our internal and external stakeholders and invest in good governance practices. This year we have undertaken detailed stakeholder engagement on ESG as a part of materiality assessment, which will help us adopt a structured approach towards ESG and will also become a cornerstone of our ESG journey. Our various efforts towards responding to the stakeholder needs and concerns are addressed in the BRSR, covering the 9 principles of National Guidelines on Responsible Business Conduct ("NGRBC").

The BRSR provides an avenue for disclosing an overview of the entity's material ESG risks and opportunities, goals and targets related to sustainability and performance against them. As per Regulation 34 of the SEBI Listing Regulations, BRSR for FY 2022-23 is annexed as **Annexure-4**.

CORPORATE GOVERNANCE:

Your Company complies with the provisions laid down in Corporate Governance laws. It believes in and practices good corporate governance. The Company maintains transparency and also enhances corporate accountability. In terms of Regulation 34 of SEBI Listing Regulations read with Schedule V, the following forms part of this Report:

(i) Declaration regarding compliance to Code of Conduct by the Board Members and Senior Management Personnel;

(ii) A certificate from a Practicing Company Secretary that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority;

(iii) Report on the Corporate Governance; and

(iv) Practicing Company Secretaries Certificate regarding compliance of conditions of Corporate Governance.

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

Your Company does not have any activity requiring conservation of energy or technology absorption and foreign exchange earnings and outgo.

OTHER DISCLOSURES:

- During the year, there was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and any one-time settlement with any Bank or Financial Institution during the year under review;
- The Company has not defaulted in repayment of loans from banks and financial institutions;
- There were no delays or defaults in payment of interest/principle of any of its debt securities;
- Disclosures pursuant to RBI Master Directions, unless provided in the Board's Report, form part of the notes to the standalone financial statements;
- There was no raising of funds through Preferential Allotment, Rights Issues or Qualified Institutional Placements etc.

ANNUAL RETURN:

Pursuant to Sections 92 and 134(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended, the Annual Return is available at the website of the Company at https://poonawallafincorp.com/investor-financials.php

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The information required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is disclosed in this report as **Annexure 5**.

In terms of the proviso to Section 136(1) of the Act, the report is being sent to all members, excluding the statement with respect to employees employed throughout the year and employees employed for part of the year who were in receipt of remuneration in excess of limits prescribed under Section 197 (12) of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The statement is available for inspection by any member on request. Any member interested in obtaining a copy of the said statement, may write an email to the Company Secretary at secretarial@poonawallafincorp.com

TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to Section 124(5) of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) relevant amount which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund ("IEPF"). During the year under review, your Company has transferred ₹5,00,692/- (Rupees Five Lakh Six Hundred Ninety-Two only) to IEPF Authority.

Pursuant to Section 124 (6) of the Act and read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), all the underlying shares in respect of which dividends are not claimed/ paid for the last seven consecutive years or more are liable to get transferred to the IEPF. Accordingly, during the year under review, 20,299 equity shares of face value of ₹2/- each, were transferred to IEPF Authority.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 29, 2022 (date of last Annual General Meeting) and also the details of equity shares transferred to IEPF Authority on the Company's website https://poonawallafincorp.com/investor-info.php, and also on the Ministry of Corporate Affairs' website (www.mca.gov.in).

FRAUD REPORTING:

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor has reported to the Audit Committee under Section 143 (12) of Act, any instances of fraud committed against the Company by its officers or employees, the details of which needs to be mentioned in the Board's Report.

APPRECIATION:

Your directors would like to record their appreciation of the hard work and commitment of the Company's employees and warmly acknowledge the unstinting support extended by its bankers, shareholders, regulators and other stakeholders in contributing to the results.

For and on behalf of the Board

Abhay Bhutada *Managing Director* *DIN: 03330542*	**Amar Deshpande** *Director* *DIN: 07425556*
Pune April 26, 2023	Pune April 26, 2023

Management Discussion & Analysis

ECONOMIC AND INDUSTRY OVERVIEW:

Global Economic Overview:

The beginning of 2022 was marked by optimism, driven by pent-up demand and the expanding reach of vaccinations. However, in February, Russia's attack on Ukraine caused an unprecedented humanitarian and economic crisis. Driven by both the pandemic recovery and the Ukraine conflict, prices of both fuel and non-fuel commodities significantly rose, leading to an inflation rate of 8.7%. To combat inflation, central banks around the world raised policy rates. However, commodity prices eventually stabilised as growth slowed. Additionally, the Chinese economy reopening after strict lockdowns brought about a sense of optimism, as it was expected to alleviate disruptions in the global supply chain. The global economy reported a growth of 3.4% in 2022, from 6.1% in 2021.

Fuel and non-fuel prices are expected to decline in 2023 and 2024. Crude oil prices are projected to fall by about 24% in 2023 and a further 5.8% in 2024. Primary commodity prices declined 28.2% between August 2022 and February 2023 led by energy commodities, down 46.4%. This will result in a fall of global inflation rate to 7% for 2023 and 4.3% for 2024.

Against the growth rate of 3.4% in 2022, the world economy is projected to grow at 2.8% in 2023. The same is expected to improve to 3.0% in 2024. The growth will be majorly driven by developing and emerging economies. Developing economies will clock higher growth of 3.9% in 2023 and 4.2% in 2024 whereas advanced economies are expected to grow at 1.3% in 2023 and at 1.4% in 2024. For Emerging & Developing Asian Countries, the growth is projected at 5.3% in 2023, 5.1% in 2024 as against 4.4% growth in 2022.

It is expected that 76% of economies will experience lower headline inflation in 2023. By 2025, it is expected that the inflation to be close to targets in most of the economies. 90% of the advanced economies are expected to struggle, while developing countries like India and China are predicted to have a certain uptick contributing nearly half of the economic growth in 2023 while US and Europe contributing 10% only.

Source - World Economic Outlook by IMF

Indian Economic Overview:

India remains at a radiant spot and among the very few top countries to showcase and continue its resilient growth, despite slower growth projection.

As per the second advance estimates, GDP growth for FY23 is estimated to be 7% fueled by strong urban and rural consumption and lesser reliance on global demand. Higher tax collections, direct tax and GST, has shelved India from the global economic slowdown.

The RBI has projected India's GDP growth at 6.5% for FY24 and has predicted inflation to subside at 5.2% with governments focus on capital expenditure, better capacity utilisation and moderate commodity prices. As per the latest Monetary Policy, quarterly inflation for FY24 is projected for Q1 at 5.1%, Q2 at 5.4%, Q3 at 5.4% and Q4 at 5.2%. The wide pipeline laid down by Government of India in the FY24 budget for capital spend will encourage project commissioning and will assist investment demand. The quarterly GDP growth projections for FY24 is Q1 at 7.8%, Q2 at 6.2%, Q3 at 6.1% and Q4 at 5.9%.

FY24 is expected to see higher growth in investment, due to supportive government policies, sound macroeconomic fundamentals, improved asset quality and strong growth in credit among the private and MSME sectors.

India is expected to achieve its fiscal deficit target of 5.9% (of GDP) against 6.4% for FY23 and stabilise the debt to GDP ratio. The Government aims to bring down the fiscal deficit below 4.5% by FY26. Export of services has been a stronghold and will continue to grow robustly and strengthen India's overall balance of payments position.

Source: World Economic Outlook by IMF Economic Survey 2022-23

NBFC Industry Overview

The overall loan book of NBFCs is projected to grow by ~13% to reach ₹50 Trillion by March 2024. The RBI has been appreciative of the efforts of NBFCs including their efforts towards covering individuals beyond the financial fold. NBFCs are expected to focus upon new business such as unsecured loans and the SME segment which promises a higher growth prospect as compared to the traditional products. Additional funding of ₹2.9 to 3.3 Trillion in FY24 would be required to achieve the projected growth.

NBFC-Retail sector AUM is projected to grow at the rate of 12-14% in FY24 and reach ₹14.7 Trillion by March 24.

NBFCs are being instrumental to leverage technology for quicker paperless disbursals and wider coverage in terms of people. NBFCs are expected to focus on improving the asset quality and further improve their profitability. NBFCs spread across segments are looking to knit together in a community with the help of technology to offer a bouquet of products which will also help smaller and mid-sized NBFCs to scale and grow among the established.

The asset quality has continued to improve when compared to the pre-pandemic point as NBFCs wrote off most of the bad loans. The new write-offs will be at a moderate level when compared to historical levels. The overall industry Provision Coverage Ratio (PCR) for NBFCs has been improving steadily over the last two years.

NIMs for Retail NBFC sector are expected to remain around 7.5-7.6% for FY24 in line with estimated for FY23 and FY22 actual. However, the segment may see a rise in Opex in FY24 to 4.3% from 4.1% in FY23(P) and 3.6% in FY22 due to recovery efforts and scale expansion.

7.5-7.6%

ESTIMATED NIM FOR RETAIL NBFCS IN FY24

GNPA (GS3) % is expected to decline to 3.4% as on March 2024. Supported by improved asset quality the credit costs are estimated to decline to 1.5% in FY24 from 1.7% in FY23(P) vs 2.2% in FY22. With this, NBFCs are expected to maintain their profitability at 2.4%-2.6% in FY24 in line with FY23 and FY22.

NBFCs have managed to maintain adequate capitalisation. Internal profit generation remains vital in the future to maintain healthy capital. Though growth in the sector is imperative, maintaining capital cushion in line with the growth will be an essential consideration.

At the end of the calendar year 2022, banks' outstanding credit to non-banking financial companies (NBFCs) rose by 35.5% (y-o-y) breaching the ₹13 Lakh Crore mark to reach ₹13.2 Lakh Crore. NBFC's funding as a percentage of total bank lending increased significantly in calendar year 2022 from 8.5% at the beginning of the year to 9.9% at the end of the year. The banks' credit exposure to NBFCs had crossed four crucial thresholds in calendar year 2022, i.e., ₹10 Lakh in January 2022, ₹11 Lakh Crore in June 2022 and ₹12 Lakh Crore in October 2022. The growth has remained robust due to high growth in the NBFC asset book and as additional borrowings moved to banks due to differentials between market yields and interest rates offered by banks and lower borrowings in the overseas market.

Source: As per ICRA April'23 Quarterly Update

Overview of Underlying Segments:

Automobile Sector:

The demand for passenger vehicles has remained healthy since the beginning of 2022 supported by strong underlying demand and the easing up of semiconductor supply. Passenger Vehicle industry wholesale volumes are expected to touch an all-time high of 3.7-3.8 Million units in FY23 with a growth of 21-24% YoY and grow at a moderate pace of 6-8% YoY in FY24.

The used car segment has been witnessing strong growth and the sector set to grow from 3.8 Million units in FY21 to 5.4 Million units in FY23 and is estimated to reach 8.2 Million units in FY25 with a CAGR of 21% from FY21 to FY25. Trends such as decreasing replacement cycles increasing preference of first-time buyers for used cars due to, a desire to limit use of public transport because of COVID-19, long waiting period for new cars on account of chip shortage and attractive offers by financers being introduced in this segment, are expected to fuel the growth of the used car market in India. The ratio of used car vs new car which was 1.5 in FY21 is estimated to be 2.1 in FY25. Financing penetration is in the segment is also witnessing an upward trend.

MSME:

The total number of Udyam registered MSMEs as of March 31, 2023, stood at 1.54 Crore. Maharashtra (28.54 Lakh) recorded highest number of MSMEs followed by Tamil Nadu (16.05 Lakh), UP (17.17 Lakh), Gujarat (11.72 Lakh) and Rajasthan (11.59 Lakh). The ministry extended credit guarantee of ₹3.86 Lakh Crore to MSMEs under the CGTMSE as of Dec-22.

1.54 Crore

UDYAM REGISTERED MSMES IN INDIA

The micro sector with 630.52 Lakh estimated enterprises accounts for more than 99% of total estimated number of MSMEs. The small sector with 3.31 Lakh and medium sector with 0.05 Lakh estimated MSMEs accounted for 0.52% and 0.01% of total estimated MSMEs, respectively. Out of 633.88 Lakh estimated number of MSMEs, 324.88 Lakh MSMEs (51.25%) are in rural areas and 309 Lakh MSMEs (48.75%) are in the urban areas.

The total sum allotted to the ministry of small and medium-sized enterprises (MSME) in the FY24 budget was ₹22,238 Crore, 3.3% more than ₹21,422 Crore allotted in FY23.

The credit demand is estimated around ₹106 Trillion as of FY22 out of which 20% is met through formal financing. Assuming an annual rise of 9% in credit demand, the credit gap is expected to be around ₹85 Trillion as of FY22 which creates a huge potential for NBFCs and fintech companies to address this credit gap.

₹106 Trillion

ESTIMATED CREDIT DEMAND FOR MSME SECTOR IN FY22

Loan against properties (LAP) & Small & medium enterprises (SME) loans:

Loan against properties (LAP) & Small & medium enterprises (SME) loans witnessed a strong growth in FY23 on the back of lower growth during the pandemic period, amidst a revival in demand from smaller businesses.

The credit flow remained subdued during the last two years as cash flows were impacted due to the pandemic. The NBFC AUM in this segment, after remaining range bound for eight quarters, started growing from Q3 FY22. LAP & SME market in India is expected to grow at 12-14% in FY24 to ~₹3.1 Trillion from ~₹2.6 Trillion as of March 2023.

These loans are driving the industry since they cater to the unmet credit needs at low interest rates and EMIs. Loan against property pools and the continuation of rate hikes will not have a significant bearing on the collection efficiencies, given the association of the borrower with the underlying collateral (residential properties) and the priority given by borrowers to repay such loans.

The types of property, loans available, interest rates, sources, tenures, geographic regions, and companies are used to segment the loan against property market in India. There is a gradual shift from traditional loans from bank to loans from NBFCs due to quicker and hassle-free disbursements.

Source: As per ICRA April'23 Quarterly Update

STANDALONE FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Profitability

We delivered a robust performance in FY23.

During FY23, the total Income (before interest expenses and including Fee and other income) stood at ₹2,010 Crore, registering strong growth of 28% YoY. Interest Expenses on the other hand, grew 17% YoY to ₹595 Crore. This resulted in expansion of Net Interest Margin by 89 bps to reach 10.7% for FY23.

Operating expenses grew 33% YoY to ₹803 Crore in FY23 from ₹605 Crore in FY22, primarily on account of higher ESOP charges which are expected to get moderated in the coming year. The Cost to Income Ratio improved by 40 bps to 56.8% for FY23 as compared to 57.2% for FY22.

Pre-provision Operating Profit grew strongly by 35% to ₹612 Crore as compared to ₹453 Crore in FY22.

Provisions for the year FY23 remained negative at ₹ -134 Crore as compared to ₹69 Crore in FY22.

Profit after Tax for FY23 grew significantly by 100% to ₹585 Crore as compared to ₹293 Crore for FY22. The Return on Assets (%) for FY23 grew by 172 bps YoY to 4.4% as compared to 2.7% in FY22.

Disbursements and Loan Assets

Total disbursements for FY23 grew 109% YoY to ₹15,751 Crore from ₹7,524 Crore in FY22. Direct Digital Program (DDP) continued a healthy trajectory, contributing 81% of the total disbursements in Q4FY23 compared to 66% in Q3FY23, 54% in Q2FY23, 39% in Q1FY23 and 24% in Q4FY22.

The loan assets grew 37% YoY to ₹16,143 Crore as on March 31, 2023, from ₹11,765 Crore as on March 31, 2022. The loan assets are well diversified with Business loans and Loans to Professional constituting 28%, Pre-owned car constituting 17%, Personal and Consumer loans and Loan Against Property constituting 16% each. The growth in our loan assets is as per our stated guidance of 35-40% growth.

Asset Quality

The GNPA ratio improved by 185 bps during the year to 1.44% as on March 31, 2023 as compared to 3.29% as on March 31, 2022. Similarly, the NNPA ratio improved by 52 bps to 0.78% as on March 31, 2023 as compared to 1.30% as on March 31, 2022. With effect from September'22, we aligned Stage 3 numbers to RBI IRAC norms.

Liquidity

We maintained a strong liquidity position throughout the year. Liquidity is composed of cash/cash equivalents, available bank lines and stock of unencumbered assets.

We ended the year under review with standalone liquidity of around ₹3,000 Crore comprising of available cash and cash equivalent, unutilised credit limits and partially undrawn term loans.

During the year, we borrowed secured term loans of ₹4,600 Crore from Banks and Financial Institutions for an average tenor of 3 to 7 years, which resulted in tenor extension. Besides public sector banks/financial institution incremental credit lines were received from private/foreign banks to diversify the borrowing base. We also raised Commercial Paper aggregating to ₹1,975 Crore and ₹500 Crore of Non-Convertible Debentures during the year.

By way of contingency funding, we maintained a stock of highly liquid investments, undrawn bank lines and a buffer of unencumbered assets. This was overlaid by continuous discussions with market participants and bankers for enhancements and fresh facilities thereby maintaining robust funding pipelines. Pool sales through assignments and securitisation remain other options of raising funds if traditional markets dry up.

The Long-Term credit rating of our Company was upgraded to the highest rating of AAA; Stable from AA+ (stable) by CARE. CRISIL has also upgraded the long-term rating assigned to debt instruments and bank facilities to 'CRISIL AAA/ Stable' from 'CRISIL AA+/Stable'.

Financial highlights

(₹ In Crore)

Particulars	Standalone	
	FY 2023	FY 2022
Total Income	2,010.03	1,567.08
Finance cost	595.28	509.29
Net income	**1,414.75**	**1,057.79**
Operating expenses	803.05	604.61
Pre-provisioning operating profit	**611.70**	**453.18**
Net loss on derecognition of financial instruments	10.87	-
Impairment on financial instruments	(144.53)	68.61
Profit before exceptional item and tax	**745.36**	**384.57**
Exceptional items	21.21	-
Profit before tax	**766.57**	**384.57**
Profit after tax	**584.94**	**293.20**
Other comprehensive income	1.36	1.64
Total comprehensive income	**586.30**	**294.84**

Details of significant changes in key financial ratios:

- Standalone Debt Equity ratio has increased from 1.18 as on March 31, 2022 to 1.73 as on March 31, 2023. This represents an increase of 46.61%.

Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof:

- At standalone level, Return on Assets (ROA) increased from 2.7% in FY 2021-22 to 4.4% in FY 2022-23 and Return on Equity (ROE) increased from 5.7% in FY2021-22 to 9.7% in FY2022-23. This is primarily on account of the following reasons:

  a. Rise in disbursements supported by launch of new products.

  b. Significant reduction in Cost of Borrowing and improved Credit Rating resulting in healthy NIM; and

  c. Better collection performance resulting in lower Credit Cost

BUSINESS - STRATEGY AND OUTLOOK:

Key Initiatives FY 2023:

Last year, our Company added five new products to the offerings viz. Supply Chain Finance (SCF), Merchant Cash Advance, Digital Consumer Finance, Machinery Loan and Medical Equipment Loan. We also tied up with various fin-techs for various digital loans under the Direct Digital Program (DDP). To suit the contemporary requirements of the target segment, we are adding new products such as EMI cards and Co-branded Credit Cards to our diversified basket of products. These products will be driven with complete transparency in product features.

Differentiating by offering superior customer value and experience through minimal paperwork and a 100% end to end digital capability, with 24*7 service availability through digital means we have managed to secure one of the best NPS score in the industry of 54. There has been a significant reduction in TAT through flexible and agile backend operations.

Identifying the right quality of borrowers, constant monitoring of possible early warning signals and conservative underwriting standards has helped to maintain robust asset and credit quality.

Drawing up an optimum mix of instruments and diversified sources has resulted in an optimum cost of borrowing and helped us to maintain an adequate liquidity surplus.

People and their progress have always been paramount and fundamental to our Company. With new incentive models, enhanced ESOP coverage and tailored learning and development programs, the culture and people have become instrumental to our organisational growth.

Pre-owned Cars Finance (POC)

Under the secured portion, the Pre-Owned Car segment (POC) saw an 84% annual growth in disbursement (₹2,071 Crore vs ₹1,125 Crore).

Total Assets Under Management (AUM) for POC increased by 24% to ₹2,690 Crore as on March 31, 2023 from ₹2,164 Crore as of March 31, 2022. Due to several factors that we have discussed earlier in industry overview section, the Pre-owned cars segment has significant potential to continuously grow in the near future and thus we expect similar growth in this portfolio going forward as well.

Unsecured Loans

Unsecured loan portfolio comprised Business Loans (BL), Personal Loans (PL), Loan to professionals (LTP) and Supply Chain Finance (SCF). The disbursement from these products grew by ~2.85x to ₹11,052 Crore in FY23 from ₹2,873 Crore in FY22.

Total Assets Under Management (AUM) for unsecured loans increased by 162% to ₹8,153 Crore as on March 31, 2023 from ₹3,110 Crore as on March 31, 2022. Unsecured loans constituted 51% of the overall Loan Assets as on March 31, 2023 as compared to 26% as on March 31, 2022. We have earlier given guidance of Secured to Unsecured ratio of 40:60, which as per our estimate, will be achieved comfortably.

During FY23, Supply Chain Finance was introduced in the product portfolio. In its debut, SCF amounted to ₹1,313 Crore of disbursal for the year.

Loan Against Property (LAP)

LAP saw consistent quarterly growth during the year. LAP closed at ₹1,952 Crore of disbursement for FY23 as compared to ₹507 Crore for FY22 since we commenced our LAP business in the later part of FY22 in selected locations covering the top business locations. Choice of locations was basis industry delinquencies and potential validated through credit bureau. As opposed to traditional LAP lending which struggles with manual workflows, digital adoption has helped us to scale this segment successfully.

Total AUM for LAP increased by 138% to ₹2,559 Crore as on March 31, 2023, as compared to ₹1,075 Crore as on March 31, 2022.

Branch Networks

As of March 31, 2023, we have 85 branches spread across 19 states as against 242 in the last year. The rationalisation in the branches is mainly on account of concentrated focus upon urban and semi-urban areas, shutting down non-profitable branches and due to increased focus on digital footprint. The existing branches are also equipped with digital infrastructure like self-service kiosks in line with the digital objective of our organisation. We are looking to expand into newer untapped areas that hold great potential of credit appetite.

SWOT ANALYSIS:

Opportunities, Challenges and Outlook:

Strengths

Digital First with Technology at its core: Complete digital end-to-end process with backend built to process high volumes of transactions at lightning speed gives us the edge. Digital adoption has resulted in lower TATs, minimal and digital paperwork and improved customer experience and value.

Robust Capital Management: Healthy CRAR of 39% vs the regulatory requirement of 15% and optimum funding mix of instruments and diversified sources has kept the cost of capital at a minimal level. CARE has upgraded the long-term rating to 'AAA (Stable)' from 'AA+ (Stable)'. CRISIL has also upgraded the long term rating assigned to debt instruments and bank facilities to 'CRISIL AAA (Stable)' from 'CRISIL AA+(Stable)'.

Brand Strength & Strong Leadership: Our company is a flagship financial arm of Cyrus Poonawalla Group with shared brand identity, values, and business expertise. Our organisation is professionally scaled by a seasoned and competent leadership team with values and strong policy control.

Direct & Digital led distribution model: In-house sourcing of customers through own branches, call centers, social media and other digital platforms which results in faster and efficient customer acquisition and improved asset quality. Digital adoption empowers multiple tie-ups, alliances and partnerships enabling us to be a digital community leader in financing.

Weakness

Improved Focus on New Products & Monitoring: During FY23 many new products were launched, and newer products are in the pipeline for FY24. A close monitoring and performance of these products plus holistic introduction of new products like EMI card and Co-branded credit cards remains instrumental.

Opportunities

Demographical Tailwinds: India remains one of the fastest growing economies with enhanced credit consumption spend and ever-increasing awareness of digital credit availability. With youth, even mid-aged individuals have become tech-savvy and have started accepting the use of credit.

Largest and Fastest Growing Addressable Market: Consumer and MSME financing is growing at a pacy rate and so is the opportunity to tap in their requirements. Pre-owned cars, digital personal loans, loan against property and business loans opens more diversification opportunities.

New Age Digital Lending: Technology as seen since history is ever evolving and fast paced and so are the ideas in this age. Partnering with fin-techs, adoption of newer technology will always remain clinical for our organisation.

Threats

Tighter Monetary Norms: Due to the global economic conditions, inflation has managed to surge above normal levels. Most of the economists expected a 25bps increase in the repo rate from 6.5% at the start of Q1FY24 but the RBI kept it unchanged and may raise it from 25 bps to 50 bps in the coming quarters. In the short term, this may result in higher borrowing costs and slower credit growth.

Stiff Competition: The NBFC industry has opened upto many new age fin-techs and startups that have innovative and quickly scalable products. A shift from traditional bank credit to NBFCs open space for new entrants which can mop up a decent market share.

Geopolitical Risks: Rising tensions between advanced economies can give rise to political and economic instability and can result in financial fragmentation. This causes commodity prices to rise, eventually driving up inflation and interest rates.

RISK MANAGEMENT:

Our Company has put in place a comprehensive Integrated Risk Management (IRM) policy which is approved by the Board and is periodically reviewed.

The IRM policy acts as an umbrella policy which defines the overall risk management framework. This covers all risk families including but not limited to Credit Risk, Market & Liquidity Risk, Compliance Risk, Operational Risk, Reputational Risk and Financial Risk. The said framework facilitates identification, measurement, mitigation and reporting of risks through constant monitoring of Key Risk Indicators (KRI) within our organisation. Involvement of our Senior Management team in implementation of the IRM framework ensures achievement of overall organisational objectives across all business units.

The risk management infrastructure operates on five key principles:

1. Objectively constructed Risk Appetite Statement covering all key aspects of a lending business;
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; and
5. Extensive use of risk and business analytics, and credit bureau as an integral part of decision-making process.

The Risk Management Department is headed by the Chief Risk Officer, who is responsible for overseeing the risk functions including credit risk, market risk, compliance risk, operational risk, reputational risk and financial risk across all businesses, products and processes.

Credit Risk

We adopted an independent approval process guided by product 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 policies are clearly documented and approved by the Risk Management Committee of the Board. Credit policies are reviewed on a periodic basis driven by changes in macro-economic, industry/ segment and credit bureau data in addition to internal portfolio performance.

There is a well-documented Credit Risk Management Policy in place which describes different aspects of credit risk and its management framework in our organisation. The policy details exposure norms, sensitive sector norms, portfolio guardrails, regulatory restriction on loans and advances, among other parameters.

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 continuously monitor the loan portfolio through various indicators, which helps identify any early signs of stress enabling us to proactively manage our portfolio credit quality. We also carry out hind-sighting exercise to make appropriate interventions in the Credit Policy to further improve the portfolio quality and reduce the ultimate losses.

Operational Risk Management

The 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 and Control Self- Assessment (RCSA), Key Risk Indicators (KRIs);
4. Standardised reporting templates, reporting structure and frequency; and
5. Regular workshops and training for enhancing awareness and risk culture.

We adopted the globally accepted 3-lines of defense approach to risk management.

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

In FY23, the Operational Risk (OR) team has helped to identify, assess, monitor and mitigate risks across the organisation. RCSA exercises, Internal Finance Control ('IFC') testing and KRI monitoring have been conducted for key business units / support functions, and action plans have been developed to plug process gaps. Branch review process has been rolled out during the year to check process adherence at branches, identify gaps and ensure suitable mitigation plan is put in place to enhance overall control environment. The OR team helps senior management monitor risks through quarterly reporting of OR information to the Operational Risk Management Committee (ORMC) and the RMC.

Fraud Risk Management

Fraud can undermine the effective functioning and divert scarce and valuable resources of the organisation. Moreover, fraudulent and corrupt behavior can seriously damage reputation and diminish trust to deliver results in an accountable and transparent manner. To combat fraud, our organisation has an effective governance framework for preventing, identifying, reporting and effectively dealing with fraud and other forms of corruption. We are consistently putting efforts to prevent, detect and contain frauds. We have a dedicated Fraud Risk Management Unit (FRMU) to monitor, investigate, detect and prevent frauds. The unit has been further strengthened during FY23.

We are committed to preventing, identifying and addressing all acts of fraud against our organisation, whether committed by the staff members or other personnel or by third parties. We have zero tolerance for fraud. To this effect, we are committed to raising awareness of fraud risks, implementing controls aimed at preventing fraud, and establishing and maintaining procedures applicable to the detection of fraud.

As a second line of defense Fraud Risk Management, monitors & checks compliance and reports all fraud risks in the institution on an ongoing basis. The FRMU reports to the Chief Risk Officer. All frauds as specified by the regulator are being monitored by the Audit Committee and Board of Directors.

The roles and responsibility of FRMU are highlighted below.

Component	Principle
Control Environment	• Fraud Risk Operating manual is developed and reviewed periodically. • All processes are being reviewed through ORM and Fraud risk to mitigate un-foreseen gaps. • Cross functional training.
Risk assessment	• Comprehensive fraud risk assessments are done in support of ORM. • Processes are being reviewed to plug the gaps. • Learning through investigations is shared to mitigate the open risks for more effective policy.
Information & communication	• We have established a communication process to obtain information about potential fraud through whistle blower policy and has deployed a coordinate approach to investigation and corrective action to address fraud appropriately and in a timely manner.
Monitoring	• All frauds are reported to the regulator and are reviewed by the Audit Committee as well as Board of Directors.

Market Risk

Market risk is the risk that the values of 'on' or 'off' balance sheet positions will be adversely affected by movements in market prices, changes in the interest rate, foreign exchange rates, and equity and commodity prices. We have a Board approved Market Risk Management Policy in place.

We invest in fixed income securities with the primary objective of liquidity management. We have identified key risks associated with fixed income securities viz. interest rate risk and default risk and invests primarily in securities having negligible to low default risk along with appropriate duration to mitigate interest rate risk.

Foreign exchange risk

Our Company does not have any exposure to foreign exchange risk, since its disbursements as well as borrowings are in Indian rupees.

Liquidity risk management

Any mismatch in tenures of borrowed and disbursed funds may result in liquidity risk and thereby impact our ability to meet its obligations and business objectives. Thus, it is imperative that there exists nil or minimal mismatch between the tenure of borrowed funds and assets funded. We have endeavored to maintain appropriate asset liability maturity regarding its tenure and interest rates.

We have adopted prudent fund management practices and have worked meticulously to diversify our borrowing profile thereby repeatedly enhancing the set of institutions we borrow from. Such diversified and stable funding sources emanate from several segments of lenders such as Public & Private Sector Banks, Insurance Companies, Mutual Funds, Pension Funds, Financial Institutions including Corporates and Foreign Portfolio Investors due to our impeccable record in servicing our debt obligations on time. In addition to this, we have also tapped the securitisation/assignment market. Our company has diversified liquidity mix and exhibits adequate levels of unutilised bank limits, partly drawn bank lines, on balance sheet liquidity in form Fixed deposit, liquid and overnight funds to effectively mitigate and manage liquidity risk at optimum level.

We have our Asset Liability Management Committee (ALCO) in place, which periodically reviews the asset-liability positions, cost of borrowings, cost of funds, and sensitivity of forecasted cash flows including Stress Testing 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 ongoing basis with respect to managing various financial risks viz. asset-liability risk, foreign currency risk, and liquidity risk.

Our Company has a comfortable liquidity position by way of available Bank lines and maintains investments in HQLA securities and further supported by funds raised through Term Loans, Secured Debentures and other instruments. The external rating of our Company has also been upgraded to "AAA" which further enhances the Company's ability to raise funds at competitive rates.

People Risk

We provide a conducive work environment for our employees that enables them to perform well and hone their skills. Our policies are designed to ensure a healthy and safe workplace, free from discrimination or harassment. People are the Company's most valuable asset, and it 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 leading to low output
- Time taken to hire/replace the required manpower hampering installed capacity.

Succession planning:

- Risk to business continuity due to lack of leadership succession

We are proactive in identifying and addressing risk aspects around people and addressing them in a timely and comprehensive manner.

Internal Capital Adequacy Assessment Process (ICAAP)

We have adopted the ICAAP framework as enunciated in the Scale Based Regulation framework. As part of the risk assessment under ICAAP framework, we have quantified capital requirement for all material risks that it is exposed to and stress scenarios pertaining to these risks. Our Company has identified material risks which may impact our earnings, capital, and reputation. We have undertaken our first ICAAP exercise and have assessed capital requirements considering all the material risks as well as stress testing scenarios. The exercise indicates that our company has sufficient capital cushion available to meet its capital requirements after factoring in material risks as well as stress testing scenarios.

INTERNAL CONTROL SYSTEM:

We have an adequate system of internal controls in place commensurate with the nature of our business and size of our operations. We have documented our 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 our efficiency and effectiveness, protecting assets from unauthorised use or losses, compliances with regulations, prevention, and detection of fraudulent activities, etc. We continue our efforts to align all our processes and controls with leading practices.

A well-established, independent Internal Audit function provides independent assurance on our 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 Internal Audit, the Chief Internal Auditor (CIA) reports functionally to the Audit Committee. Internal Audit prepares an annual audit plan following a 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.

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

HUMAN RESOURCE - PEOPLE COUNT AT EVERY STEP:

Our organisation went through a transformation phase throughout FY 2023 where the focus was on building the business portfolio through higher employee productivity, efficiencies in the systems and processes, and aligning the employees with the vision and mission of the organisation. Regular communication with the employees through different forms and frequencies of connects and tried to ensure that the employees were able to focus on their core jobs. The HR team also worked on focused learning interventions, launch of people policies, HR technology developments and strengthening of compliance and governance mechanisms.

1. Candidate and New Joiner Experience – As a premier NBFC in the country, we are at the forefront of India's growth. We believe in building strong partnership with stakeholders to attract and acquire the right talent at the right time for the current needs and future growth of our organisation. Adopted best-in-class hiring practices to onboard quality talent; covering the entire landscape of our hiring to ensure quality and compliance. We have launched Embark – our pre-onboarding connect program, a step towards employer branding. We are also working towards recruitment marketing, market intelligence and inspiring career growth.

   All new joiners undergo through an organisational induction on their day of joining and through the required regulatory and organisation mandated courses to ensure they could seamlessly integrate with our values and culture.

Launched a 180-day engagement framework for a continuous connect with new joiners through one-on-one discussions and surveys.

2. Launch and cascade of Competencies – We identified and launched the behavioural competencies across the entire employee base. The behavioural competencies define the way each employee is supposed to conduct themselves in their dealing with customers, colleagues, and all stakeholders. The behavioural competencies will form the core of all people decisions in the organisation.

3. Communicate to Change – Communication of changes formed an integral part of the HR communication strategy. Throughout FY23, the HR team had group and one-on-one connects with the employees to communicate these changes. HR also facilitated organisation-wide change communication through organisation and departmental town halls.

4. Talent Recognition and Growth – A robust Reward & Recognition framework ensured that the performing talent was recognised. From new joiners to vintage employees, performers were recognised in internal public forums, encouraging others to step up their performance and be recognised. For employee growth, Internal Job Postings (IJP) were published regularly, allowing both vertical and horizontal cross-functional growth.

5. Performance monitoring – Periodic performance monitoring is an important tool to eliminate surprises at the end of the financial year when performance appraisal is done.

6. Improving Leadership and Managerial Capabilities – To future proof the organisation, we invested in leadership and managerial capabilities of the mid-management level. Six e-learning courses with topics around leading, decoding and managing teams, decision making, effective communication, executing solutions, etc. were launched in partnership with Harappa for employees in Senior Manager to Associate Vice President levels.

   We have also embarked on the journey to identify critical roles and talents in our organisation.

7. HR Automation – The launch of HRMS cycle in one platform incorporates multiple HR functionalities covering all the aspects of employee lifecycle (from recruitment module to alumni portal). A "one platform solution" across various employee transactions made it simple to use, navigate, transition, and learn. Most of the platform features have also been replicated in the mobile application for employees to manage self and team member activities without having to log into the web portal and get the latest organisation level updates and announcements on the go. Easy to use application, enhanced features for engagement, user friendly interface and rigorous adoption sponsored with strong support from Leadership team resulted in 98.9% of employees using the mobile application with a footfall of 176.42% employee logins throughout the year.

8. Employee Engagement – Employee engagement was a round-the-year endeavour for our organisation to ensure we connect with employees and address their concerns. We also give the employees critical updates about the organisation to keep them up-to-date on the various developments. Fun@Work campaigns were conducted throughout the year to keep the employees motivated.

9. Policies – In line with our endeavor to promote employee centricity, dynamic employee transitions were accompanied by policies which promoted learning, career development, flexibility, and growth opportunities (Learning & Development and IJP policies), promotion of employee wellbeing (revamped Leave Policy), building an inclusive culture (DNI policy), excellence in delivery and driving high performance standard (Rewards & Recognition policy).

10. Number of employees employed as on March 31, 2023 stood at 2452.

CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis, describing our 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 our Company's operations including the government regulations, taxation and economic scenario affecting demand and supply, natural calamity and other such factors over which our Company does not have any direct control.

For and on behalf of the Board

Abhay Bhutada	**Amar Deshpande**
Managing Director	*Director*
DIN: 03330542	DIN: 07425556
Pune	Pune
April 26, 2023	April 26, 2023

Annual Report on CSR Activities for Financial Year 2022-23

ANNEXURE 1

1. Brief outline of the CSR Policy of the Company:

Poonawalla Fincorp firmly believes that it has a commitment towards 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 organization has taken the key CSR initiatives 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 Fincorp is providing financial support to meritorious students from marginalized society by providing them scholarship for degree courses.

The Company's CSR Policy is available on the Company's website viz., https://poonawallafincorp.com/investor-governance.php

2. Composition of CSR Committee:

Sl. No.	Name of the Directors	Category	Number of meetings held	Number of meetings attended
1.	Mr. Abhay Bhutada	Executive	1	1
2.	Mr. Amar Deshpande	Non-Executive	1	1
3.	Mr. G Jaganmohan Rao	Independent, Non-Executive	1	1
4.	Mrs. Vijayalakshmi R Iyer	Independent, Non-Executive	1	1

The Corporate Social Responsibility Committee presently comprises of Mr. Abhay Bhutada who serves as the Chairman of the Committee and Mr. Amar Deshpande, Mr. G Jaganmohan Rao and Mrs. Vijayalakshmi R Iyer as other members.

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:

CSR Committee Composition: https://poonawallafincorp.com/investor-governance.php

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

CSR projects: https://poonawallafincorp.com/social-responsibility.php

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

Not Applicable.

5. a) Average net profit of the Company as per section 135(5): ₹(113. 12) Crore

b) Two percent of average net profit of the Company as per section 135(5): Not applicable

c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

d) Amount required to be set off for the financial year, if any: NIL

e) Total CSR obligation for the financial year (5b+5c-5d).: NIL

6. a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹74.45 Lakh

   b. Amount spent in Administrative Overheads: NIL

   c. Amount spent on Impact Assessment, if applicable: NIL

   d. Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹74.45 Lakh

   e. CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹ Lakh)	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
74.45	Nil	NA	NA		

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

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

7. Details of Unspent CSR amount for the preceding three financial years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs. lakhs)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs. lakhs)	Amount spent in the Financial Year (in Rs. lacs)	Amount transferred to any Fund as specified under Schedule VII as per Section 135(5), if any		Amount remaining to be spent in succeeding Financial Years (in Rs. Lakh)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
1	2019-20	NA	NA	-	-	-	-	-
2	2020-21	476.76	476.76	133.68	-	-	343.08	-
3	2021-22	NA	343.08	74.45	-	-	268.63	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): As the Company had incurred average net loss in the preceding three financial years, the Company was not obligated to spend on CSR activities in FY 2022-23.

For and on behalf of the Board

Abhay Bhutada
Managing Director and
Chairman of the CSR Committee
DIN: 03330542

Pune
April 26, 2023

Amar Deshpande
Director
DIN: 07425556

Pune
April 26, 2023

Form No. AOC -2

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

ANNEXURE 2

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

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

1. Details of material contracts or arrangements or transactions on an arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	(i) Poonawalla Housing Finance Limited ("PHFL"), Subsidiary of the Company. (ii) Sanoti Properties LLP ("Sanoti"), being a limited liability partnership, having Mr. Adar Cyrus Poonawalla and Rising Sun Holdings Private Limited as its partners.
b)	Nature of contracts/arrangements/ transaction	(i) Inter-Corporate Loan Limits (Give/Avail) (ICL) to PHFL, Subsidiary Company up to ₹300 Crore. (ii) Acquisition of 4,53,62,281 equity shares of Magma HDI General Insurance Company Limited ("Magma HDI") by Sanoti from the Company.
c)	Duration of the contracts/ arrangements/transaction	(i) One year from the date of approval of Members Resolution. (ii) The transaction completed in June 2022.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	(i) ICL to PHFL up to ₹300 Crore. (ii) Acquisition of 4,53,62,281 equity shares of Magma HDI from the Company at a price of ₹79.6684/- per equity share amounting to ₹361.39 Crore.
e)	Date of approval by the Board if any	(i) July 27, 2022 (ii) November 02, 2021
f)	Amount paid as advances, if any	N.A.

For and on behalf of the Board

Abhay Bhutada
Managing Director
DIN: 03330542

Pune
April 26, 2023

Amar Deshpande
Director
DIN: 07425556

Pune
April 26, 2023

Form No. MR-3

Secretarial Audit Report

for the financial year ended March 31, 2023

ANNEXURE 3

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

To
The Members,
Poonawalla Fincorp Limited
201 and 202, 2nd floor AP81, Koregaon Park Annex
Mundhwa, Pune - 411 036 Maharashtra

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited) (hereinafter called "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.

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Based on the verification of the 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 and considering the relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, generally 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 and the filings/submissions made by the Company to the stock exchanges for the financial year ended on March 31, 2023, to the extent applicable, according to the provisions of:

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

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

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

iv) The Foreign Exchange Management Act, 1999 and the Rules made thereunder to the extent of Overseas Direct Investments, Foreign Direct Investments and External Commercial Borrowings;

v) The following Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by 'SEBI', to the extent applicable:

   a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");

   b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;

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

   d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

   f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

   g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

   h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

   i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

vi) The following Directions, Circulars and Guidelines prescribed by the Reserve Bank of India, inter alia, specifically applicable to the Company:

   a) The Reserve Bank of India Act, 1934 (Chapter IIIB), Sec 45 IA;

   b) Master Direction – Know Your Customer (KYC) Direction, 2016 on Know Your Customer (KYC) Guidelines – Anti Money Laundering Standards (AML) – Prevention of Money Laundering Act, 2002;

c) Master Circular dated July 01, 2015 on Fair Practices Code;

d) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

e) Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;

f) Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;

g) Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

h) Master Direction - Information Technology Framework for the NBFC Sector;

i) Other Circulars/ Directions/ Guidelines issued by RBI in relation to Non-Banking Financial Companies, from time to time.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India and the Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that the Company has paid fine to stock exchanges for operational delay in reporting record date of non-convertible debentures under Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015. The Company has made a submission to the stock exchanges for a waiver of fine. BSE limited has waived the fine.

We further report that

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

b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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. One meeting of Board of Directors was held at shorter notice complying with Secretarial Standards and Companies Act, 2013.

c) 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 year under audit there was:

1. allotment of 30,24,053 Equity Shares of face value of ₹2/- each pursuant to exercise of Options under the various Schemes of ESOP of the Company.

2. allotment of 2500 and 500 Numbers secured, redeemable, Non-Convertible debentures of the face value of 10,00,000 each, aggregating to ₹250 Crore and ₹50 Crore on July 20, 2022 and September 23, 2022 respectively on private placement basis.

3. allotment of 10,000 Numbers Secured Principle Protected Market Linked Non-Convertible Debentures of the face value of 1,00,000 aggregating to ₹100 Crore on January 25, 2023 on private placement basis.

4. allotment of 10,000 Numbers Senior Rated Listed Redeemable Floating Rate Non-Convertible Debentures of the face value of 1,00,000 aggregating to ₹100 Crore on February 27, 2023 on private placement basis.

We further report that during the year under review:

1. the Registered Office of the Company was changed within the local limits of the city and jurisdiction of the same Registrar of Companies from 601, 6th Floor, Zero One IT Park, Survey No. 79/1, Ghorpadi, Mundhwa Road, Pune – 411 036, Maharashtra to 201 and 202, 2nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune - 411 036, Maharashtra with effect from October 22, 2022;

2. the Company has appointed Link Intime India Pvt. Ltd, having its office at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083 as the new Registrar and Share Transfer Agent (RTA) of the Company in place of Niche Technologies Private Limited, existing RTA for equity and debt securities with effect from December 15, 2022;

We further report that during the period under audit the Company has passed following special resolutions which need mention:

1. Alteration in the existing Memorandum of Association ("MoA") of the Company by way of complete substitution of the objects clause and the liability clause.

2. Approval for divestment of entire stake held by the Company in Poonawalla Housing Finance Limited (Formerly Magma Housing Finance Limited), material subsidiary.

This report is to be read with our letter of even date which is annexed as Annexure-I which forms an integral part of this report.

For MKB & Associates
Company Secretaries
Firm Reg No: P2010WB042700

Manoj Kumar Banthia
Partner
Membership no. 11470
COP no. 7596

Date: April 26, 2023
Place: Kolkata
UDIN: A011470E000201913

Annexure- I

To
The Members,
Poonawalla Fincorp Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management 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, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MKB & Associates
Company Secretaries
Firm Reg No: P2010WB042700

Manoj Kumar Banthia
Partner
Membership no. 11470
COP no. 7596

Date: April 26, 2023
Place: Kolkata
UDIN: A011470E000201913

Business Responsibility & Sustainability Reporting (BRSR)

Annexure 4

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L51504PN1978PLC209007
2.	Name of the Listed Entity	Poonawalla Fincorp Limited (the Company)
3.	Year of incorporation	December 18, 1978
4.	Registered office address	201 and 202, 2nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune Maharashtra 411036 India
5.	Corporate address	201 and 202, 2nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune Maharashtra 411036 India
6.	E-mail	secretarial@poonawallafincorp.com
7.	Telephone	91-020- 67808090
8.	Website	www.poonawallafincorp.com
9.	Financial year for which reporting is being done	01-04-2022 to 31-03-2023
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited National Stock Exchange of India Limited
11.	Paid-up Capital	₹1,53,58,95,184
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name: Shabnum Zaman Company Secretary Telephone - 91-9748670328 Email address - shabnum.zaman@poonawallafincorp.com
13.	Reporting boundary Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. no.	Description of main activity	Description of business activity	% of turnover of the entity (FY2022-23)
1	Financial and insurance Service	Financial and lending activities	100

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total turnover contributed
1	Financial and related services	K Group: 649	100

Key products and services of the Company: Financing for Pre - Owned Car, Mortgage and Small and Medium Enterprises financing

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	Not applicable	85 branches	85 branches
International	Not applicable	None	None

17. Markets served by the entity:

a. Number of locations.

Locations	Number
National (No. of States)	19 states
International (No. of Countries)	None

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not applicable

c. A brief on types of customers.

The Company focuses on two well defined customer segments of consumer and MSME. For these segments the Company offers a wide array of products and services to cater to their specific ever evolving needs. The customers here are both individuals as well as entities. In consumer segment it primarily consists of the salaried customers whereas for MSME it is the entity who is the customer represented through the proprietor, partner or directors in line with the business constitution.

Our diversified products and services include the following:

- Personal Loan: to various categories of professionals (CA, CS, doctors, salaried employees, government employees) for various purposes including but not limited to home renovation, travel, medical emergency, wedding.
- Business Loan: provided to MSME, for working capital and other short term financing needs.
- Professional Loans: for CA, CS, doctors to expand their practice.
- Loan Against Property to MSMEs for their working capital or other business requirements.
- Pre-owned car loan to purchase a car or to refinance the car for personal or business funds requirement.
- Medical Equipment Loan & Machinery Loan to cater to asset funding requirement of doctors and MSMEs.
- Supply Chain Finance to cater to upstream and downstream financing needs of anchors thereby helping the MSMEs have easy access to capital.

Other Loans: Medical Equipment Loan, Merchant Cash Advance, Digital Consumption Loan, Digital Consumer Finance, Auto Lease.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Employees						
1.	Permanent (D)	2,452	2,211	90.17%	241	9.83%
2.	Other than Permanent (E)	-	-	-	-	-
3.	**Total employees (D + E)**	**2,452**	**2,211**	**90.17%**	**241**	**9.83%**
Workers						
4.	Permanent (F)	**Not Applicable**				
5.	Other than Permanent (G)					
6.	**Total workers (F + G)**					

b. Differently-abled Employees and workers

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Differently abled employees*						
1.	Permanent (D)	2	2	100%	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	**Total employees (D + E)**	**2**	**2**	**100%**	**-**	**-**
Differently abled workers						
4.	Permanent (F)					
5.	Other than Permanent (G)			-		
6.	**Total workers (F + G)**					

* The Company embraces diversity and does not discriminate against anyone based on their race, gender, religion, beliefs, disability, marital status, age, gender identity, or any other factor.

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	10	1	10%
Key Management Personnel	3	1	33.33%

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	22%	2%	24%	31%	2%	33%			
Permanent Workers					Not applicable				

* The turnover numbers were not monitored by the Company in FY2020-21.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Poonawalla Housing Finance Limited	Subsidiary	99.22%*	Yes Business Responsibility activities of the subsidiary company are conducted as part of the parent Company to the extent possible
2	Jaguar Advisory Services Private Limited	Joint venture	48.89%**	
3	Rising Sun Holdings Pvt Ltd	Holding	62.14%	

* Pursuant to divestment of stake as approved by shareholders, the transactions will be consummated upon receipt of certain regulatory approvals.

** Pursuant to divestment of stake as approved by shareholders, the transactions will be consummated upon receipt of certain regulatory approvals.

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes

(ii) Turnover (in ₹) - ₹20,10,02,03,437

(iii) Net worth (in ₹) - ₹64,24,69,55,184

Note: During the Financial Year 2022-23, the Company did not have any obligation to spend under Corporate Social Responsibility as enumerated in Section 135(5) of Companies Act, 2013. The company has spent an amount of ₹74.45 Lakhs towards ongoing projects.

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC):

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	(If Yes, then provide web-link for grievance redress policy)	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Not Applicable						
Investors (other than shareholders)	Yes	2	0	-	1	0	None
Shareholders	Yes	3	0	-	0	0	None
Employees and workers	Yes	Nil	Nil	Nil	1	Nil	Nil
Customers	Yes	1,717*	37	Nil	329	2	Nil
Value Chain Partners	Not Applicable						
Other (please specify)	-						

* Please note, due to change in complaints definition (any customer communication received on the grievance Email ID and Head Customer Service Email ID is now tagged as complaint).

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Customer Privacy & Data Security	Risk	The Company's technology infrastructure plays a big role in its operations. Most transactions are completed digitally, which raises the risk for cyber and information security. Further, the personal details required for financial transactions are available with the Company and thereby ensuring the data security is of prime importance.	The Company has a Cyber Security Policy and a Data Privacy policy in place. The Company ensures the policies are implemented at organizational level. Various awareness sessions and internal newsletters, mock drills are conducted to avoid any instances of breach of customer privacy and data security. Further a Consumer Awareness section- Cyber Threats and Frauds is also available on website as a cautionary notice.	Negative Reputational due to incidents of data breaches or leakages. Financial due to loss of customers due to instances of data security and privacy. Litigation in case of cases filed by customers due to data leakage instances.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2	Customer Experience	Opportunity	Any business's continued expansion depends on providing an outstanding customer experience. Loyalty, customer retention, and brand advocacy are all aided by providing a positive customer experience.	-	Positive Good customer experience can bring more customers through word of mouth and improve the Company's reputation.
		Risk	The Company offers financial products and services to millions of customers, any bad customer experience could result in customer loss or even damage to the company's reputation.	The Company has a Grievance Redressal Policy which helps customers to raise grievances. The Company is using integrated approach that is technology driven to enhance customer experience. Maps and monitors the turnaround time of complaints and accordingly trains the frontline staff to address the customer grievances. Continuous call quality monitoring has been implemented to ensure analysis of repeat calls can be conducted and avoid delays in grievance redressal.	Negative Loss of reputation can lead to customer attrition which can thereby affect the business.
3	Digital Innovation and Disruption/ Digitalization	Opportunity	The interest and acknowledgment of digital exchanges are expanding in India. Digital innovation to improvise organizational practices and improve customer services is at the core of the Company's business. Customers across age groups are steadily appreciating digitalization and therefore the Company is further focusing on implementing technology and digital led product transformation for faster service delivery, increased efficiency of existing processes and optimal resource utilization.	-	Positive Reputation of Company due to improved digital experience of customers and low complaints Improves processes and systems internally.

Risk Management Committee has additional role and responsibility to address the ESG risks which is integrated to the enterprise risk management as per SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (SEBI Listing Regulations /LODR).

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
c. Web Link of the Policies, if available	Yes								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	When acting on behalf of the Company, third parties like consultants and agents are required to abide by the Code of Business Ethics as well as the Code of Conduct for Direct Selling Agents (DSAs), Direct Marketing Agents (DMAs), and Debt Recovery Agents (DRAs).								
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle.									
Principle 1	-								
Principle 2	-								
Principle 3	-								
Principle 4	-								
Principle 5	-								
Principle 6	-								
Principle 7	-								
Principle 8	-								
Principle 9	-								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	-								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	-								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) We are pleased to share an overview of the environmental, social, and governance (ESG) achievements we have made as an organization. We recognize the importance of transparency and accountability in our ESG journey and Governance remains a pillar of our ESG strategy. We have implemented robust governance frameworks, enhanced board oversight, strengthened risk management practices and effectively embraced digital transformation while upholding compliance standards. We have made strides in minimizing our environmental impact by adopting waste minimization measures and creating awareness among our stakeholders regarding judicious use of water and energy. On the social front, we have recognized the need to foster diversity, equality, and inclusion within our organization. We have implemented inclusive policies and training programs to ensure equal opportunities for all employees. We have also adopted various initiatives to drive customer centricity. Furthermore, we actively participate in corporate social responsibility (CSR) initiatives to make positive contributions to the communities where we operate. In conclusion, as we continue to embrace new challenges and opportunities, we remain committed to transparent reporting, active stakeholder engagement, and continuous improvement in our ESG performance. I extend my gratitude to all our employees, customers, partners, and stakeholders for their invaluable support and contributions in our ESG journey. Together, we can build a sustainable future that respects our planet, empowers communities, and delivers long-term prosperity.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies	Abhay Bhutada Managing Director DIN: 03330542								

9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes • Risk Management Committee • Nomination and Remuneration Committee • Audit Committee • The other Committees of the Board are the Asset Liability Management Committee, IT Strategy Committee, Review Committee, CSR Committee and the Management Committee.

1c: It has been the Company's practice to upload all polices on the intranet for the information and implementation by the internal stakeholders and some of these policies are also available at the following website: Corporate Governance Policy, Code of Conduct and Business Ethics, CSR Policy, Grievance Redressal Policy, POSH, Anti-money laundering Policy and KYC norms, Breach of Integrity and Whistle Blower/Vigil Mechanism Policy.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yes (Principle 1,2,3,4,5,6,8,9) Committees of the Board Any other Committee for P7									Annually or on need basis								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes Committees of the Board. The Company is in compliance with the regulations, as applicable.									Annually or on need basis								

	P1	P2	P3	P4	P5	P6	P7	P8	P9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.	No. All policies and processes, are subject to audits and internal reviews conducted by the Company from time to time. All policies of the Company are evaluated and reviewed internally as and when required.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	No	No	No	No	No	No	Yes	No	No
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	No	No	No	No	No	No	Yes	No	No
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	No	No	No	No	No	No	Yes	No	No
It is planned to be done in the next financial year (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Any other reason (please specify)							*		

* The Company works closely with collective trade and industry associations as and when required, while there is no specific policy outlined for Principle 7.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness Programmes
Board of Directors	5 [4 familiarization programmes (8 directors attended 4 programmes and 2 directors attended 3 programmes) and 1 awareness session on ESG journey of an organization]	• Circular on applicability of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 in relation to RPTs. • Operational Circular for listing obligations and disclosure requirements for Non – convertible Securities, Securitized Debt Instruments and/or Commercial Paper & Operational guidelines for 'Security and Covenant Monitoring' using Distributed Ledger Technology (DLT). • Enhanced guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence. • Companies (Accounts) Fourth Amendment Rules, 2022 & Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 • Company Law Committee Recommendations For Amendments In Companies Act, 2013 • SEBI (SAST) (Amendment) Regulations, 2022 • SEBI (Listing Obligations and Disclosure Requirement) (Sixth Amendment) Regulations, 2022 • Discussed the process of materiality assessment, BRSR requirements and the ESG policy outline *The RBI regulations, circulars, guidelines, press releases etc. are also discussed by the Board of Directors.	100%
Key Managerial Personnel	5	Corporate Governance Code of Conduct for Prohibition of Insider Trading, Road to Compliance: KYC , anti-money laundering (AML), INFOSEC, Data Leakage Prevention and Prevention of Sexual Harassment (POSH) Process of materiality assessment, BRSR requirements and the ESG policy outline.	100%
Employees other than BoD and KMPs	7	Code of Conduct for Prohibition of Insider Trading (Designated Employee), Breach of Integrity and Whistle Blower Vigil Mechanism, Code of Conduct, Understanding of Prohibition of Insider Trading, Road to Compliance: KYC, AML, INFOSEC, Data Leakage Prevention, POSH Context setting on ESG, process of materiality assessment, BRSR requirements.	99% coverage on an average (100% for POSH and Road to Compliance)
Workers	Not applicable		

Presentations were delivered at the Board and Committee sessions throughout FY2022-23. The Board of Directors received information on a variety of subjects related to topics on economic, or regulatory changes in their capacity as members of various Committees of the Board. The new directors must go through induction and familiarization programme which is mandatory as per SEBI Listing Regulations. The Familiarisation Program also includes explaining the independent directors about the ongoing events of the company, business structure, codes and policies, duties, liabilities etc. In FY2022-23, 5 familiarization sessions were held for a cumulative period of ~2 hours. In addition to these sessions, during the 6 Risk Management Committee meetings held in FY2022-23, regulatory updates were provided to the Board members and the impact on NBFCs were also discussed. Few topics covered were as follows:

- Implementation of 'Core Financial Services Solution' by Non-Banking Financial Companies (NBFCs)
- Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022
- Compliance Function and Role of Chief Compliance Officer (CCO)
- RBI Circular on Loans and Advances – Regulatory Restrictions – NBFCs.
- Disclosures in Financial Statements- Notes to Accounts of NBFCs under Scale Based Regulation
- Directions under sub-section (6) of section 70B of the Information Technology Act, 2000
- Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs
- Senior Management Personnel (SMP) and/or Non-Executive Directors (NEDs) - Reporting of Exit and Succession Planning
- RBI Press Release dated 10 August 2022 on Recommendations of the Working group on Digital Lending - Implementation and Circular on Guidelines on Digital Lending dated 02 September 2022
- Circular on Multiple NBFCs in a Group: Classification in Middle Layer

The Board of Directors and KMPs received a briefing on their duties, with a particular focus on Corporate Governance. They were also updated on the latest advancements in IT, cybersecurity, digitalization programs, and legal requirements, as well as customer centricity. The Company prioritized induction training for all employees, which included 9 principles emphasizing governance standards and the code of business ethics. Annual code of conduct training was made mandatory for all employees, along with virtual modules on compliance. Employees must achieve a pass percentage in compliance training modules, and if they fail to do so, they are required to repeat the module. The Company also provides functional, competency, and behavioral programs, as well as specific trainings tailored to the needs of various functions.

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by Directors / KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary	NGRBC Principle	Name of the regulatory/ Enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine					
Settlement			Nil		
Compounding fee					

Non-Monetary	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment		Nil		
Punishment				

*Kindly note no fine has been imposed by the regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest till date. Further please note during the year fine was imposed by the stock exchanges for delay in reporting the record date of non- convertible debentures (NCDs). Subsequently, stock exchanges had withdrawn the said fine.

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
-	-

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes. The Company has Code of Business Ethics, Breach of Integrity and Whistle Blower/Vigil Mechanism Policy and Code of Conduct for Prevention of Insider Trading. The Company also has a defined Code of Conduct & Discipline Rules (Code) to deter wrongdoings and to foster and maintain the standard of business conduct for employee, trust and confidence in the professionalism and the integrity of the employees. The Code is applicable to all employees across functions, geographies and grades. The abovementioned policies and code aim to maintain the standard of business conduct and ethics and also serve as guideline to report fraud, unethical or illegal practice.

Code of Business Ethics: https://poonawallafincorp.com/investor-governance.php

Breach of Integrity and Whistle Blower/Vigil Mechanism Policy : https://poonawallafincorp.com/investor-governance.php

Code of Conduct for Prevention of Insider Trading : https://poonawallafincorp.com/investor-governance.php

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.**

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Not applicable	

6. **Details of complaints with regard to conflict of interest:**

	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil		Nil	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil		Nil	

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

No fine was imposed by the regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest till date. However, fine was imposed by the stock exchanges as there was delay in reporting the record date of NCDs. As a corrective action, the Company has adopted an internal mechanism in the form of maker-checker workflow to avoid such incidents of delay. Selected departments are now responsible to take note of the dates of report submission and to ensure they are no delays.

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
-	-	-

Please note: The number of awareness are not monitored currently but the clauses regarding ethical, transparent are part of vendor agreements. Regular discussions are organized with the direct selling agents (DSAs) and value chain partners to ensure compliances to the clauses mentioned in the agreements and code of conduct.

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

   Yes

   The Board of Directors has laid down a Code of Conduct for all the Board Members and Senior Executives of the Company including a Code of Conduct for Independent Directors.

   Everyone in a position where a conflict of interest might exist or could reasonably be seen as such must declare that possibility to their department head, a human resources representative, or another designated department (s). The supervisor, department head, or human resources representative should seek advice from the company's compliance officer* if they have any doubts. If there is a conflict of interest, the Company will decide if it exists and, if so, will work with the Associate** to swiftly remedy the issue.

   * Compliance officer: An employee/officer appointed by the Board of Directors to provide written approvals for actions under the Code or to do such other acts as the Board may decide. For the purpose of this Code, Head Human Resources of the Company is designated as the Compliance Officer.

   ** Associate means and includes all Directors including Executives and Non-Executive Directors, officers, Senior Management Personnel and employees of PFL. It also includes employees of those entities in which PFL has an interest but does not have control as well as consultants and agents acting on PFL's behalf.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	Details of improvements in environmental and social impacts
R&D	Not applicable		
Capex			

2. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   Yes

   b. **If yes, what percentage of inputs were sourced sustainably?**

      The primary resource consumption of the Company is printing paper. The Company entered into vendor agreements for procurement of paper and tracks consumption of resources to reduce their wastage.

      Above all, the Company also emphasized on integrating sustainable practices within the value chain (suppliers and customers) through acceptance of payments through automated clearing house (ACH)/ Auto Debit/Digital/online mode which in turn helped the customers in paper less transaction. To avoid further usage of paper, the customer documents are stored digitally.

      As the corporate office is a Platinum Certified Green Building. Certified green buildings focus on the use of recycled materials instead of virgin materials. Such materials are certified, have lower carbon footprint and are sourced and used in a sustainable manner with minimal or no adverse effects to the environment.

      The Company is not tracking the percentage of inputs sourced sustainably.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

   The Company's primary waste products comprise of paper waste and electronic waste.

   Paper Waste: The Company has minimized paper usage through digital technologies and process optimization. As a service-oriented company, paper is a major resource consumed. To promote sustainable service delivery, the Company encourages paperless transactions and implements a paper recycling initiative for old printouts. Payments are accepted through electronic modes, reducing the need for paper. Vendor payments are made electronically as well. Various initiatives are in place to reduce paper usage, such as online lead generation, digital customer transactions, an e-learning platform for employees, and SMS updates during loan processing. System-generated reports are no longer printed, and files are processed digitally whenever possible. The Company prioritizes digital storage of documents and communicates with customers primarily via email, SMS, and inbound calls.

E-waste: The Company has put in place mechanisms for responsible disposal of waste through authorized third party vendors. The Company has in place a Policy on process for disposal of E-Waste Items. Further, the device management policy of the Company helps to monitor and repair devices as required.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).**

   Not applicable

   If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

   Not applicable

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
Not applicable					

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product / Service	Description of the risk / concern	Action Taken
Not applicable		

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Not applicable		

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed of.**

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not applicable					
E-waste						
Hazardous waste						
Other Waste						

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not applicable	

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees.

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/ A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/ A)	Number (F)	% (F/ A)
Permanent employees											
Male	2,211	2,211	100%	2,211	100%	0	0%	2,211	100%	0	0%
Female	241	241	100%	241	100%	241	100%	0	0%	137	56.85%
Total	2,452	2,452	100%	2,452	100%	241	9.83%	2,211	90.17%	137	5.59%
Other than Permanent employees											
Male	Not Applicable										
Female											
Total											

b. Details of measures for the well-being of workers:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/ A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/ A)	Number (F)	% (F/ A)
Permanent workers											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-
Other than Permanent workers											
Male	Not Applicable										
Female											
Total											

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	Not applicable	Y	100%	Not applicable	Y
Gratuity	100%	Not applicable	Not applicable	100%	Not applicable	Not applicable
ESI	7.3%	Not applicable	Y	45.9%	Not applicable	Y
Others – please specify	0	Not applicable	0	0	Not applicable	0

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes (Pune Corporate Office)

- The Company welcomes equal opportunity and diversity and thus no discrimination is observed during the hiring process. Therefore, to ensure the workplace is inclusive of differently abled, the PFL Corporate Office building is made accessible to prospective differently abled employees with ramps, wheelchairs, and elevators. This will help to create an environment that is safe and eliminate the barriers of belongingness.

- Dedicated rest rooms are provided in the office.
- Braille and voice enabled elevators are provided in the office.
- Creche and Medical Room Facility also available in the office.

The Company is an Equal Opportunity employer and has zero tolerance towards discrimination. Corporate office is disabled friendly.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. The Company has an Equal Opportunity Policy which is internal to the Company and is communicated to all the permanent employees.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100	100	Not applicable	Not applicable
Female	100	69	Not applicable	Not applicable
Total	**100**	**96**	**Not applicable**	**Not applicable**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

Yes

	(If Yes, then give details of the mechanism in brief)
Permanent Workers	Not applicable
Other than Permanent Workers	Not applicable
Permanent Employees	The Company enables employees to work without fear of prejudice, gender discrimination and harassment. The Company has zero tolerance towards any non-compliance of these principles. The Company has 'Code of Conduct', 'Breach of Integrity and Whistle Blower/Vigil Mechanism Policy, 'Prevention of Sexual Harassment' framework serving as grievance mechanisms for its employees to report or raise their concerns confidentially and anonymously, and without fear of any retaliation. Whistleblower policy explains the mode of communication for alleged wrongful conduct. Mode of Communication: Email to whistleblower@poonawallafincorp.com or send a complaint at a mentioned postal address. Communicate to the employee or senior management team who can then forward the same to Internal Head-Human Resources. The same must be then forwarded to Ethics & Disciplinary committee. Further details can be obtained from the policy available publicly. Employees can report with Multiple Channels - Scan and Share, Email ID • HR monthly drives are conducted so that employees can reach out to the HR for any concerns. • The HRMS is QR code enabled which can help the employees to raise grievances in a hassle-free manner – for grievance raising. • Engagement with Business HR team on a monthly basis to focus on the closure of open queries and resolution of challenges. Not applicable for workers
Other than Permanent Employees	-

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees						
- Male			Not applicable			
- Female						
Total Permanent Workers						
- Male			Not applicable			
- Female						

8. Details of training given to employees and workers:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	2,211	690	31.21	1,857	83.99	4,823	-	-	2,942	61.00
Female	241	131	54.36	217	90.04	361	-	-	249	68.98
Total	2,452	821	33.48	2,074	84.58	5,184	-	-	3,191	61.55
Workers										
Male										
Female					Not applicable					
Total										

Note: The Company re-skilled its employees and provided career growth opportunities, micro-learning, on-boarding cum integration, succession planning, talent management and access to real time dashboards.

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	2,211	2,211	100%	4,823	3,841	79.64%
Female	241	241	100%	361	297	82.27%
Total	2,452	2,452	100%	5,184	4,138	79.82%
Workers						
Male						
Female			Not applicable			
Total						

10. Health and safety management system:

a. *Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, what is the coverage of such a system?*

Yes

Employees are the key to the growth of any organization. Therefore, their health and wellbeing is also important.

- All the offices are provided with fire extinguishers and kept in working condition.
- At Pune Corporate Office,

- Fire detection and firefighting system is in place integrated with building management system.
- Emergency response team (ERT) has been formed to guide the employees in the panic situations if any.
- Fire evacuation drills are being conducted periodically.
- Public announcement (PA) system is in place for any emergency situations.
- Medical Room also available in the Office.

b. *What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?*

Given the nature of business, this is not directly applicable to the Company.

c. *Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.*

Not applicable

d. *Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?*

Yes.

All employees of the Company covered under the company's health insurance policy. Employees and their families are covered for hospitalization through Mediclaim cover and annual health check-up is also facilitated for employees. Further, first aid box, ambulances are also available for employees.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	Not Applicable	Not Applicable
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	Not Applicable	Not Applicable
No. of fatalities	Employees	Nil	Nil
	Workers	Not Applicable	Not Applicable
High consequence work-related injury or ill-health (excluding fatalities)	Employees		
	Workers	Not Applicable	Not Applicable

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Some key initiatives taken by the Company to prioritize employee wellness includes:

- In the domain of health and wellness, your company conducted a wellness session on nutrition.
- Covering both health and wellness and engagement, your Company conducted a football tournament in 8 branches including Corporate Office.
- Under social wellness, we had a "Bring your child to work" day for Corporate Office employees. The children were engaged with games and activities. We also involved employees' children across locations to celebrate Children's Day.
- Fun@Work as a theme was celebrated across locations in different ways.
- We stepped up our employee connect framework through branch connects by HR, branch huddles (top 18 branches) led by the seniors of the respective branches and townhalls conducted by Function Heads. These connects allowed us to disseminate organization-level information to the employees and gave them a listening post where we acknowledged their challenges and resolved them.
- Employee understanding and adoption of our values and competencies were led by the L&D team. Internal panel and cascade sessions were conducted to help employees imbibe our values and competencies. Some of our learning initiatives were designed keeping our values and competencies as the foundation.

13. Number of complaints on the following made by employees and workers

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil			Nil		
Health & Safety	Nil			Nil		

14. Assessments for the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	-
Working Conditions	-

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not applicable

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes. The Company extends the Group Medical Coverage, Group Personal Accident Coverage and Group Term Insurance to all the permanent employees. The coverage for the employees varies according to the employee grade.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Not applicable

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Employees	Not applicable			
Workers				

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes

The Company has a retirement policy that honors the accomplishments and contributions of departing employees. The experience gained by the retiring employees in the different fields helps them in their post-retirement professional engagement. The Company also has an internal job policy to nurture the organization's multi-skilled resources.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety conditions	Not applicable
Working conditions	

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   Not applicable

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   The various functional teams identify the stakeholder groups relevant to the work and discussions are conducted at senior management levels to include the groups. For example, across the value chain, some of the key stakeholders identified are customers, communities, NGO partners, suppliers and third parties etc.

   The Corporate Communication & Brand Team works with various stakeholders/agencies such as public relations agency, branding agency, agency for photoshoot and videography, various content marketing agencies, agencies for designing the reports etc. to create awareness about the Company as a brand.

   As far as essential indicators to shortlist the agency/vendors are concerned the Company follows the best practices of shortlisting more than one company/agency from the same space who are doing work in the BFSI space. Post identifying agencies multi-agency pitches are conducted and pricing negotiations are done based on possible deliverables and scope of work.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Government and regulatory authorities	No	Newspaper advertisements for various regulatory notices on various occasions such as postal ballot notice, change in address, quarterly result announcement statutory advertisements, shareholders awareness etc.	Quarterly and as and when required as part of compliance and corporate governance.	Purpose of such engagements is to keep various regulatory authorities informed and up to date about the various developments going on in the organization to fulfill the compliance requirement.
NGOs and local community	No	Community meetings	Half Yearly	A number of deserving and meritorious students seek to study further but are constrained by their family circumstances. During the last couple of years, there was a sharp increase in students seeking to discontinue their studies on account of a loss in family incomes or stressed family incomes. The Company addressed this unmet social need by funding in part or full the fees of such students at the under-graduate level. The Company leveraged its rich analytical framework used to ascertain family incomes to address deserving cases. The Company offered financial assistance in form of scholarship to meritorious students from low income families (daily wager, odd jobs holder, lowly paid private employees, farmers) across the country. This meets part of their education and related expenses while pursuing under-graduate studies.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	Yes	Emails (internal communications), Newsletter, Website and Notice Board, Townhall.	Others- We send regular communication as and when business functions ask for it. It varies case to case basis.	Purpose of such engagements is to keep employees up to date on various initiatives of the organization. We also reach out to all employees to educate them on various policies, Company SOPs as well as milestones. Another aspect is employee engagement programs which includes initiatives on social, physical, emotional and environmental wellness.
Customers	Not applicable	Call centre, branch office, smartphone, website and social media.	Need basis	New products and services, grievances and complaints.
Suppliers	Yes	Email, Phone calls and one on one meetings.	Others- We communicate with some vendors like PR agencies, Branding agencies on a day to day basis to perform various tasks. We also do weekly meetings, monthly and quarterly review meetings to map the progress.	Purpose of this engagement is to inform various service providers on real time basis and make sure they are on the same page as far as plan for external and internal communication is concerned.
Investors	Not applicable	Website, meetings, emails, Physical Meetings, Investor Calls, Analyst Presentations.	Quarterly	Providing relevant information, progress of the company, various initiatives and roadmap.
Shareholders	Not applicable	Website, Emails, Shareholder meetings, Postal Ballot notices. News paper publication.	Quarterly/need based	Providing relevant information, progress of the company, various initiatives and roadmap.
Media	No	Newspaper, pamphlets, social media, website, Press Meet, Media Events, Management Interviews.	Others: need based/as required	Latest developments of the Company

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The Company actively engages with stakeholders to enhance performance and create value for the ecosystem and its own operations. The methods of consultation vary depending on the stakeholder group.

   For shareholders and investors, the Company utilize earnings calls, conferences, quarterly meetings, annual general meetings, and grievance channels. While sustainability discussions have emerged recently, the focus remains on strategy and performance.

   Customer consultations take place through surveys and social media, covering topics such as customer service, complaints, new products, community involvement, and more.

   Employee engagement is a top priority, with various platforms and communication channels utilized. This includes addressing complaints and concerns, providing feedback and evaluations, sharing news through internal newsletters and emails, conducting town hall meetings, and organizing awareness programs. Feedback received is recorded as meeting minutes and discussed by function heads and senior management for possible implementation. For dissemination of organization-level information to the employees, the employee connect framework was modified. Through this the mechanism to connect the branch heads with the HR team, conduct townhalls with the Functional Heads were practiced. This process allowed the Company to acknowledge the challenges faced by the employees, provide resolutions and allow discussion with the senior members of the organization.

The business HR team conduct monthly consultation with the employees by focusing on open queries and putting efforts to resolve them. To further strengthen the employee connects, the Company has partner with third party to provide an AI based platform through which the employees can stay connected.

As a forward looking step, the Company launched an initiative My Branch, My Pride through which the Senior leaders have been assigned selected branches to ensure engagement with employees, understand their challenges and provide appropriate resolutions. This was also initiated to set an example of approachable leadership for the employees and ensuring the aspect of inclusiveness for all.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes

The engagement with communities is mostly in the form of focused group discussions and their views and opinions on CSR programs are taken note of. Based on previous discussions with the beneficiaries on M-Scholar programs various changes were brought in the project to ensure improved coverage and fair selection of candidates.

The discussion of employees with HR and team leads has also helped the Company to incorporate activities such as employee wellbeing programs, taking cognizance of environmental initiatives (saving electricity, water etc.).

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

To avoid spreading false information about the organization, whenever journalists or media outlets ask questions or have queries, the Company immediately reviews them and responds. The Company also speaks to the media to keep stakeholders updated about the Company. The Company thinks that the unbanked and underbanked people in urban India are less likely to integrate into India's mainstream economy, which makes them vulnerable to socioeconomic exploitation. Through its CSR (Corporate Social Responsibility) initiative, the Company aims to improve the lives of underprivileged individuals. All the projects aim to help the poor live better, more dignified lives by uplifting and supporting them. M-Scholar, the flagship project, aims to address the concerns of marginalized stakeholder groups and promote society's holistic development.

Principle 5: Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	2,452	2,452	100%	5,467	3,057	56%
Other than permanent	Not applicable			Not applicable		
Total employees	2,452	2,452	100%	5,467	3,057	56%
Workers						
Permanent	Not applicable					
Other than permanent						
Total workers						

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	2,452	-	-	2,452	100%	5,184	-	-	5,184	100%
Male	2,211	-	-	2,211	100%	4,823	-	-	4,823	100%
Female	241			241	100%	361	-	-	361	100%
Other than permanent	Not Applicable									
Male										
Female										
Workers										
Permanent	Not Applicable									
Male										
Female										
Other than permanent										
Male										
Female										

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	Kindly refer Annexure 5 forming part of the Board's Report			
Key Managerial Personnel				
Employees other than BoD and KMP	2,211	₹8 lakhs	241	₹7 lakhs
Workers	Not Applicable			

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Company has formed an Ethics and Disciplinary committee which oversees the handling of every aspect of regulatory and employee disciplinary matters. The Committee oversees looking into, among other things, any allegations of human rights violations within the Company.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has a defined "Whistleblower" mechanism to ensure that any violations to its Code of Conduct and Code of Business Ethics (including violation of human rights) are raised in a systematic, fair manner and without any fear of consequence. Further, any other concerns or grievances on discrimination, harassment, unethical behavior or dealings can be reported by the employees in accordance with the process explained in Whistleblower Policy, human resource manual and the code of conduct.

The complaints of sexual harassment are dealt with by the Internal Committee ("IC"). Complainant may submit a complaint in writing and inform any IC member. In case of a complaint against any Member of the IC, the complaint can be made to the Head- Human Resources of the Company. Any of the IC members at the workplace must receive a detailed complaint from the complainant, along with any available documentary evidence or witness names.

The Human Resources department is the final authority to make decisions based on the Company's Code of Conduct and Discipline Rules in the event of a Protected Disclosure regarding disciplinary or workplace harassment concerns.

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-	-	-	1	Nil	-
Discrimination at workplace	Nil					
Child Labour						
Forced Labour/Involuntary Labour						
Wages						
Other human rights related issues						

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

A formal grievance mechanism is available to all employees to report or raise their concerns confidentially and anonymously, without fear of retaliation through the Scan and Share system.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

9. Assessments of the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Not applicable
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Nil

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

There have not been any significant complaints or grievances regarding human rights that merit the addition or modification of business procedures.

2. Details of the scope and coverage of any Human rights due diligence conducted

Not Applicable

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

The Company welcomes differently abled visitors and makes no discrimination in their reception. To ensure the differently abled visitors also feel safe and comfortable, the Pune, Corporate Office is made accessible by providing ramps for wheelchairs. Additionally, separate washroom, Braille enabled, and voice assisted elevators are also provided for easy access. The Company may also have differently abled employees in the near future and therefore infrastructure has been designed accordingly.

4. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	Not applicable
Discrimination at workplace	
Child labour	
Forced/involuntary labour	
Wages	
Others – please specify	

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   Not applicable

Principle 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	4381 GJ*	
Total fuel consumption (B)	44.70 GJ*	
Energy consumption through other sources (C)		
Total energy consumption (A+B+C)	4,425.7GJ*	
Energy intensity per rupee of turnover		
(Total energy consumption/ turnover in rupees)	220.18J/₹	
Energy intensity (optional) – the relevant metric may be selected by the entity		

*Data for Corporate Office has only been considered

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   Not applicable

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	Not applicable	Not applicable
(ii) Groundwater		
(iii) Third party water (Municipal water supplies)		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Note: Even though the nature of its business—being a non-bank financial company—has little effect on the environment, the company constantly strives to reduce its environmental impact by figuring out how to maximize resource consumption in its operations. Additionally, the water is only used for basic consumption, and there is currently no system in place to track it.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Not applicable

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	-	Not applicable	Not applicable
SOx	-		
Particulate matter (PM)	-		
Persistent organic pollutants (POP)	-		
Volatile organic compounds (VOC)	-		
Hazardous air pollutants (HAP)	-		
Others – Ozone Depleting Substances (HCFC - 22 or R-22)	-		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	*FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2	0.14*	
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2	961*	
Total Scope 1 and Scope 2 emissions per rupee of turnover	tCO2/₹	4.78*10-8	
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	

*Data for Corporate office has only been considered

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Does the entity have any project related to reducing GreenHouse Gas emission? If Yes, then provide details.

Yes

The Company has taken the following initiatives to reduce the greenhouse gas emissions:

- Awareness generation among the employees to conserve and responsibly use electricity
- Reduction of usage of energy (through installation of LED bulbs, energy efficient electrical equipment and retrofitting LED lights in branch offices.)
- E-waste management and handling, distribution of sapling and paper conservation (e.g. both side printing, re-use of papers) and paper waste recycling
- Corporate office is in a Platinum certified green building

- The Company has managed all the electrical equipment in a manner so that they help in conserving energy. The Company has initiated installation of LED lights in new and upcoming branches wherever possible. The Company is also in the process of replacement of existing lights with LED lights in a phased manner.
- The Company is also funding projects Such as Jai Kishan, Agri allied services to have a positive impact on the environment.
- The energy consumption would reduce as a result of these initiatives, either directly or indirectly. Energy conservation would significantly contribute to the mitigation of global warming in our nation due to the predominant use of fossil fuels for energy production, which results in greenhouse gas emissions and climate change.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	-	-
E-waste (B)	21.0	13.2
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H). Please specify, if any.		
(Break-up by composition i.e. by materials relevant to the sector)	-	-
Total (A+B + C + D + E + F + G + H)	**-**	**-**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	**-**	**-**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste	-	-
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	**-**	**-**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Note: Despite the fact that the nature of its business being a non-bank financial company has little effect on the environment, the company constantly strives to reduce its environmental impact by figuring out how to maximize resource consumption in its operations.

9. Briefly describe the waste management practices adopted in your establishments.

Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Paper and e waste are the predominant categories of waste generated from the operations of PFL and the Company has adopted various management practices to ensure the quantum of waste generated in reduced gradually and awareness is also created within the organization to manage the wastes in an efficient manner.

Paper Waste: The Company has reduced the use of paper by optimizing its processes through digital technologies and process excellence. Because of the nature of its services, the major resource consumed at the Company is paper. The Company contributes towards sustainable service delivery through paperless transaction. The Company has a paper recycling initiative in terms of re-usage of old printouts which are no longer required and also monitor consumption of paper. Above all, the Company accepts payments through ACH/Auto Debit/Digital/online mode which in turn helps the customers in paper less transaction. All payments to vendors are through NEFT/RTGS mode thereby reducing the usage of paper. The Company ensures reduction of paper usage through various initiatives viz. leads are generated online with customer related data, online system to record customer related transactions, e-learning platform for knowledge sharing / enhancement of employees, customers are updated through SMS during loan processing at every stage till sanction. Other important initiatives launched in previous year is discontinuation of printing of system generated reports and facility for uploading system generated reports which helped in restricting usages of paper, ink cartridges, fuel for transportation. Business units are working towards paper-less processing of loan files and avoid taking paper printouts as much as possible. We are promoting storage of documents digitally. The Company is conscious about usage of paper and saving trees. Statements & Reports, Welcome Letter, Statement of Account, Foreclosure, No Objection Certificate etc is primarily sent to customers via e-mail. Loan details and related information is provided to customers via email /Inbound Call, Regular proactive communication: SMS, Whatsapp and email.

E waste: The Company has put in place mechanisms for responsible disposal of waste through authorized third party vendors. The Company has in place a Policy on process for disposal of E-Waste Items. Further, the device management policy of the Company helps to monitor and repair devices as required.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not applicable			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not applicable					

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format: Yes

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not applicable				
The current set of guidelines established by the government are adhered to by all relevant activities				

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)		
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	**-**	**-**
From non-renewable sources		
Total electricity consumption (D)	4381 GJ*	
Total fuel consumption (E)	44.7 GJ*	
Energy consumption through other sources (F)		
Total energy consumed from non-renewable sources (D+E+F)	**4,425.7 GJ***	

* Data for Corporate Office has only been considered

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Provide the following details related to water discharged:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	Not applicable	Not applicable
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area:

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	Not applicable	Not applicable
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	Not applicable	Not applicable
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	-	-	-
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Installation of LED bulbs, energy efficient electrical equipment and also retrofitting LED lights in branch offices	-	This has reduced electricity consumption of the Company

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes

The Company has implemented a comprehensive Business Continuity Management System (BCMS) as outlined in its Business Continuity Management Policy. This system ensures the recovery of critical business processes and services in the event of disruptions that may impact stakeholders and customers. Contingency measures have been established to protect essential resources such as people, technical infrastructure, facilities, and vital records.

The BCMS Policy governs the Company's emergency response, resumption, recovery, and restoration procedures during a disaster. It outlines the overall Business Continuity practice, including individual and functional responsibilities necessary to ensure business continuity and minimize financial and non-financial impacts in the event of a critical service disruption.

The BCMS at the Company covers departments located at the Corporate and Registered Office, as well as the primary and secondary data centers in Pune. Business Continuity for Software-as-a-Service (SaaS) applications /Infrastructure-as-a-Service(IaaS)/Platform-as-a- Service(PaaS) is managed either by the SaaS/ IaaS/PaaS vendor or as per contractual agreements. Critical application identification and annual testing for Business Continuity are conducted to maintain the effectiveness of the BCMS.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Not applicable

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not applicable

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations. 4

   b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	The Associated Chambers of Commerce & Industry of India	National
2	Confederation of Indian Industry (CII)	National
3	Finance Industry Development Council (FIDC)	National
4	The Federation of Indian Chambers of Commerce and Industry (FICCI)	National

2. **Provide details of corrective action taken or underway on any issues related to anti competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
	-	

There have been no action or issues related to anti-competitive conduct and no adverse orders from any authority during the FY23.

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available

Please note: PFL has taken annual membership of FICCI, FIDC, CII and ASSOCHAM but has not been associated in formulating any such policies, strategies, etc. at any level. PFL as an NBFC may have given its comments or recommendations on certain draft policies, circulars, etc. as and when asked by RBI from all NBFCs wherever applicable.

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not applicable					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
			Not applicable			

3. **Describe the mechanisms to receive and redress grievances of the community.**

The Company is dedicated to making a positive impact through its Corporate Social Responsibility (CSR) initiatives. These initiatives are focused on improving the lives of underprivileged individuals and fostering their overall well-being. The flagship project, M-Scholar, plays a pivotal role in promoting holistic development within society.

To ensure effective implementation, the Company's CSR team actively engages with communities, an important stakeholder group. This engagement serves as a platform for open communication, allowing the team to understand the concerns and gather feedback from the community. This feedback helps in shaping and refining the projects that address social and environmental issues, ensuring their relevance and effectiveness in creating a meaningful impact.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directly sourced from MSMEs/ small producers	-	
Sourced directly from within the district and neighboring districts		

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Nil	Nil

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No.	State	Aspirational District	Amount spent (In ₹)
1.	Bihar	Nawada	62,500
2.	Bihar	Muzaffarpur	62,500
3.	Bihar	Gaya	62,500
4.	Bihar	Jamui	62,500
5.	Jharkhand	Purbi Singhbhum	62,500
6.	Madhya Pradesh	Rajgarh	12,500
7.	Rajasthan	Karauli	62,500

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No

(b) From which marginalized /vulnerable groups do you procure?

-

(c) What percentage of total procurement (by value) does it constitute?

0%

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes/ No)	Basis of calculating benefit share
		Not applicable		

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Name of authority	Brief of the Case	Corrective action taken
	Not applicable	

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Project M-Scholars Scholarship to students	301	100%

Details of project:

A number of deserving and meritorious students wish to continue their education, but their family circumstances prevent them from doing so. To address deserving cases, the company utilized its extensive analytical framework for determining family incomes. The Company evaluated the needs of students based on their age, board exam scores, and family monthly income.

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

The Company employs various strategies to effectively address customer complaints and enhance their satisfaction:

Efficient Processes: By leveraging data analytics and technology-driven solutions, the Company streamlines complaint resolution processes. It focuses on resolving complaints within agreed Service Level Agreements (SLAs), classifying them based on case type and subtype. This ensures timely and targeted actions for effective resolution.

Continuous Improvement: The Company conducts regular forums, such as the Complaints RCA Forum, to identify and address key process gaps. It proactively monitors call quality, conducts repeat call analysis, and empowers frontline teams to efficiently handle customer requirements. Through rigorous training programs, the Company ensures high service quality standards and promotes a proactive approach to identify and resolve potential escalations or grievances.

Enhancing Customer Experience:

The Company is committed to delivering a differentiated customer experience by implementing the following measures:

Digital Engagement: Leveraging digital channels, the Company proactively connects with customers throughout their lifecycle journey. Approximately 45% of customer queries and requests are serviced digitally, allowing for swift and smooth resolution of concerns. This digital connect helps in timely communication and enhances overall customer experience.

Robust Internal Systems: The Company continuously enhances its internal systems through system upgrades, process re-engineering to ensures a competitive edge and provides seamless Experience to customers. The implementation of a Fair Practice Code facilitates Setting of proper Guard rails to ensure fair lending practices giving proper and enhanced visibility to end customers from loan initiation till closure, further building consumer trust on the Brand.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	-
Safe and responsible usage	-
Recycling and/or safe disposal	-

3. **Number of consumer complaints in respect of the following:**

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive						
Trade Practices	-	-	-	-	-	-
Unfair Trade						
Practices	-	-	-	-	-	-
Other						-

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	Not applicable	
Forced recalls		

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes, the Company has a board approved Cyber Security Policy in place at organization level. The Company also has a Data Privacy policy in place.

Privacy policy

Consumer Awareness - Cyber Threats and Frauds

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

Not applicable

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

PFL is an omnipresent financial organization allows both current and prospects to interact, do business, and receive services from online and offline mode. In the online mode the products and services are available through the website (www.poonawallafincorp.com) and in offline world through our branch network. Apart from this various other channels which are available for finding information about our products and services are our Toll Free contact centre, chatbot services on the website, Whatsapp and Email channel.

These platforms can be used apply for loan products, request for services or raise queries. These channels make the services accessible 24*7 and provides instant response to the customers.

The products and services of the Company can be accessed here https://poonawallafincorp.com/.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   The Important Terms and Conditions provides extensive information and ensures transparency on lending products. Further the customer education webpage on the Company website also provides information related to special mention accounts (SMA)/non performing asset (NPA) as prescribed by the regulations. The Blogs page on the website is a major step taken by the Company to educate the customers about the meaning and definitions of various financial terms in simple language. Such blogs are published under the various category of products and services that are offered by the Company so that it also becomes relatable to the customers.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Customers are notified via SMS in advance of planned maintenance tasks. Customers are notified via text message in the event of an unanticipated disruption, and all the offices are also informed via an internal mechanism that directs customers who approach the offices.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

   Not applicable

   Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

   Yes

   The Company utilizes an outsourced partner to conduct the Net Promoter Survey (NPS) to gather independent customer satisfaction evaluations. The NPS score serves as a reliable measure of customer loyalty. This survey is conducted monthly by the Company.

   Customer feedback is obtained at four crucial touchpoints: sales, onboarding, service, and exit. The results of the NPS survey guide efforts to enhance the customer experience through process reengineering. Additionally, customer demand is assessed to develop personalized offers for clients with a strong payment history, using algorithm-based approaches.

   To foster a Customer Centric Culture, the Company has implemented a Field Officer rating process for newly onboarded customers. Monthly scores for these officers are published within the relevant business vertical, raising awareness of the customer experience among front-line staff.

5. **Provide the following information relating to data breaches:**

   a. ***Number of instances of data breaches along-with impact***

      0

   b. ***Percentage of data breaches involving personally identifiable information of customers***

      0

For and on behalf of the Board

Abhay Bhutada
Managing Director
DIN: 03330542

Pune
April 26, 2023

Amar Deshpande
Director
DIN: 07425556

Pune
April 26, 2023

Annexure 5

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014 and Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during FY 2022-23, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2022-23 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for FY 2022-23 (₹ in Lakh)	% increase in Remuneration in FY 2022-23	Ratio of remuneration of each Director/ KMP to median remuneration of employees
1	Adar Cyrus Poonawalla *Chairman, Non-Executive Director*	5.00	25%	1.23
2	Abhay Bhutada *Managing Director*	7,807.06	0%	0.00
3	Amar Deshpande *Non-Executive Director*	32.90	-19%	8.06
4	Atul Kumar Gupta *Non-Executive Director*	8.50	143%	2.08
5	Sajid Fazalbhoy *Non-Executive Director*	6.40	-79%	1.57
6	Bontha Prasada Rao *Independent Director*	14.50	-36%	3.55
7	G Jaganmohan Rao *Independent Director*	27.00	350%	6.62
8	Prabhakar Dalal *Independent Director*	19.40	-55%	4.75
9	Sanjay Kumar *Independent Director*	24.40	307%	5.98
10	Vijaylakshmi R Iyer *Independent Director*	14.00	-62%	3.43
11	Sanjay Miranka *Chief Financial Officer*	317.46	5%	96.51
12	Shabnum Zaman *Company Secretary*	69.63	9%	12.21

Note:

i) The Independent Directors are paid remuneration by way of sitting fees.

ii) For independent directors, remuneration is based on actuals and for others the remuneration has been taken based on annual remuneration, for calculating the variance with median.

iii) The median remuneration of employees of the Company during the financial year was ₹7.50 Lakh.

iv) In the financial year, there was an increase of 5% in the median remuneration of employees.

v) There were 2,452 permanent employees on the rolls of Company as on March 31, 2023.

vi) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2022-23 was 5% whereas the increase in the managerial remuneration for the same financial year was (-)1.91%.

vii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

For and on behalf of the Board

Abhay Bhutada
Managing Director
DIN: 03330542

Pune
April 26, 2023

Amar Deshpande
Director
DIN: 07425556

Pune
April 26, 2023

Board's Report on Corporate Governance

1. Company's Philosophy on the Code of Governance:

Poonawalla Fincorp Limited (the "Company"), pursues its long-term corporate goals on the bedrock of financial discipline, high ethical standards, transparency, and trust. Enhancing shareholders' value and protecting the interests of all stakeholders' is a tradition at Poonawalla Fincorp. Every effort is made to follow the best practices in all functional areas and in discharging the Company's responsibilities towards all the stakeholders and the community at large. Our actions are governed by our values and principles, which are reinforced at all levels of the organization. These principles have been and will continue to be our guiding force in future.

The Company is in compliance with the requirements prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with respect to Corporate Governance.

We are presenting the report on Corporate Governance as prescribed under above regulations.

2. Board of Directors ('Board'):

The Board is the focal point and custodian of corporate governance for the Company. The Board consists of eminent persons with mix of Executive Directors, Non-Executive Directors and Independent, Non-Executive Directors having professional expertise from diverse areas viz., general corporate management, risk management, banking, finance, economics, marketing, digitization, analytics and other allied fields thus meeting the requirements of the Board diversity. The Independent Directors possess experience in financial services industry. They provide independent judgement, external perspective and objectivity on the issues which are placed before them. The Board has the requisite expertise across multiple domains aligned to the growth vision of the Company.

The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the Shareholders are being served.

a. Composition and category of Directors:

As on March 31, 2023, the Company consists of 10 (ten) Directors. Out of 10, 5 (five) (i.e. 50%) are Independent, Non-Executive Directors including one women Independent Director, 4 (four) (i.e. 40%) are Non-Executive Directors including Chairman and 1 (one) Managing Director.

The said information as on March 31, 2023, is presented as below:

Sr. No.	Name of Director	Category	Date of Appointment	DIN
1	Mr. Adar Cyrus Poonawalla	Non-Executive Chairman (Promoter)	01.06.2021	00044815
2	Mr. Abhay Bhutada	Managing Director	12.02.2022	03330542
3	Mr. Amar Deshpande	Non-Executive Director	03.06.2021	07425556
4	Mr. Atul Kumar Gupta	Non-Executive Director	27.01.2022	01052730
5	Mr. Sajid Fazalbhoy	Non-Executive Director	04.02.2022	00022760
6	*Mr. Bontha Prasada Rao	Independent, Non-Executive Director	10.12.2019	01705080
7	Mr. G Jaganmohan Rao	Independent, Non-Executive Director	15.01.2022	06743140
8	Mr. Prabhakar Dalal	Independent, Non-Executive Director	05.05.2021	00544948
9	Mr. Sanjay Kumar	Independent, Non-Executive Director	15.01.2022	09466542
10	Mrs. Vijayalakshmi R Iyer	Independent, Non-Executive Director	31.01.2019	05242960

* The first term was completed on December 09, 2022 & has been re-appointed by the shareholders for the second term effective from December 10, 2022 to December 09, 2025 (both days inclusive)

The Chairman is a Non-Executive Director and half of the Board consists of Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 and Section 152 of the Companies Act, 2013 ("Act").

There are no Directors who has attained the age of 75 years or more and for which approval of shareholders was required through special resolution in terms of Regulation 17 (1A) of the SEBI Listing Regulations.

All the Independent Directors of the Company have been appointed as per the provisions of the Act. The Independent Directors have been appointed for a fixed tenure of three/five years from their respective dates of appointment/re-appointment. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. In the opinion of the Board, all the existing Independent Directors, fulfil the conditions specified in SEBI Listing Regulations and are independent of the management.

Necessary disclosures regarding Committee positions in other public companies as on March 31, 2023 have been made by the Directors.

A letter of appointment encompassing the terms and conditions of appointment, roles, duties and liabilities is issued to the Independent Directors at the time of their appointment. The main terms of appointment can be accessed on our website at the web-link: https://poonawallafincorp.com/investor-governance.php

During the year under review no Independent Director has resigned before the expiry of his / her tenure.

The profile of the Directors can be accessed on our website at the web-link: https://poonawallafincorp.com/investor-governance.php

b. Number of Board Meetings held and attendance of each Director at Board Meeting and last Annual General Meeting (AGM):

The Board of Directors met five (5) times during the financial year ended March 31, 2023.

The gap between any two meetings did not exceed 120 days. Generally, all these Board Meetings were held in video conferencing / other audio-visual mode as allowed under applicable law except annual meeting of Board of Directors dated May 12, 2022, which was convened in physical mode. The requisite quorum was present at all meetings.

The attendance of Directors in Board Meeting for the financial year 2022 – 23 and AGM are tabulated below:

Sr. No.	Name of Director	Attendance of Board Meetings					AGM (42nd)
		12/05/2022	27/07/2022	21/10/2022	14/12/2022	23/01/2023	29/07/2022
1.	Mr. Adar Cyrus Poonawalla	√	√	√	√	√	√
2.	Mr. Abhay Bhutada	√	√	√	√	√	√
3.	Mr. Amar Deshpande	√	√	√	√	√	√
4.	Mr. Atul Kumar Gupta	√	√	√	√	√	√
5.	Mr. Sajid Fazalbhoy	●	√	√	√	√	√
6.	Mr. Bontha Prasada Rao	√	√	√	√	√	√
7.	Mr. G Jaganmohan Rao	√	√	√	√	√	√
8.	Mr. Prabhakar Dalal	√	√	√	√	√	√
9.	Mr. Sanjay Kumar	√	√	√	√	√	√
10.	Mrs. Vijayalakshmi R Iyer	●	√	√	√	√	√

√ Present, ● Absent

c. Board Procedure:

Being the apex body constituted by the Shareholders for overseeing the functioning of the Company, the Board evaluates all the strategic decisions on a collective consensus basis amongst the Directors. The Board provides leadership, strategic guidance, an objective and independent view to the Company's Management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Company has a well-established framework for the Meetings of the Board and its Committees which seeks to systematise the decision-making process at the Board and Committee meetings in an informed and efficient manner.

Meetings, Agenda and participation thereat: The Board/Committee meetings are pre-scheduled, and a tentative calendar of the Board and Committee meetings is circulated to the Directors well in advance to help them plan their schedule and ensure meaningful participation in the meetings. The Company Secretary, in consultation with the Managing Director and the Chief Financial Officer, prepares the agenda for meetings. Agenda, notes on the agenda and other pre-read materials are circulated among the Directors, at least seven days in advance, in a structured format. All the Agenda items are supported by relevant information, documents and presentation to enable the Board to take informed decisions.

Additional items on the agenda are permitted with the permission of the Chairperson and the consent of the majority of the Directors present at the meeting.

The Company also provides video/teleconferencing facilities to facilitate Directors travelling or present at other locations, to participate in meetings.

Only in case of urgent business, if the need arises, the Board's/ Committee's approval is taken by passing resolutions through circulation or by calling Board/ Committee meetings at shorter notice, as permitted under the Act and Secretarial Standard ('SS') issued by the Institute of Company Secretaries of India.

Paperless Board Meetings: The Board/Committee Meetings agenda and notes are hosted on the Digital Meeting portal. The Directors receive the agenda notes in electronic form through this portal, which is accessible through iPad/laptop. The application meets high standards of security that are essential for storage and transmission of sensitive information in electronic form.

Post meeting follow-up mechanism: The Company has an effective post Board/Committee Meeting follow-up procedure. The important decisions taken at Board/Committee meetings are communicated to the concerned departments promptly. An action taken/status report on the decisions of the previous meeting(s) is placed at the next meeting of the Board/Committees for information and further recommended action(s), if any.

Knowledge sharing: Board members are kept informed about any material development/ business update through various modes viz. e-mails, con-call etc. from time to time.

Information supplied to the Board, inter alia, include:

The following information is regularly placed before the Board:

1. Annual operating plans of business and budgets and any updates thereof;
2. Capital budgets and any updates;
3. Quarterly results for the Company and its operating divisions or business segments;
4. Minutes of meetings of the Audit Committee and other Committees of the Board of Directors;
5. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of the Chief Financial Officer and the Company Secretary;
6. Show cause, demand, prosecution notices and penalty notices, which are materially important;
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
8. Any material default in financial obligations to and by the listed entity;
9. Details of any joint venture or collaboration agreement;
10. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business;
11. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer (if any), among others;
12. Minutes and Financial Results of the material Subsidiary Company: Poonawalla Housing Finance Limited.

d. Separate meeting of Independent Directors:

As stipulated by the provisions of Section 149(8) read with Schedule IV of the Act, and Regulations 25(3) & 25(4) of the SEBI Listing Regulations and Code of Independent Directors, a separate meeting of Independent Directors of the Company was held on January 20, 2023, which was chaired by

Mr. Prabhakar Dalal, to review the performance of Non-Independent Directors and the Board as a whole after taking into account the views of Executive and Non-Executive Directors. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees, which is necessary to perform and discharge their duties effectively and reasonably.

e. Number of other Directorships and Chairmanships/Memberships of Committees of each Director in various Companies as on March 31, 2023:

Sr. No.	Name of Director	Category of directorship	Materially significant, pecuniary or business relationship with the Company	No. of Directorships in other Companies incorporated in India (*)	Outside Committee Positions Held (**)		Names of the other listed entities where the Director is a Director (including debt listed)
					Chairman	Member	
1.	Mr. Adar Cyrus Poonawalla (DIN: 00044815)	Non-Executive Chairman	Chairman, Promoter Director	13	Nil	Nil	Poonawalla Housing Finance Limited
2.	Mr. Abhay Bhutada (DIN: 03330542)	Executive Director	Managing Director	Nil	Nil	Nil	NIL
3.	Mr. Amar Deshpande (DIN: 07425556)	Non-Executive Director	N.A	1	Nil	1	Poonawalla Housing Finance Limited
4.	Mr. Atul Kumar Gupta (DIN: 01052730)	Non-Executive Director	N.A	Nil	Nil	Nil	Nil
5.	Mr. Sajid Fazalbhoy (DIN: 00022760)	Non-Executive Director	N.A	5	Nil	Nil	Nil
6.	Mr. Bontha Prasada Rao (DIN: 01705080)	Independent Director	N.A	2	Nil	2	Havells India Limited
7.	Mr. G Jaganmohan Rao (DIN: 06743140)	Independent Director	N.A	1	Nil	Nil	Nil
8.	Mr. Prabhakar Dalal (DIN: 00544948)	Independent Director	N.A	2	Nil	2	1. Poonawalla Housing Finance Limited 2. Ajanta Pharma Limited
9.	Mr. Sanjay Kumar (DIN: 09466542)	Independent Director	N.A	Nil	3	6	Nil
10.	Mrs. Vijayalakshmi R Iyer (DIN: 05242960)	Independent Director	N.A	10	3	5	1. Aditya Birla Capital Limited 2. ICICI Securities Limited 3. CG Power and Industrial Solutions Ltd 4. Computer Age Management Services Limited 5. Avanse Financial Services Limited 6. L&T Metro Rail (Hyderabad)Limited 7. Glenmark Pharmaceuticals Limited

*Excludes Directorships in the Company, Foreign Companies and Companies under Section 8 of the Act.

**Includes only Audit Committee and Stakeholders' Relationship Committee in all Indian public limited companies as per Regulation 26 of SEBI Listing Regulations.

None of the Directors held Directorship in more than (seven) 7 listed companies. Further, none of the Independent Directors of the Company served as an Independent Director in more than (seven) 7 listed companies. None of the Independent Directors serving as a Whole-Time Director/ Managing Director in any listed entity, serves as an Independent Directors of more than (three) 3 listed entities. None of the Directors held directorship in more than (twenty) 20 Indian companies, with not more than (ten) 10 public limited companies.

None of the Directors is a member of more than (Ten) 10 committees or acted as chairperson of more than (Five) 5 committees (being Audit Committee and Stakeholders Relationship Committee), as per Regulation 26(1) of the SEBI Listing Regulations across all the public limited companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by the Directors. None of the Independent Directors of the Company are on the Board of any other Company as Non-Independent Director where the Non-Independent Director of the Company is an Independent Director. Further, there are no inter-se relationships between our Board Members.

f. Shareholding of Directors as on March 31, 2023 in the Company:

Sr. No.	Name of Director	Number of Shares and convertible instrument held in the Company
1.	Mr. Adar Cyrus Poonawalla	NIL
2.	Mr. Abhay Bhutada	25,08,000 *
3.	Mr. Amar Deshpande	NIL
4.	Mr. Atul Kumar Gupta	NIL
5.	Mr. Sajid Fazalbhoy	NIL
6.	Mr. Bontha Prasada Rao	NIL
7.	Mr. G Jaganmohan Rao	NIL
8.	Mr. Sanjay Kumar	NIL
9.	Mr. Prabhakar Dalal	NIL
10.	Mrs. Vijayalakshmi R Iyer	NIL

* Equity Shares were allotted pursuant to exercise of awards under Restricted Stock Option Plan 2014 of the Company.

The Company has not issued any convertible instruments.

g. Familiarization programme:

Pursuant to the provisions of the Act and Regulation 25(7) of the SEBI Listing Regulations, the Company has in place a mechanism to familiarize its Independent Directors about the Company, its products, the industry and business structure of the Company and its subsidiary.

All Board members of the Company are accorded every opportunity to familiarize themselves with the Company, its management, its operations and above all, the industry perspective and issues. They are made to interact with Senior Management Personnel and proactively provided with relevant news, views and updates on the Company and sector. All the information/ documents sought by them are also shared with them for enabling a good understanding of the Company, its various operations and the industry of which it is a part.

The Company also undertakes various initiatives to update the Independent Directors about the ongoing events and developments relating to the Company, significant changes in regulatory environment and implications on the Industry/ Company. To familiarize the new Directors with the business and operations of the Company an Induction kit is shared with them which, inter-alia, includes Mission, Vision and Values, Group Business Structure, Brief profile of the Board of Directors, Composition of Committees of the Board, Brief profile of Senior Management Personnel, Press Releases, Investor Presentation, latest Annual Report, latest Shareholding Pattern and Shareholders holding more than 5% of share capital, Codes and Policies and Remuneration payable to Directors. Furthermore, the role, rights, responsibilities, duties and liabilities of the Independent Directors are embodied in detail in their Appointment Letter.

During the financial year 2022-23, the Independent Directors were updated from time to time on an on-going basis on the significant changes in the regulations applicable to the Non-Banking Finance Companies. The details of such Familiarization Programmes for Directors may be referred to, at the website of the Company at its weblink i.e., https://poonawallafincorp.com/investor-governance.php

h. Skills/Expertise/Competence of the Board of Directors:

List of core skills / expertise / competencies required by the Board (as identified by the Board) for efficient functioning of the Company in the present business environment and those skills/ expertise/competence actually available with the current Board are as follows:-

Skills and Expertise

1. Mr. Adar Cyrus Poonawalla
2. Mr. Abhay Bhutada
3. Mr. Amar Deshpande
4. Mr. Atul Kumar Gupta
5. Mr. Sajid Fazalbhoy
6. Mr. Bontha Parasada Rao
7. Mr. G. Jaganmohan Rao
8. Mr. Prabhakar Dalal
9. Mr. Sanjay Kumar
10. Mrs. Vijayalakshmi R Iyer

i. Selection of New Directors and Board Membership Criteria:

The Nomination and Remuneration Committee works with the Board to determine the appropriate qualifications, positive attributes, characteristics, skills and experience required for the Board as a whole and its individual members with the objective of having a Board with diverse background and experiences in business.

The potential Independent Director is also assessed on the basis of independence criteria defined in Section 149(6) of the Act read with rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. If the Board approves, the person is appointed as an Additional Director whose appointment is subject to the approval of the Members at the Company's General Meeting.

The Policy for appointment and removal of Directors and determining Directors' independence forms part of the Remuneration Policy of the Company and is available on our website i.e. https://poonawallafincorp.com/investor-governance.php

j. Code of Conduct:

The Board of Directors has laid down a Code of Conduct for all the Board Members and Senior Executives Management of the Company including a Code of Conduct for Independent Directors pursuant to Section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company. All the Board Members and Senior Management have confirmed compliance with the Code. A declaration by Managing Director affirming the compliance with the Code is Annexed at the end of this Report as Annexure A. The said Code may be referred to, at the website of the Company i.e., www.poonawallafincorp.com

Further, pursuant to SEBI Listing Regulations, all members of Senior Management of the Company have affirmed that they have not entered into any material, financial and commercial transactions during the year in which they had personal interest, that may have potential conflict of interest with the Company.

3. Board Committees:

The Board Committees play a crucial role in the governance structure of the Company and the Committees constituted by the Board focus on specific areas and take informed decisions within the framework designed by the Board and make specific recommendations to the Board on matters in their areas or purview. All decisions and recommendations of the Committees are placed before the Board for information or for approval, as required. To enable better and more focused attention on the affairs of the Company, the Board has delegated particular matters to the Committees of the Board set up for the purpose. As on March 31, 2023, the Company has nine (9) Committees of the Board: -

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. Risk Management Committee;
5. Corporate Social Responsibility Committee;
6. Management Committee;
7. Asset Liability Management Committee;
8. IT Strategy Committee; and
9. Review Committee

All decisions pertaining to the constitution of Committees and appointment of members are taken by the Board of Directors. The terms of reference or charter of the aforesaid Committees is decided by the Board. Signed minutes of the Committee meetings are placed before the Board for noting. The role and composition including the number of meetings and related attendance are given below. The Board has duly accepted recommendation of any Committee of the Board, which is mandatorily required, in the current financial year. Mrs. Shabnum Zaman, Company Secretary, acts as the Secretary to the Committees.

3.1 Audit Committee:

a. Terms of reference:

The terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Act, SEBI Listing Regulations and RBI Guidelines. The terms of the reference broadly include:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend the appointment, replacement or removal, remuneration and terms of appointment of auditors of the Company;
- Approve rendering of services by the Statutory Auditors other than those expressly barred under Section 144 of Act and remuneration for the same;
- Reviewing and examination, with the management, the annual financial statements and auditor's report thereon and the CEO & CFO Certificate as per Regulation 33 of SEBI Listing Regulations before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) of the Act;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Qualifications/ modified opinion in the draft audit report.
- Reviewing, with the management, the quarterly financial results before submission to the Board for approval and secure the certificate from CFO in terms of Regulation 33(2)(a) of SEBI Listing Regulations;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and examination of quarterly statement of deviation(s) including report of

monitoring agency, if applicable and annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice;

- Reviewing and monitoring independence and performance of statutory and internal auditors, effectiveness of audit process and adequacy of the internal control systems; any concerns in this regard may be flagged by the Audit Committee to the Board of Directors and concerned Senior Supervisory Manager (SSM)/Regional Office (RO) of RBI;
- Approve the appointment, removal and terms of remuneration of Chief Internal Auditor and reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency, scope, functioning and methodology of internal audit;
- Discussion with Internal Auditors and the Management of any significant findings, status of previous audit recommendations and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors;
- Review the functioning of the Whistle Blower/ Vigil Mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
- Review the utilization of loans and/ or advances from/investment by the Company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- Review management discussion and analysis of financial condition and results of operations;
- Review Management letters/letters of internal control weakness issued by the Statutory Auditors;
- Review the Internal Audit Report relating to internal control weakness;
- Carry out such other business as may be required by applicable law or considered appropriate in view of the general terms of reference and the purpose of the Audit Committee;
- Approve the transactions of the Company with Related Parties or any subsequent modification thereof. Only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions Provided in case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board;
- Approve a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, provided if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.;
- Grant omnibus approval for entering into related party transactions in accordance with applicable laws and as per the policy adopted by the Board;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Investigate into any matter in relation to the items within the purview of this Charter 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 external professional consultants and their advice, if necessary;
- Comply with the going concern assumptions;
- Compliance with accounting standards;
- Appoint registered valuers;
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;

- Review of statement of deviation(s) or variation;
- The statement indicating deviation/ variation report with respect to utilization of issue proceeds of listed non-convertible securities shall be placed before the Audit Committee of the listed entity for review on quarterly basis;
- The Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- Ensuring information system audit of the internal systems and processes are conducted every year to assess operational risk faced by the NBFCs;
- Ageing analysis of entries pending reconciliation with outsourced vendors shall be placed before the Committee;
- Monitoring system of internal audit of all outsourced activities;
- Any adjustments to the Expected Credit Loss model output (i.e. a management overlay) should be approved by the Audit Committee and its rationale and basis should be clearly documented;
- Reviewing, approving and monitoring the code of ethics of the Company for senior management/ Directors;
- Reviewing of the compliance under SEBI (Prohibition of Insider Trading) Regulations 2015 including any amendments thereto and verify the adequacy of internal control systems under the said Regulations on an annual basis;
- Any other matter as delegated by the Board of Directors of the Company from time to time.

b. Composition, Name of Members & Chairperson:

The Audit Committee comprises of four (4) Independent, Non-Executive Directors and one (1) Non-Executive Director. The composition of the Audit Committee during the financial year 2022 -23 was as follows:

Sr. No.	Name of the Members	Committee Designation	Category
1.	Mr. Prabhakar Dalal	Chairman	Independent, Non-Executive
2.	Mr. Amar Deshpande	Member	Non-Executive
3.	Mr. G Jaganmohan Rao	Member	Independent, Non-Executive
4.	Mr. Sanjay Kumar	Member	Independent, Non-Executive
5.	Mrs. Vijayalakshmi R Iyer	Member	Independent, Non-Executive

All members are financially literate and bring in expertise in the fields of finance, accounting, development and strategy.

Mr. Prabhakar Dalal, Chairman of the Committee, was present at the Annual General Meeting of the Company held on July, 29, 2022.

c. Meetings and attendance:

Sr. No.	Name of Members	Attendance of Audit Committee Members						
		12/05/2022	27/07/2022	30/08/2022	21/10/2022	14/12/2022	23/01/2023	20/02/2023
1	Mr. Prabhakar Dalal	√	√	√	√	√	√	√
2	Mr. Amar Deshpande	√	√	√	√	√	√	√
3	Mr. G Jaganmohan Rao	√	√	√	√	√	√	√
4	Mr. Sanjay Kumar	√	√	√	√	√	√	√
5	Mrs. Vijayalakshmi R Iyer	√	√	√	•	√	√	√

√ Present, • Absent

The Chief Financial Officer (CFO) assists the Committee in discharge of its responsibilities. The Committee invites such employees or advisors as it considers appropriate to attend. The CFO, the head of internal audit and Statutory Auditors are generally invited to attend meetings unless the Committee considers otherwise.

Separate discussions are held with the Chief Internal Auditor to focus on compliance issues and to conduct detailed reviews of the processes and internal controls in the Company.

The members of the Audit Committee meet the Statutory Auditors independently at least once a year.

All the recommendations made by the Audit Committee during the year under review were accepted by the Board.

3.2 Nomination and Remuneration Committee:

a. Terms of reference:

Review of matters by the Committee

1. 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. To ensure that the Committee works in close co-ordination with Risk Management Committee of the Company to achieve effective alignment between compensation and risks;
7. The Committee shall ensure that there is no conflict of interest specifically for Independent Directors being on the Board of another NBFC at the same time;
8. To ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP);

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. Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
   - Use the services of external agencies, if required;
   - Consider candidate from wide range of backgrounds, having due regard to diversity; and
   - Consider the time commitments of the candidate.
3. Based on the Policy as mentioned in Clause No. C(5), approve framework and broad policy in respect of all employees for increments.
4. Stock options: Approve grant and allotment of shares to the eligible employees of the Company and its subsidiaries under the shareholders approved stock option Schemes and authorize any official of the Company to offer ESOPs and RSO to the new joinees in the Company in accordance with the authority matrix approved by the Committee from time to time;
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. Devising a policy on Board diversity and 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. Recommend the remuneration payable to Senior Management Personnel to the Board for their approval including the structure, design and target setting for short and long term incentives / bonus;
3. 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.

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

5. 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;

6. 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.

7. Recommend & Review succession plans for all Key Managerial Personnel and Senior Managerial Personnel;

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

b. Composition, Name of Members & Chairperson:

The Nomination and Remuneration Committee comprises of two (2) Independent, Non-Executive Directors and one (1) Non-Executive Director. The composition of the Nomination and Remuneration Committee during the financial year 2022 -23 was as follows:

Sr. No.	Name of the Members	Committee Designation	Category
1.	Mr. Prabhakar Dalal	Chairman	Independent, Non-Executive
2.	Mr. Amar Deshpande	Member	Non-Executive
3.	Mr. G Jaganmohan Rao	Member	Independent, Non-Executive

Mr. Prabhakar Dalal, Chairman of the Committee, attended the Annual General Meeting held on July 29, 2022.

c. Meetings and attendance:

Sr. No.	Name of Members	Attendance of Nomination and Remuneration Committee Members					
		09/05/2022	15/07/2022	26/07/2022	30/09/2022	18/10/2022	20/01/2023
1	Mr. Prabhakar Dalal	√	√	√	√	√	√
2	Mr. Amar Deshpande	√	√	√	√	√	√
3	Mr. G Jaganmohan Rao	√	√	√	√	√	√

√ Present, • Absent

d. Evaluation Process:

Performance Evaluation of the Board of Directors:

a. The appraisal of the Board, as a collective body and the Directors, individually, shall be based on pre-identified and agreed parameters.

b. Such performance evaluation shall be undertaken at a reasonably regular interval – usually once in every financial year using questionnaire. The questionnaire will usually be circulated to the members of the Board of the Company in the first quarter of every calendar year (corresponding to the last quarter of every financial year) and the Directors are encouraged to submit their comments within a month of receiving the questionnaire.

c. Chairman of the Nomination and Remuneration Committee may conduct a one-to-one session with each Director to understand their point of view on the parameters for performance evaluation each such Director would be subjected to.

d. Performance parameters for the Board may consist of parameters for evaluation of Board as a collective body, evaluation of committees of Board, self-evaluation, evaluation of each Director individually and that of the Chairman.

e. Independent Directors shall hold at least one meeting every financial year without the participation of other Non-Independent Directors and/or members of management, to undertake the following agenda at the minimum:

i. Review of performance of non-Independent Directors and the Board as a whole;

ii. Review the performance of the Chairperson of the company, taking into account the views of Executive Directors and Non-Executive Directors;

iii. Assess the quality, quantity and timeliness of flow of information between the company management and the Board, that is necessary for the Board to effectively and reasonably perform their duties;

Evaluation of performance of Board, as a collective body, shall be done by the Independent Directors at an exclusive meeting of Independent Directors (as stated hereinbefore), apart from evaluation of performance of individual Director.

3.3 Stakeholders Relationship Committee:

a. Terms of reference:

The terms of reference of the Stakeholder Relationship Committee are in accordance with the provision of Act and SEBI Listing Regulations, including any amendments thereto. The terms of the reference broadly include:

- Redress and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates or allotment letters, general meetings, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- Review the internal audit report submitted by Registrar and Transfer Agent (RTA) of the Company pursuant to SEBI Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 on 'strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an issue' including any amendments thereto.
- Effect dematerialisation and rematerialisation of shares of the Company;
- Such other matters as per the directions of the Board of Directors of the Company which may be considered necessary in relation to shareholders and investors of the Company.

b. Composition, Name of Members & Chairperson:

The Stakeholders Relationship Committee comprises of two (2) Independent, Non-Executive Directors and two (2) Non-Executive Directors. The Composition of the Stakeholder Relationship Committee during the Financial year 2022-23 was as follows:

Sr. No.	Name of the Members	Committee Designation	Category
1.	Mr. Prabhakar Dalal	Chairman	Independent, Non-Executive
2.	Mr. Amar Deshpande	Member	Non-Executive
3.	Mr. Sajid Fazalbhoy	Member	Non-Executive
4.	Mr. Sanjay Kumar	Member	Independent, Non-Executive

Mr. Prabhakar Dalal, Chairman of the Committee, attended the Annual General Meeting of the Company held on July 29, 2022.

c. Meetings and attendance:

Sr. No.	Name of Member	Attendance of Stakeholder Relationship Committee Meetings			
		May 11, 2022	July 26, 2022,	Oct 18, 2022	January 20, 2023
1	Mr. Prabhakar Dalal	√	√	√	√
2	Mr. Amar Deshpande	√	√	√	√
3	Mr. Sajid Fazalbhoy	√	√	√	√
4	Mr. Sanjay Kumar	√	√	√	√

√ Present, • Absent

d. Registrar and Share Transfer Agent Information:

During the year under review, the Board of Directors has approved change of Registrar and Share Transfer Agent (RTA) from Niche Technologies Pvt. Ltd to Link Intime India Pvt. Ltd. With effect from December 15, 2022, Link Intime India Pvt. Ltd. is the Registrar and Share Transfer Agent both for physical as well as electronic mode for securities. KFin Technologies Limited (formerly, KFin Technologies Private Limited) continues to act as Registrar and Transfer Agent for the retail debentures.

e. Compliance Officer:

Mrs. Shabnum Zaman, Company Secretary, acts as the Compliance Officer and the Board has appointed Mrs. Shabnum Zaman as the Nodal Officer for the purpose of IEPF Regulations, the details of which is available at the weblink: https://poonawallafincorp.com/investor-info.php

f. Shareholder's / Debentureholder's complaint status :

The table below gives the number of complaints received and resolved during the financial year ended March 31, 2023:

Sr No.	Nature of Security	No. of complaints received during the year	No. of complaints not resolved to the satisfaction of the shareholders/ debenture holders during the year	No. of complaints resolved to the satisfaction of the shareholders/ debenture holders during the year	No. of complaints pending as on March 31, 2023
1	Equity Shares	3	0	3	0
2	Non Convertible Debentures	2	0	2	0

3.4 Management Committee:

a. Terms of reference:

The Management Committee constituted by the Board of Directors is to execute Board's directions and facilitate operational matters and to perform its executive role on matters which are within the purview of delegated powers by the Board from time to time subject to the provisions of the Companies Act, 2013. Such authorizations inter-alia includes to decide on matters w.r.t direct assignment deal, 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.

b. Composition, Name of Members & Chairperson:

The Management Committee comprises of one (1) Executive Director, one (1) Independent, Non-Executive Director and two (2) Non-Executive Directors. The composition of the Management Committee during the Financial year 2022-23 was as follows:

Sr. No.	Name of the Members	Committee Designation	Category
1.	Mr. Abhay Bhutada	Chairman	Executive
2.	Mr. Amar Deshpande	Member	Non-Executive
3.	Mr. Atul Kumar Gupta	Member	Non-Executive
4.	Mr. Bontha Prasada Rao	Member	Independent, Non-Executive

c. Meetings and attendance:

Sr. No.	Name of Members	Attendance of Management Committee Members														
		30/05/ 2022	21/06/ 2022	27/06/ 2022	26/08/ 2022	30/08/ 2022	26/09/ 2022	30/09/ 2022	11/11/ 2022	25/11/ 2022	26/11/ 2022	19/12/ 2022	28/12/ 2022	27/02/ 2023	14/03/ 2023	25/03/ 2023
1	Mr. Abhay Bhutada	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
2	Mr. Amar Deshpande	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
3	Mr. Atul Kumar Gupta	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
4	Mr. Bontha Prasada Rao	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

√ Present, · Absent

3.5 Corporate Social Responsibility (CSR) Committee:

a. Terms of reference:

The terms of the reference broadly include:

- Formulation and ensuring compliance of CSR Policy;
- Approve and recommend annual action plan, and any modifications thereof, to the Board comprising of following information:
  - i. the list of CSR Programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013;
  - ii. the manner of execution of such projects or programmes;
  - iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
  - iv. monitoring and reporting mechanism for the projects or programmes; and
  - v. details of need and impact assessment, if any, for the projects undertaken by the Company;
- Approve specific projects, either new or ongoing, in pursuance of the focus areas outlined in this Policy, either for undertaking such projects by the Company itself, directly or through its holding, for inclusion in the annual action plan;
- Recommend the amount of CSR Spend in the activities to be undertaken to the Board for approval of the annual CSR Budget and the amount to be transferred in case of ongoing projects and unspent amounts;
- Monitor the CSR Policy and closely monitor the spending on a 'project basis' regularly;
- Review and recommend to the Board, the Annual Report on CSR activities to be included in Board's Report and certificate submitted by the Chief Financial Officer;
- Review and recommend to the Board, the impact assessment report obtained by the Company from time to time, wherever applicable;
- Undertake such activities and carry out such functions as may be provided under section 135 of the Act and the Rules.
- Such other acts as may be delegated by the Board from time to time.

b. Composition, Name of Members and Chairperson:

The CSR Committee comprises of one (1) Executive Director, one (1) Non-Executive Director and two (2) Independent, Non-Executive Directors. The composition of the CSR Committee during the financial year 2022-23 was as follows:

Sr. No.	Name of the Members	Committee Designation	Category
1.	Mr. Abhay Bhutada	Chairman	Executive
2.	Mr. Amar Deshpande	Member	Non-Executive
3.	Mr. G Jaganmohan Rao	Member	Independent, Non-Executive
4.	Mrs. Vijayalakshmi R Iyer	Member	Independent, Non-Executive

c. Meeting and attendance:

Sr. No.	Name of Members	Attendance of Corporate Social Responsibility Committee Members held on 20/01/2023
1	Mr. Abhay Bhutada	√
2	Mr. Amar Deshpande	√
3	Mr. G Jaganmohan Rao	√
4	Mrs. Vijayalakshmi R Iyer	√

√ Present, • Absent

3.6 Risk Management Committee:

a. Terms of reference:

The terms of the reference broadly include:

- Setting / reviewing policies and guidelines for risk identification, measurement, management, monitoring and reporting.
- Ensuring that risk management processes (including people, systems, operations, limits, controls and governance) satisfy the company's policy and compliance with regulatory guidelines.
- Reviewing and approving risk limits, strategies and risk appetite.
- Ensuring robustness of financial or scoring models, and the effectiveness of all systems used to calculate Pillar 1 and Pillar 2 risks
- Recommend to the Board for its approval / review, risk related policies, strategy and risk appetite.
- Review any major development, internal and external, and their impact on the portfolio and as a whole on the company
- Ensuring compliance with applicable regulatory requirements methodology, systems and data.
- Review of non-compliance w.r.t. internal process and regulatory guidelines, limit breaches, audit / regulatory findings, indicators, and policy exceptions with respect to Pillar 1 and Pillar 2 risks.
- Reviewing the results of and progress in implementation of the decisions made in previous meetings.
- Administering the material outsourcing and adherence thereof with the outsourcing policy and seek reports on the implementation or exceptions to the same.
- Laying down appropriate approval authorities and limits for outsourcing depending on risks and materiality
- To review outsourcing strategies and arrangements for their continued relevance, central record of all material outsourcing activities and review/assessment reports of such activities on half yearly basis and safety and soundness and identify new material outsourcing risks as they arise.
- To review and measure risks emanating from Information Technology and cyber threats, due to increased adoption of technology and digitization.
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the RMC
- The Committee shall meet the Chief Risk Officer without the presence of the Managing Director at least on a quarterly basis
- Approve exceptions/deviations from Risk Management Policy.
- To review the outcome of the risk assessment exercise carried out by the risk management team for Money Laundering and Terrorist Financing in terms of RBI KYC Directions, 2016
- To work in close coordination with Nomination and Remuneration Committee of the Company to achieve effective alignment between compensation and risks.

b. Composition, Name of Members & Chairperson:

The Risk Management Committee comprises of three (3) Independent, Non-Executive Directors, one (1) Non-Executive Director and one (1) Executive Director. The composition of the Risk Management Committee during the financial year 2022-23 is given below:

Sr. No.	Name of the Members	Committee Designation	Category
1.	Mr. G Jaganmohan Rao	Chairman	Independent, Non-Executive
2.	Mr. Abhay Bhutada	Member	Executive
3.	Mr. Amar Deshpande	Member	Non-Executive
4.	Mr. Sanjay Kumar	Member	Independent, Non-Executive
5.	Mrs. Vijayalakshmi R Iyer	Member	Independent, Non-Executive

e. Meetings and attendance:

Sr. No.	Name of Members	Attendance of Risk Management Committee Members					
		09/05/2022	27/06/2022	22/07/2022	30/09/2022	20/10/2022	21/01/2023
1	Mr. G Jaganmohan Rao	√	√	√	√	√	√
2	Mr. Abhay Bhutada	√	√	√	√	√	√
3	Mr. Amar Deshpande	√	√	√	√	√	√
4	Mr. Sanjay Kumar	√	√	√	√	√	√
5	Mrs. Vijayalakshmi R Iyer	√	•	•	√	•	√

√ Present, • Absent

3.7 Asset Liability Management Committee:

a. Terms of reference:

The terms of the reference broadly include:

- Liquidity risk management through Asset Liability Mismatches across various time buckets regulatory compliance 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 and its impact.
- Product Pricing for borrowings; and
- Review of Internal Capital Adequacy assessment.

b. Composition, Name of Members & Chairperson:

The Asset Liability Management Committee comprises of one (1) Executive Director, one (1) Non-Executive Director, two (2) Independent, Non-executive Directors and Chief Financial Officer. The composition of the Asset Liability Management Committee during the financial year 2022-23 was as follows:

Sr. No.	Name of the Members	Committee Designation	Category
1.	Mr. Abhay Bhutada	Chairman	Executive
2.	Mr. Amar Deshpande	Member	Non-executive
3.	Mr. Bontha Prasada Rao	Member	Independent, Non-executive
4.	Mr. Sanjay Kumar	Member	Independent, Non-executive
5.	Mr. Sanjay Miranka	Member	Chief Financial Officer

c. Meetings and attendance:

Sr. No.	Name of Members	Attendance of Asset Liability Management Committee Members				
		22/04/2022	27/06/2022	22/07/2022	18/10/2022	21/01/2023
1	Mr. Abhay Bhutada	√	√	√	√	√
2	Mr. Amar Deshpande	√	√	√	√	√
3	Mr. Bontha Prasada Rao	√	√	√	√	√
4	Mr. Sanjay Kumar	√	√	√	√	√
5	Mr. Sanjay Miranka	√	√	√	√	√

√ Present, · Absent

3.8 IT Strategy Committee:

a. Terms of Reference:

The terms of the reference broadly include:

i. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;

ii. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;

iii. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

iv. 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;

v. Periodically reviewing the process for development, approval and modification of the Company's IT strategy and strategic plan;

vi. 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;

vii. 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;

viii. Review the Information System (IS) audit report. The periodicity of IS audit should be at least once in a year;

ix. Ensuring that contingency plans have been developed and tested adequately.

b. Composition, Name of Members & Chairperson:

The IT Strategy Committee comprises of one (1) Executive Director, three (3) Non-Executive Directors, two (2) Independent, Non-Executive Directors, Chief Information Officer, and Chief Technology Officer. The composition of the IT Strategy Committee during the financial year 2022-23 was follows:

Sr. No.	Name of the Members	Committee Designation	Category
1.	Mr. G Jaganmohan Rao	Chairman	Independent, Non-Executive
2.	Mr. Abhay Bhutada	Member	Executive
3.	Mr. Amar Deshpande	Member	Non-Executive
4.	Mr. Atul Kumar Gupta	Member	Non-Executive
5.	Mr. Sajid Fazalbhoy	Member	Non-Executive
6.	Mr. Bontha Prasada Rao	Member	Independent, Non-Executive
7.	Mr. Kandarp Kant	Member	Chief Technology Officer
8.	Mr. Atul Garg[1]	Member	Chief Information Officer

1. Inducted as Member w.e.f. January 24, 2023

The constitution of the Committee is in accordance RBI Master Direction - Information Technology Framework for the NBFC Sector.

c. Meetings and attendance:

Sr. No.	Name of Member	Attendance of IT Strategy Committee Members	
		22/04/2022	20/10/2022
1	Mr. G Jaganmohan Rao	√	√
2	Mr. Abhay Bhutada	√	√
3	Mr. Amar Deshpande	√	√
4	Mr. Atul Kumar Gupta	√	√
5	Mr. Sajid Fazalbhoy	√	√
6.	Mr. Bontha Prasada Rao	√	√
7.	Mr. Kandarp Kant	√	√
8.	Mr. Atul Garg	-	-

√ Present, · Absent

3.9 Review Committee:

a. Terms of reference:

The terms of the reference broadly include:

- Review the order passed by the Credit Committee of the Company w.r.t. classification of non co-operative borrowers;
- Seek necessary information from the Credit Committee;
- Give the non co-operative borrower, opportunity of being heard, where it deems fit;
- Pass the final order, as to whether to classify a borrower as non co-operative 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 of the Committee will report to the Board after each Committee meeting and circulate the minutes of the Committee.

b. Composition, Name of Members & Chairperson:

The Review Committee comprises of one (1) Executive Director, two (2) Non-Executive Directors and two (2) Independent, Non-Executive Directors. The composition of the Review Committee during the financial year 2022-2023 was as follows:

Sr. No.	Name of the Members	Committee Designation	Category
1.	Mr. Abhay Bhutada	Chairman	Executive
2.	Mr. Amar Deshpande	Member	Non-Executive
3.	Mr. Atul Kumar Gupta	Member	Non-Executive
4.	Mr. Bontha Prasada Rao	Member	Independent, Non-Executive
5.	Mr. Sanjay Kumar	Member	Independent, Non-Executive

c. Meetings and attendance:

Review Committee was not required to hold the meeting during the financial year 2022-23.

4 Remuneration of Directors:

Executive Directors: Remuneration payable to the Executive Director is in line with the Act, SEBI Listing Regulations and Remuneration Policy for remunerating Directors/KMPs. Remuneration of Executive Director includes fixed salary, perquisites, variable pay in the form of commission, other benefits, and allowances and certain retiral benefits. The remuneration to Executive Director is determined by the Nomination and Remuneration Committee which is subsequently approved by the Board of Directors as per the authority given by the shareholders at the General Meeting.

Non-Executive Directors: Remuneration to Non-Executive Directors is paid by the way of Sitting Fees/Commission. The criteria for payment of remuneration to Non-Executive Directors is in consonance with the Remuneration Policy of the Company which is available on our website i.e. https://poonawallafincorp.com/investor-governance.php

The details of the remuneration paid to the Directors for the financial year ended March 31, 2023 is as follows:

₹ in lakhs

Sr. No.	Directors	Salary and allowances	Share Based Payment	Sitting fees	Total
1.	Mr. Adar Cyrus Poonawalla	-	-	5.00	5.00
2.	Mr. Abhay Bhutada	500.00	7,307.06	-	7,807.06
3.	Mr. Amar Deshpande	-	-	32.90	32.90
4.	Mr. Atul Kumar Gupta	-	-	8.50	8.50
5.	Mr. Sajid Fazalbhoy	-	-	6.40	6.40
6.	Mr. Bontha Prasada Rao	-	-	14.50	14.50
7.	Mr. G Jaganmohan Rao	-	-	27.00	27.00
8.	Mr. Prabhakar Dalal	-	-	19.40	19.40
9.	Mr. Sanjay Kumar	-	-	24.40	24.40
10.	Mrs. Vijayalakshmi R Iyer	-	-	14.00	14.00
	Total	**500.00**	**7,307.06**	**152.10**	**7,959.16**

Salient features of the agreement executed by the Company with the Managing Director:

1. **Period of appointment:** 5 years [February 12, 2022 to February 11, 2027]

2. **Remuneration:** ₹5,00,00,007/- (Rupees Five Crores and Seven only) per annum

3. **Commission:** Not exceeding 1% of the Net Profits of the Company, payable annually, calculated in the manner laid down in section 198 of the Act.

4. **A. Basic Salary:** ₹16,66,667/- per month

   B. Benefits, perquisites and allowances :

      a. Housing Rent Allowance @ 40% of Basic Salary – ₹6,66,667/- per month

      b. Special Allowance – ₹17,53,205/- per month

      c. Gratuity: Gratuity payable shall not exceed half a month's salary for each completed year of service.

5. **Notice period:** Three months prior written notice to the Company.

6. **Severance fees:** There is no separate provision for payment of severance fees.

7. **ESOP/RSO:** Eligible to participate in the Company's RSO/ ESOP Plan. The Nomination and Remuneration Committee granted 76 lakh awards under Restricted Stock Option Plan 2014 at an exercise price of ₹2/- each.

a. Pecuniary relationship or transactions:

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company during the year other than receipt of sitting fees for the meetings of Board and its Committees and their shareholding, if any, in the Company.

b. Remuneration Policy:

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has adopted a Remuneration Policy which, inter alia, deals with the manner of selection of Board of Directors and Executive Directors and their remuneration. The Remuneration Policy is in consonance with the industry practice. The Policy of the Company is available on our website i.e. https://poonawallafincorp.com/investor-governance.php.

c. Selection criteria for Directors, Senior Management Personnel and Key Managerial Personnel:

- Selection of Executive Director/s shall be on the line of 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; Committee is responsible for identification, shortlisting and recommendation of the candidature of person for the position of Managing Director or any other Director to the Board of Directors or appointed in the senior management of the Company;

- 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);

- 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;
- Senior Management Personnel shall usually comprises the function and business heads who directly report to CEO/MD and the Company Secretary and Chief Financial Officer;
- For any Senior Management Personnel recruitment, it is critical to identify the necessity for that role in the context of the Company. In order to validate the requirement
  - Job Description ("JD") along with profile fitment characteristics from a personality, experience and qualification point of view shall be created;
  - The recruitment process shall generally involve meetings with Head- HR, CEO, MD and/or identified members of the Nomination and Remuneration Committee ("NRC") and Board, on the basis of which the candidature will be finalised;
- 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.

d. Independence test for the Independent Directors to be appointed:

a. For each Independent Director, the appointment shall be based on the balance of skills, knowledge and experience, in the existing Board and roles and capabilities required of an Independent Director.

b. 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.

c. For the purpose of identifying suitable candidates, the NRC may: 1.) use the services of an external agency, if required; 2.) consider candidates from a wide range of backgrounds, having due regard to diversity; and 3.) consider the time commitments of the candidates.

d. 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.

- Any appointment of the Independent Director shall be approved at the meeting of the shareholders by way of special resolution, at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.
- Director's Independence test shall be conducted as per the conditions specified in the Companies Act, 2013 and the rules thereunder.
- Board's expectation from each Independent Director shall be clearly mentioned in the appointment letter.
- The Independent Director shall confirm having read and complied with the Company's Code of Conduct. They shall also need to confirm and sign the Independence Test;
- 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
- CEO/MD along with Company Secretary shall be involved in the familiarisation/ induction process for the Independent Director/s.

e. Remuneration policy for the Directors (including Independent Directors), Key Managerial Personnel and Senior Management Personnel:

- The Non-executive Directors including Independent Directors would be paid sitting fees subject to the limits prescribed under the Companies Act, 2013, 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.
- Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the Board and Committee meetings;

- Additionally, the Independent Directors be paid remuneration by way of commission for each financial year:
  - Total commission pay out to all Independent Directors (including Non-Executive Directors) in aggregate shall be restricted to a limit of 1% of net profits of the Company as determined in accordance with Section 198 of the Companies Act, 2013, further subject to recommendation by the NRC and determination by the Board, as further subject to approval by the shareholders of the Company at the Annual General Meeting.
  - The Independent Directors may be paid remuneration in case of no profits or inadequate profit in addition to the sitting fees as per the provisions of Schedule V of the Act.
  - NRC shall recommend quantum of commission which, in its best judgement and opinion is commensurate with the level of engagement each Independent Director would have with the members of Senior Management Personnel and/or other Board members, towards providing inputs, insights and guidance on various matters of importance from time to time.
- The remuneration paid to MD / Whole-time Director(s) shall be considered by the NRC considering 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.
- 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. The total compensation shall comprise of fixed and variable components. Fixed compensation will be determined based on size and scope of the job, trends in the market value of the job and the skills, experience, and performance of the employee. Fixed compensation will include basic salary, HRA, special allowance, contribution to provident fund, gratuity etc.
- KMP and Senior Management Personnel may also be eligible for Long Term Incentive Plan in the form of stock options or any other equivalent instrument.

5. Performance Evaluation:

Pursuant to the provisions of the Act and Regulation 17(10) of SEBI Listing Regulations, the Company has adopted the Remuneration Policy with the comprehensive procedure on performance evaluation. The Board has carried out the annual evaluation of its own performance, Board Committees, individual Directors and the Chairperson. Also, the Nomination and Remuneration Committee has carried out evaluation of every Director's performance and reviewed the self-evaluation submitted by the respective Directors. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated.

The detailed process of Performance Evaluation is given in the Board's Report. Separate Independent Directors Meeting was held on January 20, 2023.

6. Subsidiary Company:

Regulation 16(1)(c) of the SEBI Listing Regulations defines a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Pursuant to the above definition, Poonawalla Housing Finance Limited is a debt listed material subsidiary of the Company. The subsidiary of the Company functions independently, with an adequately empowered Board of Directors and sufficient resources. The financial statements of the subsidiary company are presented to the Audit Committee and Board meeting at every quarterly Meeting.

The Company has also complied with the other provisions of Regulation 24 of the SEBI Listing Regulations with regard to Corporate Governance requirements for subsidiary Company.

The Policy for determining Material Subsidiaries as approved by the Board may be referred to, at the website of the Company at its weblink i.e., https://poonawallafincorp.com/investor-governance.php

7. Code for prevention of Insider-Trading practices:

As per the SEBI (Prohibition of Insider Trading) Regulations 2015, the Compliance Officer 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 for Prevention of Insider Trading as well as a Code of Practices and Procedures for Fair Disclosure in accordance with aforesaid Regulations. All the Directors on the Board, Senior Management at all locations 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://poonawallafincorp.com/investor-governance.php

8. Means of communication with shareholders:

a Quarterly, Half Yearly and Annual results:

The quarterly/half yearly/un-audited/audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors. These results are simultaneously posted on the web address of the Company at https://poonawallafincorp.com/investor-financials.php pursuant to Regulation 47 of SEBI Listing Regulations.

Quarterly, half-yearly and annual financial results of the Company are published in widely circulated national newspapers, as per the details given below:

1. The Financial Express (English language)
2. Loksatta (Marathi language)

b Annual Reports and Annual General Meetings:

The Annual Reports are emailed/posted to Members and others entitled to receive them. The Annual Reports are also available on the Company's website at https://poonawallafincorp.com/investor-financials.php. The Company also provides live webcast facility of its AGM in co-ordination with NSDL. In line with the MCA Circulars dated May 5, 2020 and January 13, 2021 and SEBI Circulars dated May 12, 2020 and January 15, 2021, the Notice of the AGM along with the Annual Report 2021-22 was sent only through electronic mode to those Members whose e-mail addresses were registered.

c Website:

Comprehensive information about the Company, its business and operations, Press Releases and investor information can be viewed at the Company's website at www.poonawallafincorp.com. The website contains a complete overview of the Company. The Company's Annual Report, financial results, details of its business, shareholding pattern, investors' presentation, compliance with Corporate Governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, the distribution schedule, credit ratings and Code of Conduct are uploaded on the website.

d Presentations to institutional investors / analysts:

Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website at https://poonawallafincorp.com/news-media.php. During the financial year 2022-23, Analyst Conference Calls were conducted on May 13, 2022, July 28, 2022, October 21, 2022 and January 23, 2023. Presentations to Institutional Investor/ Analysts are uploaded on the Company's website https://poonawallafincorp.com/investor-financials.php under 'Investors' section. Transcript and audio recording is also uploaded on our website.

e Press releases:

Press reports are given on important occasions. They are sent to Stock Exchanges and also placed on the Company's website at https://poonawallafincorp.com/news-media.php

f NSE Electronic Application Processing System (NEAPS):

NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

g. BSE Corporate Compliance & Listing Centre (the Listing Centre):

BSE's Listing Centre is a web-based application designed by BSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

h. eXtensible Business Reporting Language (XBRL):

XBRL is a standardized and structured way of communicating business and financial data in an electronic form. XBRL provides a language containing various definitions (tags) which uniquely represent the contents of each piece of financial statements or other kinds of compliance and business reports. BSE and NSE provide XBRL based compliance reporting featuring identical and homogeneous compliance data structures between Stock Exchanges and Ministry of Corporate Affairs. The XBRL filings are done on the NEAPS portal as well as the BSE online portal.

i. SEBI Complaints Redress System (SCORES):

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

j. Reminder to investors:

Reminders to collect unclaimed dividend on shares are sent to the concerned shareholders.

9. Management Discussion and Analysis (MDA):

The MDA section is carried in detail and forms part of the Report.

10. General Body Meetings:

a. Location and time of the last three Annual General Meetings:

financial year ended	Venue	Day and date	Time	Particulars of Special Resolutions passed
2021-22	Meeting was conducted through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and deemed venue was Registered Office of the Company at 601, 6th floor, Zero One IT Park, Survey No. 79/1, Ghorpadi, Mundhwa Road, Pune - 411036, Maharashtra	Friday, July 29, 2022	02:00 P.M.	No special resolution was passed.
2020-21	Meeting was conducted through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and deemed venue was Registered Office of the Company at "Development House", 24, Park Street, Kolkata–700016	Saturday, 28 August 2021	02:00 P.M.	6 (six) Special resolution mentioned below was passed with requisite majority: 1. Appointment of Mr. Sajid Fazalbhoy (DIN: 00022760) as an Independent Director of the Company 2. Appointment of Mr. Prabhakar Dalal (DIN: 00544948) as an Independent Director of the Company. 3. Appointment of Mr. Abhay Bhutada (DIN: 03330542) as Managing Director of the Company 4. Appointment of Mr. Sanjay Chamria (DIN: 00009894) as Whole-time Director of the Company designated as Executive Vice Chairman 5. Payment of existing remuneration to Mr. Sanjay Chamria (DIN: 00009894), Whole-time Director of the Company presently designated as Executive Vice Chairman of the Company for the financial year 2020- 21 6. Payment of existing remuneration to Mr. Mayank Poddar (DIN:00009409), erstwhile Whole-time Director of the Company for the period April 1, 2020 to November 7, 2020

financial year ended	Venue	Day and date	Time	Particulars of Special Resolutions passed
2019-20	Meeting was conducted through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and deemed venue was Registered Office of the Company at "Development House", 24, Park Street, Kolkata–700016	Monday, 31 August 2020	02:00 P.M.	2 (two) Special resolution mentioned below was not passed with requisite majority: 1. Payment of existing remuneration to Mr. Sanjay Chamria (DIN: 00009894), Vice Chairman and Managing Director of the Company for the period from 01 April 2019 to 31 March 2021 2. Payment of existing remuneration to Mr. Mayank Poddar (DIN: 00009409), Chairman Emeritus and Wholetime Director in accordance with Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

b. Location and time of the Extra Ordinary General Meetings (EOGM):

Year	Venue	Day and date	Time	Particulars of Special Resolutions passed
2022-23	Meeting was conducted through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and deemed venue was Registered Office of the Company at 601, 6th floor, Zero One IT Park, Survey No. 79/1, Ghorpadi, Mundhwa Road, Pune- 411036, Maharashtra	Thursday, April 14, 2022	02:00 PM	5 (five) Special resolutions mentioned below were passed with requisite majority: 1. Appointment of Mr. Sajid Fazalbhoy (DIN : 00022760) as Non-Executive and Non-Independent Director of the Company. 2. Appointment of Mr. Atul Kumar Gupta (DIN : 01052730) as Non-Executive and Non-Independent Director of the Company. 3. Appointment of Mr. Sanjay Kumar (DIN : 09466542) as an Independent Director of the Company. 4. Appointment of Mr. G Jaganmohan Rao (DIN : 06743140) as an Independent Director of the Company. 5. Appointment of Mr. Abhay Bhutada (DIN : 03330542) as Managing Director of the Company.

c. Postal Ballot:

During the year under review, the Company sought the approval of the Members by means of 3 (Three) Postal Ballot conducted through Remote E-voting for the following business, which was duly passed with requisite majority, details appearing herein below:

Date of resolution passed	Resolution passed	Particulars of Resolutions	Voting Pattern	
			% of votes cast in favour of resolution	% of votes cast against the resolution
September 12, 2022	Ordinary	Approve Inter-Corporate Loan Limits (Give/Avail) (ICL) to Poonawalla Housing Finance Limited, Subsidiary Company up to ₹300 crore (related party transaction).	99.972	0.027
November 29 , 2022	Special	Re appointment of Mr. Bontha Prasada Rao (DIN:01705080) as an Independent Director of the Company for second term of 3 (Three) years.	99.956	0.043
	Special	Alteration of Memorandum of Association of the Company.	99.998	0.0013
January 22, 2023	Special	Divestment of entire stake held by the Company in Poonawalla Housing Finance Limited, its material subsidiary.	99.997	0.002

d. Special Resolution proposed to be conducted through Postal Ballot:

No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

e. Procedure followed for Postal Ballot:

Pursuant to Sections 108, 110 and other applicable provisions, if any, of the Act, (including any statutory modification or re-enactment thereof for the time being in force) read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (the Rules), as amended from time to time, the General Circular No. 14/ 2020 dated April 08, 2020 and the General Circular No. 17/ 2020 dated April 13, 2020, in relation to “Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19” issued by the MCA, Government of India (the “MCA Circulars”) and pursuant to other applicable laws and regulations, the Company provided only the remote e-Voting facility to its Members, to enable them to cast their votes electronically.

The Company engaged the services of National Securities Depository Limited (NSDL) for facilitating remote e-Voting to enable the Members to cast their votes electronically.

Mr. Girish Bhatia (FCS 3295 CP 13792), Practising Company Secretary, acted as the Scrutinizer, for conducting the aforesaid Postal Ballot process, in a fair and transparent manner.

In terms of the MCA Circulars, the Company sent the Postal Ballot Notices in electronic form only to its registered shareholders whose e-mail IDs were registered/available with the Depository Participants (DPs)/Registrars and Share Transfer Agents (RTA) as on a cut-off date. Voting rights were reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-Voting. The scrutinizer, after the completion of scrutiny, submitted his report.

The consolidated results of the voting by postal ballot and e-Voting were then announced and the results were also displayed at the Registered Office of the Company and on the Company’s website besides being communicated to BSE Limited, National Stock Exchange of India Limited and NSDL.

11. General Shareholders’ information:

The Shareholders are kept informed by way of mailing of Annual Reports, notices of Annual General Meetings, Extra Ordinary General Meetings, Postal Ballots and other compliances under the Act and SEBI Listing Regulations. The Company also issues press releases and publishes quarterly results.

a) AGM details

Date	: Tuesday, July 25, 2023
Venue	: Venue: Video Conferencing (VC) or through other audio-visual means (OAVM). Deemed Venue: Registered Office
Time	: IST 02:00 PM

b) Financial year	: The financial year covers the period from April 01 to March 31
c) Dividend payment date and rate	: On Equity Shares @ 100 % i.e. ₹2/- per Equity Share of the face value of ₹2/- each. The dividend will be paid on or after the AGM date. Dividend warrants / iPay Cheques in respect of shares held in electronic/dematerialized form will be posted to the beneficial owners at their address as per the information furnished by NSDL and CDSL as on the record date.

d) Listing of shares:

The Equity Shares of the Company are listed on

Name of Stock Exchanges	Stock code

National Stock Exchange of India Limited (NSE)
5, Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.
Stock code: POONAWALLA

BSE Limited (BSE)
Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001.
Stock code: 524000

e) Payment of Listing Fees:

Annual listing fees has been paid by the Company to BSE and NSE.

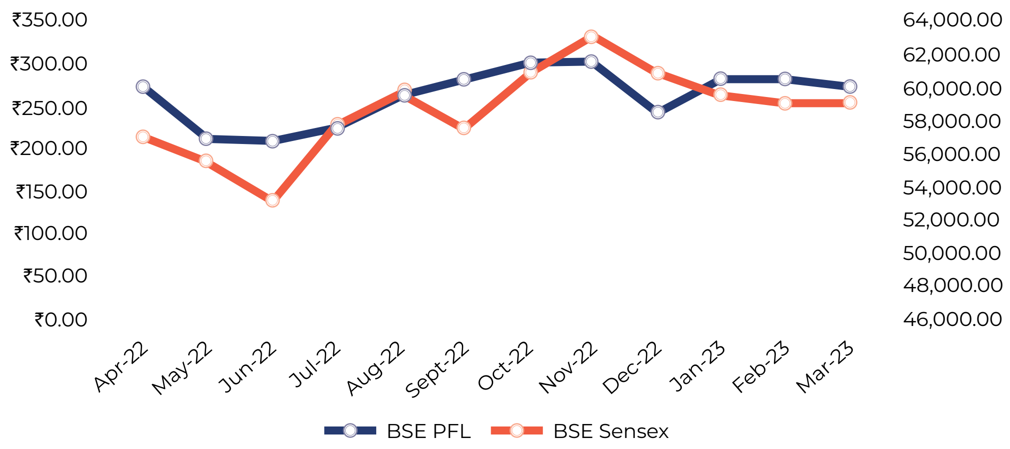
f) Market price data:

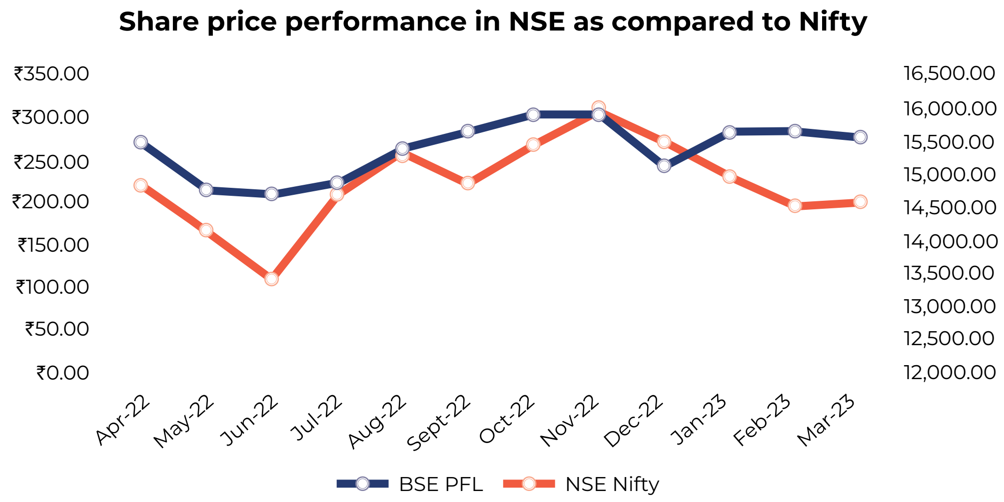
Monthly high and low quotation during April 01, 2022 to March 31, 2023 is given in the table below:

Month	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
April, 2022	343.75	269.75	93,04,637	343.80	269.25	13,89,70,000
May, 2022	306.70	212.50	95,03,034	306.70	212.25	11,84,32,000
June, 2022	269.00	209.15	1,90,09,365	268.90	209.15	6,11,86,000
July, 2022	280.25	224.05	44,84,581	280.20	224.10	8,48,53,000
August, 2022	314.00	263.60	67,58,301	314.25	263.30	9,35,01,000
September, 2022	333.65	281.10	76,60,978	333.70	281.05	11,33,48,000
October, 2022	338.00	302.00	57,79,997	338.00	302.15	7,83,77,000
November, 2022	325.70	304.00	24,84,681	325.80	304.00	4,82,69,000
December, 2022	314.50	243.75	63,38,653	314.50	243.00	9,57,04,000
January, 2023	310.40	281.80	29,59,181	310.40	281.70	5,05,33,000
February, 2023	323.30	281.00	26,59,953	323.30	281.15	4,38,55,000
March, 2023	302.30	273.95	17,30,821	302.80	274.65	2,87,93,000

g) Poonawalla Fincorp Share Performance in comparison to broad based indices:

Share price performance in BSE as compared to Sensex





h) None of the Company's securities have been suspended from trading:

i) Registrar and Share Transfer Agents:

i) Physical and Demat Mode (Securities) :

Link Intime India Private Limited
C-101, 1st Floor, 247 Park,
Lal Bahudur Shastri Marg,
Vikhroli (West)
Mumbai, 400083, Maharashtra
Tel No.: +91 022 49186000
Email Id : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

ii) Demat Mode (Retail Non-Convertible Debentures):

KFin Technologies Limited
(Formerly KFin Technologies Private Limited)
Selenium Tower - B,
Plot No. 31-32, Financial District,
Nanakramguda, Serilingampally,
Hyderabad -Rangareddy,
Telangana - 500032
Tel: +91 040 6716 2222
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

j) Share Transfer System:

As per the requirement of Regulation 40(9) of the SEBI Listing Regulations, the Company has obtained the annual certificate from the Company Secretary in practice, confirming compliance with the said provisions.

Trading of shares to be in compulsorily dematerialised form:

The equity shares of the Company can be traded only in dematerialised form. The dematerialisation facility is available with National Securities Depository Limited and Central Depository Services (India) Limited. Pursuant to the amendment to Regulation 40 of the SEBI Listing Regulations, transfer of shares held in physical form cannot be processed and hence, the equity shares are to be compulsorily traded in electronic form by all shareholders. Shareholders holding shares in physical form are advised to dematerialize their existing holdings.

Mandatory dematerialised:

Pursuant to the amendment to the SEBI Listing Regulations on January 24, 2022, the Company shall (i) effect issuance of certificates in dematerialised form only, for any requests received for subdivision, split, consolidation, renewal, exchanges, endorsements or issuance of duplicate certificates; and (ii) execute requests for transmission and transposition of securities, held in physical or dematerialised form, in dematerialised form only.

Process for dematerialisation of shares is available at the website of the Company at weblink i.e. https://poonawallafincorp.com/investor-info.php

Simplified Norms for processing Investor Service Request:

Mandatory update of PAN, KYC and Nomination details and linking of PAN and Aadhaar by holders of physical shares: SEBI vide its Circular dated November 03, 2021 read with December 14, 2021 has made it mandatory for the shareholders holding shares in physical form to furnish PAN, KYC details and Nomination in the prescribed forms to the RTA of the Company.

Further, SEBI vide its Circular dated March 16, 2023, mandated all physical shareholders to update their KYC i.e. PAN, Address with PIN code, Mobile Number, Bank Account details, Specimen Signature and nomination before September 30, 2023.

Non – updation of KYC: Folios wherein any one of the cited details/documents, (i.e. PAN, Bank Details, Address with PIN code, Mobile Number, Bank Account details, Specimen Signature and Nomination) are not available on or after October 01, 2023, shall be frozen as per SEBI Circular.

The securities in the frozen folios shall be eligible:

- To lodge any grievance or avail of any service, only after furnishing the complete documents / details as mentioned above;
- To receive any payment including dividend, interest or redemption amount (which would be only through electronic mode) only after they comply with the above stated requirements.

The forms for updation of PAN, KYC, bank details and Nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 and the said SEBI circular are available on our website at https://poonawallafincorp.com/investor-info.php.

In compliance with the above stated SEBI Circular, the Company has sent individual communication to its shareholders holding shares in the physical form requesting them to update their PAN, KYC details and Nomination. In order to avoid freezing of folios, such members are requested to furnish details in the prescribed form as mentioned in the aforesaid SEBI Circular along with the supporting documents, wherever required, to our RTA, Link Intime India Pvt. Ltd. at rnt.helpdesk@linkintime.co.in for immediate action. A copy of such forms can be downloaded from the website of the Company at https://poonawallafincorp.com/investor-info.php or from the website of our RTA at https://www.linkintime.co.in/ **→ Resources→ Downloads→ KYC →Formats for KYC.**

Dispute Resolution Mechanism:

SEBI, vide its Circular dated May 30, 2022, issued a Standard Operating Procedure (SOP) for dispute resolution under the stock exchange arbitration mechanism for disputes between a listed company and/or registrars to an issue and share transfer agents and its shareholder(s)/investor(s).

The Company has complied with the same and the weblink is given below:
Link: https://poonawallafincorp.com/investor-info.php

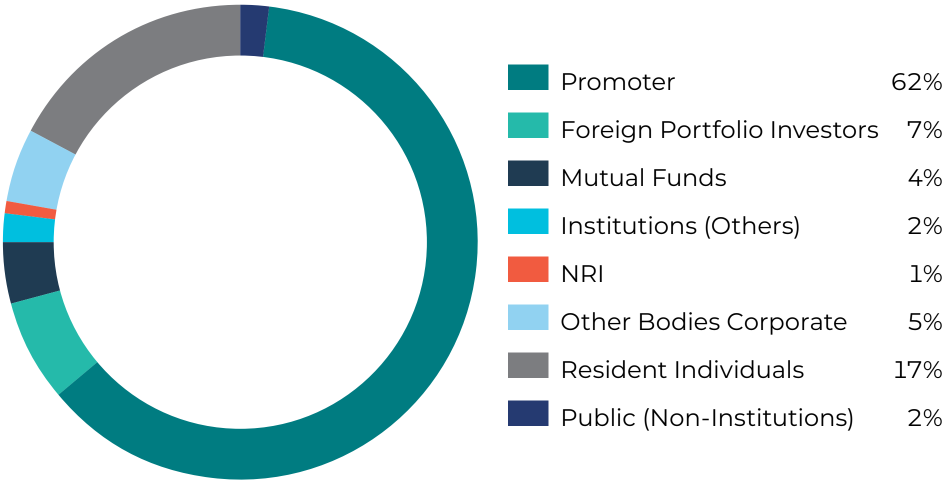
SEBI vide its Circular dated January 27, 2023, has decided to enhance the awareness of investors about the availability of arbitration facility at Stock Exchange for their dispute, if any, against listed companies / RTAs.

Accordingly, Company has duly sent Emails as well as SMS to physical shareholders wherever emails and valid mobile numbers were updated. The circular has been uploaded on website under Investors Section.
Link: https://poonawallafincorp.com/investor-governance.php

k) Distribution of shareholding as on March 31, 2023:

Sr. No.	Shareholding of Shares	Number of Shareholders	% to total shareholders	Shares	% to total capital
1	1 to 500	1,87,224	87.78	1,86,81,765	2.43
2	501 to 1000	12,151	5.70	98,27,718	1.28
3	1001 to 2000	6,350	2.98	98,00,287	1.28
4	2001 to 3000	2,361	1.11	61,11,103	0.80
5	3001 to 4000	1,096	0.51	39,65,212	0.52
6	4001 to 5000	973	0.46	46,31,943	0.60
7	5001 to 10000	1,556	0.73	1,17,61,105	1.53
8	10001 and above	1,583	0.74	70,31,68,459	91.56
	TOTAL :	**2,13,294**	**100**	**76,79,47,592**	**100**

l) Shareholding Pattern as on March 31, 2023:



m) Dematerialization of shares and liquidity:

The Company's shares enjoy demat facility with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) having the following ISIN Nos. for Equity Shares:-

INE511C01022 for 76,79,47,592 Equity Shares of ₹2/- each.

As on March 31, 2023, 76,73,03,070 Equity Shares constituting 99.91 % Equity Shares of the total holding were held in demat mode.

Members still holding physical share certificates are requested to dematerialize their shares by approaching any of the Depository Participants registered with the Securities and Exchange Board of India (SEBI).

n) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

As on March 31, 2023, there are no Outstanding GDRs/ADRs/Warrants or any Convertible instruments.

o) Commodity Price Risk or Foreign Exchange Risk and Hedging activities:

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018 is not required to be furnished by the Company.

p) Plant locations:

In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plant.

q) Address for correspondence for Shares/ Debentures and related matters:

Mrs. Shabnum Zaman
Company Secretary
201 and 202, 2nd Floor, AP 81,
Koregaon Park Annex, Mundhwa,
Pune- 411 036 Maharashtra
Email Id: secretarial@poonawallafincorp.com

r) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:

Instrument	Rating	Rating Agency
Rating Under Basel Guidelines		
Commercial Paper/Short Term Bank Facilities	A1+	CARE/CRISIL
Secured Non-Convertible Debentures	AAA/ AA+ Stable/AA+Positive	CARE/CRISIL/ ACUITE
Unsecured Sub-debt	AAA/AA+Stable/AA+Positive	CARE/Brickwork/ACUITE
Perpetual Debt Instruments	AA+/Stable/AA/Stable	CARE/Brickwork
Long Term Banking Facilities	AA+ /Stable/AAA	CRISIL/ CARE

s) Company's registered office:

201 and 202, 2nd Floor, AP 81, Koregaon Park Annex, Mundhwa, Pune- 411036, Maharashtra

t) Book Closure date:

The register of members and share transfer books of the Company will remain closed from Wednesday, July 19, 2023 to Tuesday, July 25, 2023 (both days inclusive)

u) Financial calendar (tentative):

Financial reporting for the quarter ending

1st quarter ending 30 June 2023: Fourth week of July 2023

2nd quarter ending 30 September 2023: Fourth week of October 2023

3rd quarter ending 31 December 2023: Fourth week of January 2024

4th quarter ending 31 March 2024: Fourth week of April 2024

Annual General Meeting for the year ending 31 March 2024: Fourth week of July 2024

v) Contact person for clarification on Financial Statements:

For clarification on Financial Statements, kindly contact:
Mr. Sanjay Miranka
Chief Financial Officer
Email: secretarial@poonawallafincorp.com

w) Nomination facility:

As per the provisions of Section 72 of the Act, the facility for making nominations is available to the Members in respect of the shares held by them. Members who have not yet registered their nomination, are requested to register the same by submitting Form No. SH-13. If a member desires to opt-out or cancel the earlier nomination and record a fresh nomination, the Member may submit the same in form ISR-3 or form SH-14, as the case may be. The said forms can be downloaded from the Company's website under the weblink at https://poonawallafincorp.com/investor-info.php Members are requested to submit the said form to their respective DPs in case the shares are held in electronic form, and to the RTA in case the shares are held in physical form.

x) Requirement of PAN:

Members who hold shares in the physical form are advised that in terms of the SEBI Listing Regulations, for transmissions of shares etc., a copy of the PAN card along with other necessary documents shall be submitted to the RTA.

y) Rights of Members:

The following are some of the important rights of the members:

1. Receive notices of General Meetings, Annual Report, etc.
2. Attend and vote at the General Meetings and appoint proxy in their stead.
3. Request an Extraordinary General Meeting along with other members who collectively hold not less than 1/10th of the total paid up share capital of the Company carrying voting rights.
4. Receive dividends and other corporate benefits like rights, bonus shares etc., when declared / announced.
5. Inspect minutes book of General Meetings.
6. Inspect Register of Members.
7. Nominate a person to whom his/her shares shall vest in the event of death.
8. Seek relief in case of oppression and mismanagement in the manner given under Section 241 of the Companies Act, 2013.
9. Seek relief in case the affairs of the Company are managed in a manner prejudicial to the interest of the Company or its members by virtue of a Class Action Suit under Section 245 of the Companies Act, 2013.

z) Debt Securities Listing:

The Wholesale Debt Market (WDM) Segment of BSE and NSE

aa) Debenture Trustees:

Pursuant to Regulation 53 of the SEBI Listing Regulations the name and contact details of the Debenture Trustee for the privately placed NCDs and retail NCDs are given below:

(i) IDBI Trusteeship Services Limited:

Asian Building, Ground Floor, 17, R. Karmani Marg, Ballard Estate, Mumbai – 400 001, Maharashtra,
Tel: +91 22 4080 7000; Fax: +91 022 6631 1776
E-mail: itsl@idbitrustee.com
Investor Grievance Email: itsl@idbitrustee.com

(ii) Catalyst Trusteeship Limited:

'GDA House', Plot No. 85, Bhusari Colony (Right), Kothrud, Pune 411 038, Maharashtra, India
Tel: +91 022 4922 0555, Fax: +91 022 4922 0505
E-mail: ComplianceCTLMumbai@ctltrustee.com
Investor Grievance Email: grievance@ctltrustee.com

(bb) Disclosure with respect to demat suspense account/unclaimed suspense account:

The Company does not have any shares in the demat suspense account or unclaimed suspense account

12. Other Disclosures:

1. Disclosures on materially significant related party transactions:

All related party transactions that were entered into during the financial year were on an arm's length basis and were usually in the ordinary course of business. There have been no material significant related party transactions between the Company and its Directors, their relatives or associates except the transactions disclosed in form AOC-2. All Related Party Transactions are placed before the Audit Committee. Disclosure of transactions with related parties is provided in notes to the financial statements, forming part of the Annual Report.

2 Details of non-compliance, penalties, strictures imposed by Stock Exchange, if any:

The Company has complied with all applicable rules and regulations as prescribed by the Stock Exchanges, Securities and Exchange Board of India ('SEBI') or any statutory authority relating to capital markets during the last 3 (three) years. There has been no instance of non-compliance with any legal requirements particularly with any requirement of the Corporate Governance Report, and no penalties and / or strictures have been imposed on the Company in this regard during the year under review. The Company paid fine to stock exchanges for operational delay in reporting record date of non-convertible debentures under SEBI Listing Regulations during the year. Subsequently, BSE Limited has waived the said fine.

3. Vigil mechanism / Whistle Blower:

The Company has in place Board approved Policy on Breach of Integrity and Whistle Blower (Vigil mechanism). The Policy was framed with an objective to deal with issues pertaining to integrity, encouraging the employees and Directors of the Company to raise any concern about Company's operations and working environment, including possible breaches of Company's policies and standards, without fear of adverse managerial action being taken against such employees.

It provides a channel to Whistle Blower to report concerns about any Alleged Wrongful Conduct and to build and strengthen a culture of Instances of such suspected or confirmed incident of fraud/ misconduct may be reported on the designated email id i.e. whistleblower@poonawallafincorp.com

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.

The mechanism also provides for adequate safeguards against victimization of employees to avail of the mechanism and in exceptional cases direct access to the Chairman of the Audit Committee to report instances of fraud/misconduct. 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 weblink i.e. https://poonawallafincorp.com/investor-governance.php

4. Adoption of mandatory and non-mandatory requirements of Regulation 27(1) of SEBI Listing Regulations and Schedule V:

The Company has adopted all the non-mandatory requirements as stated under Part E of Schedule II to the SEBI Listing Regulations and reproduced herein below:

A. The Board:

The Chairman is the Non-Executive Director and does not maintain any office at the expense of the Company.

B. Shareholder rights:

Since the quarterly, half yearly and annual financial results of the Company are published in newspapers on all India basis and are also posted on the Company's website, these are not sent individually to the shareholders of the Company. Further, significant events are informed to the Stock Exchanges from time to time and then the same is also posted on the website of the Company under the 'Investors' section. The complete Annual Report is sent to every Shareholder of the Company through electronic mode at email ids registered with the Company.

C. Modified opinion(s) in audit report:

It is always the Company's endeavour to present unmodified Financial Statements.

D. Separate posts of Chairman and MD:

As on the date of this Report, the Chairman of the Board is a Non-Executive Director, and his position is separate from that of the Managing Director.

E. Reporting of Internal Auditor:

The Chief Internal Auditor reports functionally to the Audit Committee and administratively to the Managing Director.

F. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:

During the year under review, the Company has not entered with any materially significant related party transactions that may have potential conflict with the interests of listed entity at large.

5. Policy for determining 'Material' Subsidiaries:

The Policy for determining Material Subsidiaries as approved by the Board may be referred to, at the website of the Company at its weblink i.e. https://poonawallafincorp.com/investor-governance.php

6. Policy on dealing with Related Party Transactions:

The Policy on Related Party Transactions as approved by the Board is available on the Company's website at its weblink i.e. https://poonawallafincorp.com/investor-governance.php

7. Commodity Price Risk or Foreign Exchange Risk and Hedging activities:

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018 is not required to be furnished by the Company.

8. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI Listing Regulations:

During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A) of the SEBI Listing Regulations.

9. Certificate from Practicing Company Secretary:

A certificate from a Company Secretary in practice pursuant to Regulation 34(3) read with Clause 10 (i) of Paragraph C of Schedule V of the SEBI Listing Regulations certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is provided as Annexure B to this report.

10. All the recommendations of the various committees were accepted by the Board.

11. Total fees for all services paid by the listed entity and its subsidiary, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part:

During the year, details of fees paid/payable to Walker Chandiok & Co LLP, Statutory Auditors by the Company and its subsidiary, are given below

₹ in crore

Particulars	WALKER CHANDIOK Co & LLP		
	By the Company	By the Subsidiary	Total Amount
Statutory Audit (including Limited review)	1.12	0	1.12
Other Services	0.18	0	0.18
Out-of-pocket expenses	0.01	0	0.01
Total	**1.31**	**0**	**1.31**

*The above fees are exclusive of applicable tax.

12. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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.

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2022-23, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder:

a. number of complaints pending at the beginning of the financial year: Nil

b. number of complaints filed during the financial year: Nil

c. number of complaints disposed off during the financial year: Nil

d. number of complaints pending as on end of the financial year: Nil

13. During the year no loans and advances was granted to firm/companies in which Directors are interested by Company and its subsidiary.

14. The Company has complied with all the requirements of Corporate Governance Report as stated under sub paras (2) to (10) of section I of Schedule V of the SEBI Listing Regulations. The Company has complied with all the requirements of corporate governance as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulation.

15. The Company has received sufficient disclosures from Promoters, Directors or the Senior Management wherever applicable.

16. The Company follows Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs in the preparation of its financial statement.

17. Details of Material Subsidiary:

- Name of Material Subsidiary – Poonawalla Housing Finance Limited (PHFL)
- Date & Place of incorporation: New Delhi, April 21, 2004
- Name & Date of appointment of Statutory Auditors - M/s. G D Apte & Co. w.e.f. conclusion of the 17th AGM of PHFL held on August 18, 2021.

18. Reconciliation of Share Capital:

During the year under review, an audit was carried out at the end of every quarter by Practising Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL. The report for every quarter upon reconciliation of capital was submitted to the stock exchanges.

19. Other Shareholders information:

Transfer of unclaimed/unpaid amounts to Investor Education and Protection Fund:

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules") (including any statutory modification(s) or reenactment(s) thereof for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the IEPF, maintained by the Central Government. In pursuance of this, the dividend remaining unclaimed in respect of dividends declared upto the financial year ended March 31, 2015 have been transferred to the IEPF. The details of the unclaimed dividends so transferred are available on the Company's website at www.poonawallafincorp.com and on the website of the Ministry of Corporate Affairs at www.mca.gov.in.

In accordance with Section 124(6) of the Act, read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more from the date of transfer to the unpaid dividend account are required to be transferred to the demat Account of the IEPF Authority. Accordingly, all the shares in respect of which dividends were declared upto the financial years ended March 31, 2015 and remained unclaimed are transferred to the IEPF. The Company had sent notices to all such Members in this regard and published a newspaper advertisement and, thereafter, transferred the shares to the IEPF during financial year 2021-22. The details of such shares transferred have been uploaded in the Company's website at https://poonawallafincorp.com/investor-info.php.

The details of unclaimed dividends and Equity shares transferred to IEPF Authority during the year 2022-23 are as follows:

Amount of unclaimed dividend transferred	₹5,00,692/-
Number of Equity shares transferred	20,299

The shareholders may claim the shares and dividend transferred to IEPF by making an online application to IEPF Authority in Form IEPF-5 available on the website www.iepf.gov.in along with the fee as may be prescribed by the Central Government, from time to time.

E-Voting

E-Voting is a common internet infrastructure that enables investors to vote electronically on resolutions of companies. The Company has entered into agreements with NSDL and CDSL for availing e-Voting facilities. The Company will also have the e-Voting facility for the items to be transacted at this AGM. The MCA has authorized NSDL and CDSL for setting up electronic platform to facilitate casting of votes in electronic form.

20. Practicing Company Secretaries' Certificate on Corporate Governance:

As required under Regulation 34 of the SEBI Listing Regulations, the Practicing Company Secretaries' certificate on Corporate Governance is annexed as Annexure C to this Report.

21. CEO and CFO Certification:

The certificate required under Regulation 17(8) of the SEBI Listing Regulations, duly signed by the Managing Director and Chief Financial Officer of the Company was placed before the Board. The same is provided as Annexure D to this report.

For and on behalf of the Board

Abhay Bhutada	**Amar Deshpande**
Managing Director	Director
DIN: 03330542	DIN: 07425556

Pune
April 26, 2023

Declaration

ANNEXURE A

Date: April 24, 2023

The Board of Directors
Poonawalla Fincorp Limited
201 and 202, 2nd Floor, AP 81,
Koregaon Park Annex, Mundhwa
Pune- 411 036

I, Abhay Bhutada, Managing Director of Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited) hereby confirm that all Board Members and Senior Management Team have affirmed compliance with the "Code of Conduct for Directors and Senior Executives of the Company", as applicable to them for the year ended March 31, 2023.

Thanking You,
Yours sincerely,
For **Poonawalla Fincorp Limited**
(Formerly, Magma Fincorp Limited)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

ANNEXURE B

To
The Members,
Poonawalla Fincorp Limited
201 and 202, 2nd floor
AP81, Koregaon Park Annex
Mundhwa,
Pune - 411 036
Maharashtra

We have examined the relevant disclosures received from the Directors and registers, records, forms, returns maintained by **Poonawalla Fincorp Limited** (Formerly, Magma Fincorp Limited) (CIN: L51504PN1978PLC209007) having its Registered office at 201 and 202, 2nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune - 411 036, Maharashtra (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Company and its officers, we certify that following are the Directors on the Board of the Company as on March 31, 2023:

Sr. No.	DIN	Name	Designation	Date of appointment
1	00044815	Mr. Adar Cyrus Poonawalla	Chairman, Non-Executive Director	01.06.2021
2	03330542	Mr. Abhay Bhutada	Managing Director	12.02.2022
3	07425556	Mr. Amar Deshpande	Non-Executive Director	03.06.2021
4	01052730	Mr. Atul Kumar Gupta	Non-Executive Director	27.01.2022
5	00022760	Mr. Sajid Fazalbhoy	Non-Executive Director	04.02.2022
6	01705080	Mr. Bontha Prasada Rao	Independent, Non-Executive Director	10.12.2019
7	06743140	Mr. G Jaganmohan Rao	Independent, Non-Executive Director	15.01.2022
8	00544948	Mr. Prabhakar Dalal	Independent, Non-Executive Director	05.05.2021
9	09466542	Mr. Sanjay Kumar	Independent, Non-Executive Director	15.01.2022
10	05242960	Mrs. Vijayalakshmi R Iyer	Independent, Non-Executive Director	31.01.2019

We further certify that none of the aforesaid Directors on the Board of the Company for the financial year ended on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **MKB & Associates**
Company Secretaries
Firm Reg No: P2010WB042700

Manoj Kumar Banthia
Partner
Membership no. 11470
COP no. 7596

Date: April 26, 2023
Place: Kolkata
UDIN: A011470E000201935

Certificate on Corporate Governance of Poonawalla Fincorp Limited

ANNEXURE C

To
The Members,
Poonawalla Fincorp Limited
201 and 202, 2nd floor
AP81, Koregaon Park Annex
Mundhwa,
Pune - 411 036
Maharashtra

We have examined the compliance of conditions of Corporate Governance by **POONAWALLA FINCORP LIMITED** (Formerly, Magma Fincorp Limited) (''the Company") for the year ended on March 31, 2023, as stipulated in Chapter IV and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clauses and/or Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge, information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

We state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **MKB & Associates**
Company Secretaries
Firm Reg No: P2010WB042700

Manoj Kumar Banthia
Partner
Membership no. 11470
COP no. 7596

Date: April 26, 2023
Place: Kolkata
UDIN: A011470E000201957

Certification in Terms of Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

ANNEXURE D

Date: April 26, 2023

The Board of Directors
Poonawalla Fincorp Limited
201 and 202, 2nd Floor, AP 81,
Koregaon Park Annex, Mundhwa
Pune-411 036

We, the undersigned in our respective capacities as Managing Director and Chief Financial Officer of Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited), certify to the Board in terms of regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, that we have reviewed the Financial Statements and the Cash Flow Statement of the Company for the financial year ended March 31, 2023.

1. To the best of our knowledge and belief, we certify that:

    (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading.

    (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

    (iii) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

2. For the purpose of Financial Reporting, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

3. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:

    (a) significant changes, if any, in the internal controls over financial reporting during the year.

    (b) significant changes, if any, in the accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and

    (c) instances of significant fraud, if any, of which we have become aware and the involvement therein, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **Poonawalla Fincorp Limited**
(Formerly, Magma Fincorp Limited)

Abhay Bhutada
Managing Director
(DIN: 03330542)

For **Poonawalla Fincorp Limited**
(Formerly, Magma Fincorp Limited)

Sanjay Miranka
Chief Financial Officer

Independent Auditor's Report

To the Members of

Poonawalla Fincorp Limited

[Formerly Magma Fincorp Limited]

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **Poonawalla Fincorp Limited [Formerly Magma Fincorp Limited]** ('the Company'), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including 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 standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 standalone 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 judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone 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.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loan assets	
Refer Note 2(h)(vi) of significant accounting policies, Note 6 for the details of provision and Note 50(ii) for credit risk disclosures. Also, refer Note 40 for exceptional items. As at March 31, 2023, the Company has reported gross financial assets (loans) aggregating to ₹15,510.62 Crore against which provision for expected credit loss of ₹281.17 Crore has been recorded as at reporting date in accordance with Ind AS 109 – Financial Instruments ('Ind AS 109'). The Company has written off ₹821.82 Crore during the current year. The calculation of expected credit loss on loans and write-offs is complex and requires significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits.	Our audit focused on assessing the appropriateness of management's judgement and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions for calculation of expected credit losses; • Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculations, validation of data and monitoring of impairment loss recognised based on historical and external data. This also included testing performed by IT Specialists to test the data flows from source systems to spreadsheet-based models to test their completeness and accuracy.

Key audit matter	How our audit addressed the key audit matter
The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within 1 month. • If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 2 to 3 months. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 3 months. The Expected Credit Loss ('ECL') is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Calculation of ECL involves estimation of probability of default (PD) on loan portfolio over their life, loss given default (LGD) and exposure at default for each of the stages of loan portfolio. The management has calculated the PD and LGD as follows: • For new products launched from time to time and where the Company does not have sufficient historical data to estimate PD, the Company has engaged external leading credit bureau and accordingly based on industry data sourced such information from the aforesaid credit bureau. • For the remaining portfolio, the Company has continued to use their existing internally developed modelling techniques using historical observable data and inputs to estimate PD and LGD. Significant management judgement and assumptions are involved in measuring ECL which also includes management overlays especially while calculating the PD and LGD and involves the following critical factors which are applied to such modelling techniques: • Segmentation of loan book • Determination of exposure at default • Loan staging criteria • Consideration of probability weighted scenarios and forward-looking macro-economic factors • Criteria for a significant increase in credit risk	• Tested the modelling assumptions and inputs which are based on industry experience (new products) as collated by external credit bureau by benchmarking independently such inputs with data of other comparable companies to assess reasonability of such assumptions. While for remaining loan portfolio, since modelling assumptions and parameters are based on historical data, assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109; • Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the agreed repayment schedules of the borrowers; • Further, challenged the aforesaid assumptions through our understanding of the risk profile of the customers of the Company and other publicly available relevant macro-economic factors used with the models; • We have also examined, on a sample basis, data inputs to the discounted cash flow models, including the latest collateral valuations in supporting the estimation of future cash flows and present value; • Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the applicable accounting standards and the basis for classification of various exposures into various stages. For a sample of exposures, also tested the appropriateness of the Company's categorisation across various stages; • Assessed the critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, PD or LGD; • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • On test check basis, tested the reasonableness of estimates of expected realisable values of underlying collaterals; • Obtained the management's rational for writing off the loans during the current year and tested for appropriate management approvals for the same;

Key audit matter	How our audit addressed the key audit matter
• Past experience and forecast data on customer behaviour on repayments • Estimation of realisable value of underlying collaterals Considering the significance of the above matter to the standalone financial statements, significant level of estimates and judgements involved in determination of ECL and write-offs, this matter required our significant attention. Therefore, we have identified this as a key audit matter for current year audit.	• Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; • Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 50 “Financial risk management” disclosed in the accompanying standalone financial statements in accordance with the applicable accounting standards and related RBI circulars.
Information Technology system for accounting and 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. Further, the Company’s accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The Company has put in place IT General Controls and automated IT Controls to ensure the integrity, accuracy, completeness, validity and reliability of the information produced by the Company. Among other things, the management also uses the information produced by the Company’s information processing systems for accounting and the preparation and presentation of the standalone financial statements. The Company uses loan management system (LMS) for sourcing, processing, recording and management of loan database which is fully integrated with the financial accounting and reporting system. The Company has implemented necessary preventive and detective controls across critical IT applications and infrastructure, which are most relevant from the perspective of financial reporting. Our audit approach relies on the effectiveness of automated controls and controls around interface of different systems. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. Further, we focused on key automated controls relevant for financial reporting.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following: • Obtained an understanding of the Company’s information processing systems, IT General Controls and automated IT controls and conducted risk assessment for identified IT applications, data bases and operating systems that are relevant to our audit; • Obtained an understanding of the changes/ modifications that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting including management’s process for monitoring and authorisation of such changes/ modifications; • Evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use, including logging of security events and procedures to identify vulnerabilities; • Tested segregations of duties controls around programme maintenance, security administration and key business processes; • Tested IT General Controls particularly, logical access, change management and aspects of IT operational controls. Tested that request for access to systems were appropriately reviewed and authorised; tested controls around Company’s periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorisation; • Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy;

Key audit matter	How our audit addressed the key audit matter
Accordingly, since our audit strategy included focus on key IT systems and controls relevant to our audit due to their pervasive impact on the financial statements, we have determined the use of information processing system for accounting and financial reporting same as a key audit matter for current year audit.	• Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • Where deficiencies were identified, tested compensating controls or performed alternative procedures; • Obtained written representations from management and those charged with governance on whether IT general controls and automated IT controls are designed and were operating effectively during the period covered by our audit.

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

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these standalone 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 Ind AS specified under Section 133 of the Act and other accounting principles generally accepted in India. 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 judgements 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 standalone 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 standalone financial statements, the Board of Directors are 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under Section 143(10) of the Act we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the standalone 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 standalone 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 Board of Directors' 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by Section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act we give in the Annexure A, a statement

on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. Further to our comments in Annexure A, as required by Section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone 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 standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company as on March 31, 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and

    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 47 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at March 31, 2023;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2023;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023;

        iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 55 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the 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 ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

        b) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 55 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the 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; and

        c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. a) The final dividend paid by the Company during the year ended March 31, 2023 in respect of such dividend declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

b) As stated in Note 27 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended March 31, 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on April 1, 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423
UDIN: 23042423BGWINM2254

Place: Pune
Date: April 26, 2023

Annexure A referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Poonawalla Fincorp Limited [Formerly Magma Fincorp Limited] on the standalone financial statements for the year ended March 31, 2023

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

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

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its property, plant and equipment, right of use assets and investment property under which the assets are physically verified in a phased manner over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (including investment properties) held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in Note 11 to the standalone financial statements are held in the name of the Company, except for the following properties:

Description of property	Gross carrying value (₹ in Crore)	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of Company
Investment property	0.09	Gouri Shankar Rajgarhia and Om Prakash Rajgarhia	No	**Since July 15, 2004**	**Disputed**

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

(e) No proceedings have been initiated 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 does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in Note 20 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹5 Crore, by banks and financial institutions based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and financial institutions and such returns/statements are in agreement with the books of account of the Company for the respective periods, which were subject to audit/review.

(iii) (a) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) In our opinion, and according to the information and explanations given to us, the investments made and terms and conditions of the grant of all loans and advances in the nature of loans provided are, *prima facie*, not prejudicial to the interest of the Company. The Company has not provided any guarantee or given any security during the year.

(c) The Company is a Non-Banking Financial Company ('NBFC'), registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular except for certain instances as below:

Overdue outstanding as on March 31, 2023

Particulars – Days past due	Total amount due (₹ in Crore)	No. of Cases
Up to 1 month overdue	68.27	126,889
More than 1 months up to 2 months overdue	79.64	77,572
More than 2 months up to 3 months overdue	81.46	66,140
More than 3 months overdue	90.69	52,060
Total	**320.06**	**322,661**

(d) According to the information and explanations given to us, the total amount which is overdue for more than 90 days in respect of loans and advances in the nature of loans given in course of the business operations of the Company aggregates to ₹90.69 Crore as at March 31, 2023 in respect of 52,060 number of loans. Further, reasonable steps, as per the policies and procedures of the Company have been taken for recovery of such principal and interest amounts overdue.

Particulars	Amount (₹ in Crore)	No. of Cases
Principal	77.74	52,060
Interest	12.95	
Total	**90.69**	**52,060**

(e) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

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

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and Section 186 of the Act in respect of loans and investments, as applicable. Further, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of guarantees and security.

(v) The provisions of the Sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being a non-banking financial company registered with the Reserve Bank of India ('the RBI'), and also the Company has not accepted any deposits from public or there are no amounts which have been deemed to be deposits within the meaning of Sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of specified products of the Company. For such products, we have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable. The Company had applied for registration under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and as on March 31, 2023 such application is pending with appropriate authorities. Consequently, undisputed provident fund which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months:

Name of the statute	Nature of the dues	Amount (₹ in Crore)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Employees Provident Fund Act	Provident Fund	0.08	April 2022 to September 2022	15th of next month respectively	Unpaid	

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of the dues	Gross Amount (₹ in Crore)	Amount paid under Protest (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income tax	0.01	0.01	2009-10	Commissioner of Income Tax (Appeals)	
	Income tax	0.02	0.00	2012-13	Commissioner of Income Tax (Appeals)	
	Income Tax	1.24	1.24	2014-15 to 2016-17	Commissioner of Income Tax (Appeals)	
	Income tax	0.21	0.21	2017-18	Commissioner of Income Tax (Appeals)	
	Income tax	0.89	0.89	2019-20	Commissioner of Income Tax (Appeals)	
	Income tax	0.11	0.11	2020-21	Commissioner of Income Tax (Appeals)	
Finance Act, 1994	Service tax	10.22	4.04	2002-2003 to 2006-07	High Court, Kolkata	
	Service tax	2.16	0.08	2008-09 to 2011-12	West Bengal Taxation Tribunal, Kolkata	CESTAT
	Service tax	1.85	Nil	2010-11 to 2013-14	High Court, Kolkata	
Rajasthan Value Added Tax Act, 2003	VAT	0.62	Nil	2017-18	Appellate Authority, Rajasthan	
Jharkhand Value Added Tax Act, 2005	VAT	0.11	0.04	2006-2007 to 2009-2010	Sales Tax Tribunal, Jharkhand, Ranchi	
Madhya Pradesh Value Added Tax Act, 2002	VAT	1.34	Nil	2008-2009 to 2009-2010	Madhya Pradesh High Court, Jabalpur	
Orissa Value Added Tax, 2004	VAT	0.69	0.11	2007-08 to September 30, 2012	Sales Tax Tribunal, Orissa	
Delhi Value Added Tax Act, 2004	VAT	0.16	Nil	2012-13	Delhi Commissioner of Tax	
Delhi Value Added Tax Act, 2004	VAT	0.33	0.03	2013-14	Sales Tax Tribunal, Delhi	
Haryana VAT Act	VAT	4.36	Nil	2013-14	Punjab and Haryana High Court	
West Bengal GST Act	GST	0.61	0.03	2017-18	First Appellate Authority	Senior Joint/Joint Commissioner of State Tax – Kolkata (South) Circle

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of account.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including confirmations received from banks/financial institution and other lenders and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short-term basis have, *prima facie*, not been utilised for long-term purposes.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary or joint ventures.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary or joint ventures.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit except for misappropriation of cash aggregating to ₹1.00 Crore by the employees of the Company, customers or third party, identified by the management during the year as stated under Note 56(p) to the accompanying standalone financial statements. The Company has initiated disciplinary action against the employees wherever involved, including termination of their employment contracts and ensured recovery of the amounts to the extent possible. The unrecovered amount of ₹0.91 Crore has been charged to statement of profit and loss during the year.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of Section 143 of the 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 for the period covered by our audit.

(c) The whistle-blower complaints received by the Company during the year, as shared with us by the management have been considered by us while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under Section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of Section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

(b) According to the information and explanations given to us, the Company has conducted Non-Banking Financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.

(c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

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

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone 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 indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on 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) According to the information and explanations given to us, the Company has met the criteria as specified under sub-section (1) of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, however, in the absence of average net profits in the immediately three preceding years, there is no requirement for the Company to spend any amount under sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423
UDIN: 23042423BGWINM2254

Place: Pune
Date: April 26, 2023

Annexure B to the Independent Auditor's Report of even date to the members of Poonawalla Fincorp Limited on the standalone financial statements for the year ended March 31, 2023.

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of **Poonawalla Fincorp Limited** [Formerly Magma Fincorp Limited] ('the Company') as at and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes 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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423
UDIN: 23042423BGWINM2254

Place: Pune
Date: April 26, 2023

Balance Sheet

as at March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

	Note	As at March 31, 2023	As at March 31, 2022
Assets			
1 Financial assets			
Cash and cash equivalents	3	601.38	335.20
Bank balances other than cash and cash equivalents	4	56.05	201.96
Receivables			
(i) Trade receivables	5(i)	18.64	10.18
(ii) Other receivables	5(ii)	2.03	3.85
Loans	6	15,229.45	10,678.37
Investments	7	310.91	819.71
Other financial assets	8	571.28	143.93
		16,789.74	**12,193.20**
2 Non-financial assets			
Current tax assets (net)	9	114.39	105.41
Deferred tax assets (net)	10	45.88	203.79
Investment property	11	0.08	0.08
Property, plant and equipment	12	117.83	115.31
Intangible assets under development	13	4.56	0.46
Other intangible assets	14	14.25	16.69
Right of use assets	15	75.05	42.32
Other non-financial assets	16	40.31	23.20
		412.35	**507.26**
3 Assets held for sale	17	819.73	109.20
Total assets		**18,021.82**	**12,809.66**
Liabilities and Equity			
Liabilities			
1 Financial liabilities			
Payables	18		
(i) Trade Payables			
- total outstanding dues of micro enterprises and small enterprises		0.05	2.17
- total outstanding dues of creditors other than micro enterprises and small enterprises		1.97	10.54
(ii) Other Payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	19	950.24	660.30
Borrowings (other than debt securities)	20	9,804.07	5,576.69
Subordinated liabilities	21	365.27	488.82
Lease liabilities	22	89.58	47.61
Other financial liabilities	23	287.86	235.02
		11,499.04	**7,021.15**
2 Non-financial liabilities			
Current tax liabilities (net)	24	0.34	0.36
Provisions	25	8.26	9.74
Other non-financial liabilities	26	89.48	63.91
		98.08	**74.01**
Equity			
Equity share capital	27	153.59	152.98
Other equity	28	6,271.11	5,561.52
		6,424.70	**5,714.50**
Total liabilities and equity		**18,021.82**	**12,809.66**
Summary of significant accounting policies	2		
Notes 1 to 56 forms an integral part of these standalone financial statements			

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423

Place: Pune
Date: April 26, 2023

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

Amar Deshpande
Director
(DIN: 07425556)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Shabnum Zaman
Company Secretary
Membership No.: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 26, 2023

Place: Pune
Date: April 26, 2023

Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

	Note	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations			
Interest income	29	1,816.94	1,458.56
Rental income	30	27.72	26.44
Fees and commission income	31	61.54	48.55
Net gain on fair value changes	32	4.45	2.67
Net gain on derecognition of financial instruments	33	29.68	-
Total revenue from operations		**1,940.33**	**1,536.22**
Other income	34	69.70	30.86
Total income		**2,010.03**	**1,567.08**
Expenses			
Finance costs	35	595.28	509.29
Net loss on derecognition of financial instruments	33	10.87	-
Impairment on financial instruments	36	(144.53)	68.61
Employee benefits expenses	37	514.80	409.86
Depreciation and amortisation expense	38	61.41	49.49
Other expenses	39	226.84	145.26
Total expenses		**1,264.67**	**1,182.51**
Profit before exceptional items and tax		**745.36**	**384.57**
Exceptional items	40	21.21	-
Profit before tax		**766.57**	**384.57**
Tax expense	10		
Current tax		24.18	-
Tax expense for earlier years		-	(2.27)
Deferred tax		157.45	93.64
Total tax expense		**181.63**	**91.37**
Profit for the year		**584.94**	**293.20**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
(i) Remeasurement of the defined benefit plans		2.17	(0.02)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.55)	0.01
		1.62	**(0.01)**
B. Items that will be reclassified to profit or loss			
(i) Financial instruments through other comprehensive income		(0.35)	2.21
(ii) Income tax relating to items that will be reclassified to profit or loss		0.09	(0.56)
		(0.26)	**1.65**
Other comprehensive income (A + B)		**1.36**	**1.64**
Total comprehensive income for the year		**586.30**	**294.84**
Earnings per equity share (Face value of ₹2/- each)			
Basic (₹)	44	7.64	4.09
Diluted (₹)		7.57	4.04
Summary of significant accounting policies	2		
Notes 1 to 56 forms an integral part of these standalone financial statements			

This is the Statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423

Place: Pune
Date: April 26, 2023

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

Amar Deshpande
Director
(DIN: 07425556)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Shabnum Zaman
Company Secretary
Membership No.: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 26, 2023

Place: Pune
Date: April 26, 2023

Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

a) Equity share capital

As at March 31, 2023

Balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
152.98	0.61	153.59

As at March 31, 2022

Balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
53.92	99.06	152.98

b) Other equity

As at March 31, 2023

Particulars	Reserve and Surplus						Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Statutory Reserves	Capital Redemption reserve	Share option Outstanding account	Retained Earnings	Financial instruments through Other Comprehensive Income	
Balance as at April 1, 2022	**4.80**	**5,179.84**	**398.30**	**14.22**	**19.73**	**(55.37)**	**-**	**5,561.52**
Profit for the year	-	-	-	-	-	584.94	-	584.94
Other comprehensive income for the year*	-	-	-	-	-	1.62	(0.26)	1.36
Dividend paid	-	-	-	-	-	(30.60)	-	(30.60)
Transfer to/(from) retained earnings	-	-	117.00	-	-	(117.00)	-	-
Share-based payment to employees	-	67.83	-	-	86.06	-	-	153.89
Balance as at March 31, 2023	**4.80**	**5,247.67**	**515.30**	**14.22**	**105.79**	**383.59**	**(0.26)**	**6,271.11**

* Amount of other comprehensive income/(loss) transferred to retained earnings pertains to remeasurement of defined plans

Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

b) Other equity (Contd.)

As at March 31, 2022

Particulars	Reserve and Surplus						Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Statutory Reserves	Capital Redemption reserve	Share option Outstanding account	Retained Earnings	Financial instruments through Other Comprehensive Income	
Balance as at April 1, 2021	**4.80**	**1,809.69**	**339.60**	**14.22**	**11.33**	**(289.85)**	**(1.65)**	**1,888.14**
Profit for the year	-	-	-	-	-	293.20	-	293.20
Other comprehensive income for the year*	-	-	-	-	-	(0.02)	1.65	1.63
Transfer to/(from) retained earnings	-	-	58.70	-	-	(58.70)	-	-
Issue of equity shares	-	3,357.26	-	-	-	-	-	3,357.26
Share issue expense		(0.82)	-			-	-	(0.82)
Share based payment to employees	-	13.71	-	-	8.40	-	-	22.11
Balance as at March 31, 2022	**4.80**	**5,179.84**	**398.30**	**14.22**	**19.73**	**(55.37)**	**-**	**5,561.52**

Refer note 28 for the nature and purpose of each reserves
* Amount of other comprehensive income/(loss) transferred to retained earnings pertains to remeasurement of defined plans
Note 2 - Summary of Significant accounting policy
Notes 1 to 56 forms an integral part of these standalone financial statements

This is the Statement of Changes in Equity referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423

Place: Pune
Date: April 26, 2023

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

Amar Deshpande
Director
(DIN: 07425556)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Shabnum Zaman
Company Secretary
Membership No.: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 26, 2023

Place: Pune
Date: April 26, 2023

Statement of Cash Flow

for the year ended March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

		Year ended March 31, 2023	Year ended March 31, 2022
A.	**Cash flow from operating activities**		
	Profit for the year	**766.57**	**384.57**
	Adjustments for:		
	Depreciation and amortisation expense	68.66	50.74
	Impairment on financial instruments	79.22	68.61
	(Gain) on sale of investments	(252.69)	-
	Net (gain) on fair value changes	(3.97)	(2.67)
	Net (gain) on derecognition of lease	(3.23)	-
	Net loss on derecognition of property, plant and equipment	0.61	0.41
	Net (gain) on derecognition of financial instruments	(18.81)	-
	Expense on employee stock option scheme	150.63	16.56
	Interest on lease liabilities	8.63	4.55
	Liabilities written back	(34.42)	(3.96)
	Operating cash flow before working capital changes	**761.20**	**518.81**
	Movement in working capital:		
	Adjustments for (increase)/decrease in assets:		
	Receivables	(6.64)	(1.12)
	Loans	(4,641.31)	(2,199.91)
	Other financial assets	(393.56)	8.06
	Other non-financial assets	(17.11)	8.09
	Bank balances other than cash and cash equivalents	145.91	145.31
	Adjustments for increase/(decrease) in liabilities:		
	Payables	(10.69)	(67.92)
	Other financial liabilities	96.44	(3.58)
	Provisions	0.69	(1.53)
	Other non-financial liabilities	25.57	(30.11)
	Net cash (used in) operating activities before taxes	**(4,039.50)**	**(1,623.90)**
	Income taxes paid (net of refunds)	(33.18)	(24.79)
	Net cash (used in) operating activities (A)	**(4,072.68)**	**(1,648.69)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment	(53.41)	(50.10)
	Proceeds from sale of property, plant and equipment	12.42	24.17
	Purchase of intangible assets	(14.22)	(4.47)
	Investment in subsidiary	-	(500.00)
	Purchase of Investment	(541.26)	(20.00)
	Proceeds from sale of Investments	591.82	25.30
	Net cash (used in) investing activities (B)	**(4.65)**	**(525.10)**

Statement of Cash Flow (Contd.)

for the year ended March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

	Year ended March 31, 2023	Year ended March 31, 2022
C. Cash flow from financing activities		
Proceeds from issue of debt securities and subordinated liabilities	500.00	-
Redemption of debt securities and subordinated liabilities	(336.24)	(414.17)
Proceeds from borrowings - term loans	4,600.00	1875.12
Repayment of borrowings - term loans	(1,470.04)	(778.09)
Repayment of borrowings - pass through certificate	(488.95)	(1,328.13)
Loans repayable on demand (net)	1,579.84	(556.96)
Interest on lease liability	(8.63)	(4.55)
Principal payment of lease liability	(5.76)	(10.37)
Proceeds from issue of equity shares including securities premium	3.89	3,461.05
Dividend paid (including tax thereon)	(30.60)	-
Net cash generated from financing activities (C)	**4,343.51**	**2,243.90**
Net Increase in cash and cash equivalents (A+B+C)	**266.18**	**70.11**
Cash and cash equivalents at the beginning of the year	335.20	265.09
Cash and cash equivalents at the end of the year	**601.38**	**335.20**

(a) Components of cash and cash equivalents are disclosed in note no. 3

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

Notes 1 to 56 forms an integral part of these standalone financial statements

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423

Place: Pune
Date: April 26, 2023

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

Amar Deshpande
Director
(DIN: 07425556)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Shabnum Zaman
Company Secretary
Membership No.: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 26, 2023

Place: Pune
Date: April 26, 2023

1. Company Overview

Background

Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) ('the Company'), having its registered office in Pune, India is a publicly held Non-Banking Finance Company ('NBFC') engaged in providing finance through its pan India branch network.

The Company is registered as a systemically important non-deposit taking NBFC as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934. The Company is also registered as a corporate agent under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange.

Effective October 1, 2022, the Company has been categorised as NBFC-ML under the RBI Scale Based Regulation dated October 22, 2021.

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 March 31, 2023 have been prepared by the Company in accordance with Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Further, the Company has complied with all the directions related to implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The financial statements are prepared and presented in the format prescribed in the Division III of Schedule III of the Act.

A summary of the significant accounting policies and other explanatory information is in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as specified under Section 133 of the Act including applicable Ind AS and accounting principles generally accepted in India. The Company consistently applies the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

These financial statements have been approved by the Company's Board of Directors and authorised for issue on April 26, 2023.

b) Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All amounts have been denominated in Crore and rounded off to the nearest two decimal, except when otherwise indicated. The Company has changed the presentation currency of financial statements from ₹ in Lakh to ₹ in Crore in the current year and accordingly all the previous year figures have been rounded off to the nearest Crore.

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) Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both, financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

e) Significant areas of estimation uncertainty, critical judgements and assumptions in applying accounting policies

In preparing these financial statements, management has made judgements, 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 of 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 50 -** impairment of financial instruments: determining inputs into the Expected Credit Loss (ECL) model, including incorporation of forward-looking information and assumptions used in estimating recoverable cash flows
- **Note 49 -** determination of the fair value of financial instruments with significant unobservable inputs
- **Note 42 -** measurement of defined benefit obligations: key actuarial assumptions
- **Note 10 -** recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used

Judgements:

Information about judgements made in applying policies that have the most significant effects on the amount recognised in the standalone financial statements is included in the following note:

Classification of financial assets: Assessment of the business model within which the assets are held for sell, held for sell and maturity and held for maturity.

f) Revenue recognition

I) Interest income from financial assets (assets on finance) is recognised on accrual basis using Effective Interest Rate ('EIR') method. EIR is applied on future principal of amortised cost of assets on finance. Interest income on stage 3 assets is recognised on net basis, i.e. on non-credit impaired portion.

II) 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 recognised on EIR method on a time proportion basis applied on the carrying amount for financial assets including credit impaired financial assets.

III) The calculation of the effective interest rate includes 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.

IV) 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.

V) Income from direct assignment (sale) transactions represents the present value of excess interest spread receivables on derecognised assets computed by discounting net cash flows from such assigned pools on the date of transactions.

VI) Overdue interest and other charges are treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

VII) For revenue recognition from leasing transactions of the Company, refer Note 43 on Leases.

VIII) Income from collection and support services is recognised over time as the services are rendered as per the terms of the contract.

IX) Fair value changes from financial instrument measured at FVTPL are recognised in revenue from operations basis their fair valuation and provision.

X) Dividend is recognised when the right to receive the dividend is established.

Other income

I) Income from power generation is recognised based on the unit's generated (point in time) as per the terms of the power purchase arrangements with respective State Electricity Boards.

II) All other items of income are accounted for on accrual basis.

g) Finance Costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts, perpetual 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.

h) Financial instruments

I) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenue 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 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.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The frequency, volume and timing of sales of financial asset in prior periods, the reason for such sales and expectations about future sales activity are important determining factors of the business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Financial instruments at Amortised Cost

A financial asset is measured at amortised 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.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

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 categorisation as at amortised cost or as FVOCI, is classified as at FVTPL.

Re-classification from Amortised Cost to FVOCI

If there are multiple sale transaction of portfolios exceeding the prescribed threshold 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 FVOCI from Amortised Cost category.

Re-classification from FVOCI to Amortised Cost

If considerable time period has elapsed since the past sale transaction and the management estimates that there is a very limited probability of selling down the portfolio in future, other than stressed portfolio or other exceptions as allowed under Ind AS 109, then such portfolio can be re-classified from FVOCI to Amortised Cost category.

Equity Investments

All equity investments other than equity investments in subsidiaries / associates / joint ventures are measured at FVTPL. These include all equity investments in scope of Ind AS 109. The Company accounts for its investments in subsidiaries, associates and joint ventures at cost less accumulated impairment, if any.

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 amortised cost or fair value through profit or loss, 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.

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 recognised 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. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' 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 derecognised (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 recognise the transferred asset to the extent of the Company's continuing involvement. The Company continues to recognise the assets on finance on books which has been securitised under pass through arrangement and does not meet the derecognition criteria.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including the value of any new asset obtained less any new liability assumed) is transferred to statement of Profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Securitisation and Assignment

In case of transfer of loans through securitisation and direct assignment transactions, the transferred loans are derecognised 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 derecognition 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.

Equity

Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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 realise 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.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

- **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 50(ii)(g).

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 where appropriate. Any recoveries made are credited to impairment loss on actual realisation 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.

For more details, refer Note 50 (ii).

Presentation of ECL allowance for financial asset:

ECL allowance for financial asset measured at Amortised cost or FVOCI 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) Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

j) Leases

I) The Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognised over and above minimum commitment charges based on usage pattern.

II) The Company as lessee

i) Right of use assets and Lease liability

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a) the contract involves the use of an identified asset;

b) the Company has substantially all the economic benefits from use of the asset through the period of the lease; and

c) 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 recognising 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) Derecognition

An item of right of use assets and lease liability is derecognised upon termination of lease agreement. Any difference between the carrying amount of right of use asset and lease liability is recognised in statement of profit or loss.

k) 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

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

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 benefits

i) 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.

ii) Defined benefit plans

Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income is recognised in the statement of profit and loss. Re-measurements of net defined benefit liability/ (asset) which comprise of the below are recognised 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)

III) 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.

IV) Share-based payment arrangements - Employee Stock Options

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 recognised 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 recognised immediately.

l) 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.

I) Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

The amount of current tax reflects the best estimate of the tax amount expected to be paid after considering the uncertainty, if any, related to income taxes.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

II) 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.

Unrecognised 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.

Deferred tax assets and liabilities are offset only if the Company:

- has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

m) Property, plant and equipment and Investment property

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 recognised when it is probable that future economic benefits associated with the item will flow to the Company. Subsequent expenditure on PPE after its purchase is capitalised if it is probable that the future economic benefits will flow to the enterprise.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less accumulated depreciations and recognised 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.

Investment Property consists of building let out to earn rentals. The Company follows cost model for measurement of investment property.

Depreciation and amortisation expense

Depreciation on PPE is provided using the straight-line method at the rates specified in

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

Schedule II to the Act. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Sl. No.	Item	Life (in Years)
1	Buildings	60
2	Wind mills	22
3	Furniture and Fixtures	10
4	Vehicles	8
5	Office Equipment	5
6	Server	6
7	Network	6
8	Printer	3
9	Tablet	3

Freehold land is not depreciated.

Depreciation on vehicles given on operating lease is provided on straight-line method at rates based on tenure of the underlying lease contracts not exceeding 8 years.

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 Act:

Desktop	6 years
Laptops /Hand Held Device	4 years
Leasehold improvements	10 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 PPE have different useful lives, they are accounted for as separate items (major components) of PPE.

Derecognition

An item of PPE or investment property is derecognised 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 PPE or investment property 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.

n) 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 impairment losses, if any. Cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development.

The costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are Amortised over its useful life.

Amortisation

Amortisation of intangible assets is done recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in statement of profit or loss when the asset is derecognised.

Intangible assets under development

Intangible assets not ready for the intended use on the date of balance sheet are disclosed as 'Intangible assets under development'.

o) Impairment of non-financial assets

The Company's non-financial assets including deferred tax is assessed at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet 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 subject to a maximum of depreciated historical cost. A reversal of an impairment loss is recognised immediately in the statement of profit and loss. Goodwill is tested annually for impairment.

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 recognised 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) 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.

r) 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.

Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable.

s) 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.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

t) 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.

u) Operating segments

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. Refer note 53 for details on segment information presented.

v) Earnings per equity share

Basic earnings per equity share has 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 equity share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

w) Dividend

Interim dividend declared to equity shareholders, if any, is recognised as liability in the period in which the said dividend is declared by the Board of Directors. Final dividend declared, if any, is recognised in the period in which the said dividend is approved by the Shareholders. Dividend payable is recognised directly in other equity.

x) Subsequent events

The Company evaluates all transactions and events that occur after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognised or non-recognised subsequent events that would have required adjustment or disclosure in the consolidated financial statements, except as disclosed.

y) Recent pronouncements

The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective April 1, 2023.

The brief changes pursuant to the notification are as follows –

Disclosures of Accounting Policies - Amendments to Ind AS 1, Presentation of Financial Statements

- Replaced the term 'significant' with 'material'.
- Requires entities to disclose their material accounting policy information instead of their significant accounting policies since 'material' is defined in Ind AS and is well understood by stakeholders.
- Provide guidance in determining whether accounting policy information is material or not.

Definition of Accounting Estimates - Amendments to Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

- Replaced the definition of 'a change in accounting estimate' with a definition of 'accounting estimates'
- Introduced the definition of 'Accounting Estimates' to help entities distinguish changes in accounting estimates from changes in accounting policies.
- Prescribed that a change in accounting estimate may result from new information or new developments and is not the correction of an error; and the effects of a change in an input or in a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors.

Deferred Tax related to Assets and Liabilities arising from a single transaction - Amendments to Ind AS 12, Income Taxes.

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, for example- in case of leases and decommissioning obligations.

The rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

3. Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Cash on hand	1.96	11.77
Balances with banks :		
In current accounts	599.33	7.64
In deposits with original maturity of less than 3 months	0.09	315.25
Cheques on hand	-	0.54
	601.38	**335.20**

4. Bank balances other than cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Bank balances other than cash and cash equivalents		
In deposits with original maturity of less than 3 months	-	0.07
In deposits with original maturity of more than 3 months	3.20	30.82
Earmarked balances with banks		
Unclaimed dividend on equity shares	0.23	0.23
Towards bank guarantees and others	11.33	20.37
Towards cash collateral - securitisation	41.29	150.47
	56.05	**201.96**

5. Receivables

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Trade receivables		
Considered good - Unsecured	18.64	10.18
Less: Impairment loss allowance	-	-
	18.64	**10.18**
(ii) Other receivables		
Considered good - Unsecured	2.03	3.85
Less: Impairment loss allowance	-	-
	2.03	**3.85**
	20.67	**14.03**

There are no dues by directors or other officers of the Company or any firms or private Companies in which any director is a partner, a director or a member.

Trade receivables ageing schedule as at March 31, 2023

Particulars	Undisputed Trade receivables – considered good	Disputed Trade Receivables – considered good
Less than 6 months	18.31	-
6 months - 1 year	0.32	-
1-2 years	0.01	-
2-3 years	-	-
More than 3 years	-	-
Total	**18.64**	**-**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

5. Receivables (Contd.)

Trade receivables ageing schedule as at March 31, 2022

Particulars	Undisputed Trade Receivables – considered good	Disputed Trade Receivables – considered good
Less than 6 months	10.05	-
6 months - 1 year	-	-
1-2 years	0.01	-
2-3 years	0.11	-
More than 3 years	0.01	-
Total	**10.18**	**-**

6. Loans (at amortised cost)

			As at March 31, 2023	As at March 31, 2022
(A)	(i)	Term loans	15,253.08	11,085.34
	(ii)	Leasing	257.46	172.47
	(iii)	Loan to staff	0.08	0.20
		Total (A) - Gross	**15,510.62**	**11,258.01**
		Less: Impairment loss allowance	281.17	579.64
		Total (A) - Net	**15,229.45**	**10,678.37**
(B)	(i)	Secured by tangible assets *	7,167.74	7,344.79
	(ii)	Covered by bank/government guarantees #	461.87	1,430.14
	(iii)	Unsecured	7,881.01	2,483.08
		Total (B) - Gross	**15,510.62**	**11,258.01**
		Less: Impairment loss allowance	281.17	579.64
		Total (B) - Net	**15,229.45**	**10,678.37**
(C)	**Loans in India**			
	(i)	Public sector	-	-
	(ii)	Others	15,510.62	11,258.01
		Total (C) - Gross	**15,510.62**	**11,258.01**
		Less: Impairment loss allowance	281.17	579.64
		Total (C) - Net	**15,229.45**	**10,678.37**

* Secured by underlying assets financed

#1) Loans amounting to ₹179.53 Crore are covered under Emergency Credit Line Guarantee Scheme for NBFCs administered by NCGTC under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries. (March 31, 2022: ₹313.42 Crore)

#2) Loans amounting to ₹282.34 Crore are covered under Credit Guarantee Scheme for NBFCs administered by CGTMSE under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.(March 31, 2022: ₹1,116.73 Crore).

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

7. Investments

As at March 31, 2023

	Amortised Cost	At Fair Value through Other comprehensive income	Others	Total
(A) Investments in :				
Subsidiary *	-	-	-	-
Joint ventures **	-	-	-	-
Government Securities #	-	268.37	-	268.37
Others (PTC securities)	42.54	-	-	42.54
Total – Gross (A)	**42.54**	**268.37**	**-**	**310.91**
(B) Other details:				
Investments in India	42.54	268.37	-	310.91
Investments outside India	-	-	-	-
Total – Gross (B)	**42.54**	**268.37**	**-**	**310.91**
Less: Allowance for impairment loss (C)	-	-	-	-
Total – Net (D)= (B)-(C)	**42.54**	**268.37**	**-**	**310.91**

As at March 31, 2022

	Amortised Cost	At Fair Value through Other comprehensive income	Others	Total
(A) Investments in:				
Subsidiary	-	-	819.71	819.71
Joint ventures **	-	-	-	-
Others	0.00	-	-	0.00
Total – Gross (A)	**0.00**	**-**	**819.71**	**819.71**
(B) Other details:				
Investments in India	0.00	-	819.71	819.71
Investments outside India	-	-	-	-
Total – Gross (B)	**0.00**	**-**	**819.71**	**819.71**
Less: Allowance for impairment loss (C)	-	-	-	-
Total – Net (D)= (B)-(C)	**0.00**	**-**	**819.71**	**819.71**

*During the year ended March 31, 2023, the Company has entered into a definitive share purchase agreement with Perseus SG Pte. Ltd., an entity affiliated to TPG Global LLC, to divest its entire holding in, its subsidiary Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited) ('PHFL'). This divestment has been approved by the Board of Directors in their meeting held on December 14, 2022 and approved by shareholders on January 22, 2023, is subject to requisite regulatory approvals. The Company has done accounting and classification of such investments in line with the requirements of Ind AS 105 'Non-current assets Held for Sale'.

Investments in subsidiary and joint ventures are measured at cost in accordance with Ind AS 27.

**Refer note 17

#Investment in Government Securities includes ₹268.37 Crore of T-bill.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

8. Other financial assets

	As at March 31, 2023	As at March 31, 2022
Accrued interest	3.50	4.42
Advances recoverable	251.56	14.20
Receivable on assigned loans	30.63	25.47
Security deposits	8.79	7.34
Advances to related parties#	6.55	10.90
Others *	270.50	81.98
Total (Gross)	**571.53**	**144.31**
Less: Impairment loss allowance **	(0.25)	(0.38)
	571.28	**143.93**

*Includes security receipt of ₹199.23 Crore (March 31, 2022 : ₹22.59 Crore)

**Includes allowance created against expected credit loss against excess interest spread (EIS) receivable of ₹0.25 Crore (March 31, 2022: ₹0.20 Crore) and others (trade advance) of Nil (March 31, 2022: ₹0.18 Crore).

#Refer Note 46 related party disclosure for detailed disclosure.

9. Current tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance tax (net)	114.39	105.41
	114.39	**105.41**

10. Income tax

A. Income tax recognised in statement of profit or loss

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax		
Current tax	24.18	-
Tax expense for earlier years	-	(2.27)
	24.18	**(2.27)**
Deferred tax		
Origination of temporary differences	157.45	93.64
	157.45	**93.64**
Tax expense	**181.63**	**91.37**

B. Income tax recognised in other comprehensive income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurements of the defined benefit plans	(0.55)	0.01
Debt instruments fair value through other comprehensive income	0.09	(0.56)
	(0.46)	**(0.55)**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

10. Income tax (Contd.)

C. Reconciliation of effective tax rate

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	%	Amount	%	Amount
Profit before tax		766.57		384.57
Profit on which Company's domestic tax rate would be applied	25.17%	514.36	25.17%	384.57
Profit on which Company's special tax rate would be applied	22.88%	252.21	-	-
Tax as per above		187.16		96.79
Effect of:				
Non-taxable income/ tax incentives/ disallowable expenses	(0.72)%	(5.53)	(0.74)%	(2.86)
Others	-	-	(0.07)%	(0.29)
Effective tax rate	**23.69%**	**181.63**	**24.35%**	**93.64**
Provisions relating to earlier years	-	-	(0.59)%	(2.27)
Income tax expense recognised in the statement of profit and loss	**23.69%**	**181.63**	**23.76%**	**91.37**

D. Deferred tax assets (net)

Particulars	As at April 1, 2022	Recognised in profit or loss during the year	Recognised in OCI during the year	As at March 31, 2023
Deferred tax assets:				
Impairment loss allowance	149.57	(75.38)	-	74.19
Application of effective interest rate method on financial assets and financial liabilities	15.93	18.59	-	34.52
Provision for employee benefits	1.85	(0.01)	-	1.84
Unabsorbed depreciation	52.40	(52.40)	-	-
Business loss	25.12	(25.12)	-	-
Others (primarily other financial liability)	1.34	2.32	-	3.66
	246.21	**(132.00)**	**-**	**114.21**

Particulars	As at April 1, 2022	Recognised in profit or loss during the year	Recognised in OCI during the year	As at March 31, 2023
Deferred tax liabilities:				
On written down value of property, plant and equipment	3.62	(0.60)	-	3.02
Loans	3.87	0.00	-	3.87
EIS receivable	6.41	1.30	-	7.71
Investments	(6.40)	6.41	-	0.00
Application of effective interest rate method on financial assets and financial liabilities	32.00	18.01	-	50.01
Gratuity (excess of plan assets over obligation)	0.92	(1.04)	0.55	0.43
Others (primarily other financial assets)	2.00	1.37	(0.09)	3.29
	42.42	**25.45**	**0.46**	**68.32**
Net deferred tax assets	**203.79**	**(157.45)**	**(0.46)**	**45.88**

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

10. Income tax (Contd.)

Particulars	As at April 1, 2021	Recognised in profit or loss during the year	Recognised in OCI during the year	As at March 31, 2022
Deferred tax assets:				
Impairment loss allowance	278.64	(129.07)	-	149.57
Application of effective interest rate method on financial assets and financial liabilities	13.09	2.84	-	15.93
Provision for employee benefits	2.24	(0.39)	-	1.85
Unabsorbed depreciation	25.72	26.68	-	52.40
Business loss	25.76	(0.64)	-	25.12
Others (primarily other financial liability)	1.10	0.24	-	1.34
	346.55	**(100.34)**	**-**	**246.21**
Deferred tax liabilities:				
On written down value of property, plant and equipment	5.95	(2.33)	-	3.62
Loans	1.62	1.69	0.56	3.87
EIS receivable	12.30	(5.89)	-	6.41
Investments	(4.82)	(1.58)		(6.40)
Application of effective interest rate method on financial assets and financial liabilities	31.08	0.92		32.00
Gratuity (excess of plan assets over obligation)	0.75	0.18	(0.01)	0.92
Others (primarily other financial assets)	1.68	0.32	-	2.00
	48.56	**(6.69)**	**0.55**	**42.42**
Net deferred tax assets	**297.99**	**(93.65)**	**(0.55)**	**203.79**

E. Unused tax losses on which deferred tax is not created

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount	Expiry on	Amount	Expiry on
Long-term capital loss				
A.Y. 2016-2017	-		2.58	A.Y. 2024-2025
A.Y. 2022-2023	48.74	A.Y. 2030-2031	-	
	48.74		**2.58**	

A.Y. - 'Assessment Year'

F. Uncertain tax positions

Refer Note 47 on contingent liabilities and commitment relating to income tax matter under dispute.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

11. Investment property

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at April 1, 2022	Additions	Deletions/ adjustments	As at March 31, 2023	As at April 1, 2022	Additions	Deletions/ adjustments	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Investment property *	0.09	-	-	0.09	0.01	0.00	-	0.01	0.08	0.08

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at April 1, 2021	Additions	Deletions/ adjustments	As at March 31, 2022	As at April 1, 2021	Additions	Deletions/ adjustments	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Investment property *	0.09	-	-	0.09	0.01	0.00	-	0.01	0.08	0.08

* Registration of title is pending and hence fair value of the property has not been disclosed.

Description of item of property	Gross carrying Value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since	Reason for not being held in the name of the Company
Investment property	0.09	Gouri Shankar Rajgharia and Om Prakash Rajgharia	No	July 15, 2004	Disputed

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

12. Property, plant and equipment

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at April 1, 2022	Additions	Deletions/ adjustments	As at March 31, 2023	As at April 1, 2022	Additions	Deletions/ adjustments	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Owned Assets^										
Land	0.30	-	-	0.30	-	-	-	-	0.30	0.30
Buildings	2.83	-	-	2.83	0.31	0.06	-	0.37	2.46	2.52
Wind mills	51.08	-	-	51.08	20.47	4.09	-	24.56	26.52	30.61
Furniture and fixtures	12.00	0.44	5.38	7.06	7.84	1.63	4.47	5.00	2.06	4.16
Vehicles	1.67	-	0.32	1.35	0.65	0.19	0.15	0.69	0.66	1.02
Office equipment	55.27	2.91	12.41	45.77	29.60	9.76	11.10	28.26	17.51	25.67
Leasehold improvements	15.35	0.59	5.44	10.50	11.02	2.67	5.40	8.29	2.21	4.33
Assets under Lease										
Vehicles	77.71	49.76	31.44	96.03	31.01	19.75	20.84	29.92	66.11	46.70
Total	**216.21**	**53.70**	**54.99**	**214.92**	**100.90**	**38.15**	**41.96**	**97.09**	**117.83**	**115.31**

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at April 1, 2021	Additions	Deletions/ adjustments	As at March 31, 2022	As at April 1, 2021	Additions	Deletions/ adjustments	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Owned Assets^										
Land	0.30	-	-	0.30	-	-	-	-	0.30	0.30
Buildings	15.45	-	12.62	2.83	1.54	0.27	1.50	0.31	2.52	13.92
Wind mills	51.12	0.10	0.14	51.08	16.42	4.10	0.05	20.47	30.61	34.70
Furniture and fixtures	12.44	0.41	0.85	12.00	7.17	1.39	0.72	7.84	4.16	5.27
Vehicles	4.42	0.11	2.86	1.67	1.79	0.40	1.54	0.65	1.02	2.63
Office equipment	42.56	22.74	10.03	55.27	31.45	8.02	9.87	29.60	25.67	11.11
Leasehold improvements	16.20	0.04	0.89	15.35	10.21	1.57	0.76	11.02	4.33	5.99
Assets under Lease										
Vehicles	91.94	26.71	40.94	77.71	41.90	18.43	29.32	31.01	46.70	50.04
Total	**234.43**	**50.11**	**68.33**	**216.21**	**110.48**	**34.18**	**43.76**	**100.90**	**115.31**	**123.96**

^ For details of movable/immovable property, plant and equipment hypothecated against borrowings, refer Note 19 & 20.

For details on contractual commitment, refer note 47.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

13. Intangible assets under development

Particulars	As at April 1, 2021	Additions	Deletions/ Write-off	As at March 31, 2022	Additions	Deletions/ Write-off	As at March 31, 2023
Intangible assets under development	0.18	0.28	-	0.46	4.56	0.46	4.56

Intangible assets under development aging schedule as at March 31, 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	4.56	-	-	-	4.56
Projects temporarily suspended	-	-	-	-	-
					4.56

Intangible assets under development aging schedule as at March 31, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.33	0.13	-	-	0.46
Projects temporarily suspended	-	-	-	-	-
					0.46

Refer note 47 (b) for capital commitment.

14. Other intangible assets

Description of assets	Gross carrying amount				Depreciation				Net carrying amount	
	As at April 1, 2022	Additions	Deletions/ adjustments	As at March 31, 2023	As at April 1, 2022	Additions	Deletions/ adjustments	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Computer software	39.86	10.12	15.22	34.76	23.17	12.56	15.22	20.51	14.25	16.69
Total	**39.86**	**10.12**	**15.22**	**34.76**	**23.17**	**12.56**	**15.22**	**20.51**	**14.25**	**16.69**

During the year, intangible assets having book value of ₹ 7.25 crores which have been replaced with a new system, were written off. Refer note 40 - Exceptional items.

Description of assets	Gross carrying amount				Depreciation				Net carrying amount	
	As at April 1, 2021	Additions	Deletions/ adjustments	As at March 31, 2022	As at April 1, 2021	Additions	Deletions/ adjustments	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Computer software	36.26	4.19	0.59	39.86	18.57	5.19	0.59	23.17	16.69	17.69
Total	**36.26**	**4.19**	**0.59**	**39.86**	**18.57**	**5.19**	**0.59**	**23.17**	**16.69**	**17.69**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

15. Right of use assets*

	As at March 31, 2023	As at March 31, 2022
Right of use assets	**75.05**	**42.32**

* Refer Note 43 for disclosure related to leases.

16. Other non-financial assets

	As at March 31, 2023	As at March 31, 2022
Other advances		
- Prepaid expenses	8.90	9.83
- Balances with government authorities	29.59	9.14
- Gratuity* (excess of plan assets over obligation)	1.67	3.71
Capital Advances	0.15	0.52
	40.31	**23.20**

* Refer Note 42 for disclosure related to provisions for employee benefits.

17. Assets held for sale*

	As at March 31, 2023	As at March 31, 2022
	819.73	**109.20**

*During the year ended March 31, 2023, the Company has entered into a definitive share purchase agreement with Perseus SG Pte. Ltd., an entity affiliated to TPG Global LLC, to divest its entire holding in Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited) ('PHFL'). This divestment has been approved by the Board of Directors in their meeting held on December 14, 2022 and by shareholders in their meeting held on January 22, 2023 and is subject to requisite regulatory approvals. The Company has done accounting and classification of such investments in line with the requirements of Ind AS 105 'Non-current assets Held for Sale'.

Company's investment in Magma HDI General Insurance Company Limited having a carrying value of ₹109.18 Crore has been sold during the year. The holding in Jaguar Advisory Services Private Limited will be disposed upon obtaining requisite regulatory approvals.

18. Payables

		As at March 31, 2023	As at March 31, 2022
(I)	**Trade Payables**		
(i)	total outstanding dues of micro enterprises and small enterprises*	0.05	2.17
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	1.97	10.54
(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	-	-
		2.02	**12.71**

* The below 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. The same has been relied upon by auditors.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

18. Payables (Contd.)

		As at March 31, 2023	As at March 31, 2022
a)	Dues remaining unpaid to any supplier at the year end		
	- Principal	0.05	2.17
	- Interest on the above	-	-
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	- Principal paid beyond the appointed date	-	-
	- Interest paid in terms of Section 16 of the MSMED Act	-	-
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d)	Amount of interest accrued and remaining unpaid	-	-
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

Trade payables ageing schedule as at March 31, 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues - MSME	0.00	-	0.00	-	0.00
Undisputed dues - Others	1.96	0.01	0.00	0.00	1.97
Disputed dues - MSME	-	0.05	-	-	0.05
Disputed dues - Others	-	-	-	-	-
	1.96	**0.06**	**0.00**	**0.00**	**2.02**

Trade payables ageing schedule as at March 31, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues - MSME	2.17	-	-	-	2.17
Undisputed dues - Others	9.89	0.45	0.18	0.02	10.54
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	12.06	**0.45**	**0.18**	**0.02**	**12.71**

19. Debt securities

(Measured at amortised cost - Secured)

		As at March 31, 2023	As at March 31, 2022
(A)	Redeemable non-convertible debentures (refer note (a) and (b) below)	950.24	660.30
	Total	**950.24**	**660.30**
(B)	Debt securities in India	950.24	660.30
	Total	**950.24**	**660.30**

(a) Nature of security

Debentures issued under private placement are secured by mortgage of Company's immovable property situated at Rajarhat, Kolkata in the state of West Bengal (except for 3,500 units allotted from December, 2019 onwards which are only secured by hypothecated loan assets) and are also secured against designated Loans assets. The total asset cover is hundred percent or above of the principal amount of the said debentures. Debentures issued under public issue are secured by mortgage of Company's immovable property situated at Luz Church Road, Mylapore, Chennai and are also secured against designated loan assets. 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 March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

19. Debt securities (Contd.)

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

Number of Debentures	Face Value	Month of Allotment	Month of Redemption	Interest rate	Amount	
					As at March 31, 2023	As at March 31, 2022
1,067,745	1,000	May-19	May-22	10.25%	-	106.74
47,526	1,000	May-19	May-22	9.79%	-	4.75
1,000	1,000,000	Nov-20	May-22	8.75%	-	100.00
500	1,000,000	Feb-17	Feb-24	9.00%	49.77	49.50
500	1,000,000	Apr-17	Apr-24	9.00%	49.82	49.64
61,717	1,000	May-19	May-24	10.04%	6.15	6.13
778,150	1,000	May-19	May-24	10.50%	77.53	77.30
11,949	1,000	May-19	May-24	12.96%	1.19	1.19
1,500	1,000,000	Jul-22	Jul-24	7.60%	150.00	-
250	1,000,000	Jul-22	Jul-24	7.60%	24.99	-
250	1,000,000	Jul-22	Jul-24	7.60%	24.99	-
150	1,000,000	Jul-22	Jul-24	7.60%	15.00	-
150	1,000,000	Jul-22	Jul-24	7.60%	15.00	-
100	1,000,000	Jul-22	Jul-24	7.60%	10.00	-
100	1,000,000	Jul-22	Jul-24	7.60%	10.00	-
10	1,000,000	Sep-22	Oct-24	Zero coupon	1.00	-
490	1,000,000	Sep-22	Oct-24	Zero coupon	48.98	-
3,500	1,000,000	Dec-19	Dec-24	9.20%	261.22	260.46
10,000	100,000	Jan-23	Jan-26	Zero coupon	100.00	-
10,000	100,000	Feb-23	Feb-26	8.10%	100.00	-
26,735	1,000	May-19	May-29	10.27%	2.61	2.60
20,323	1,000	May-19	May-29	10.75%	1.99	1.99
					950.24	**660.30**

* As per contractual tenure

20. Borrowings (other than debt securities)
(Measured at amortised cost)

	As at March 31, 2023	As at March 31, 2022
(A) a) Term loans - Secured		
- from banks	5,356.75	2,595.51
- from other parties	572.97	198.31
b) Loans repayable on demand (Cash credit facilities and working capital demand loans) - Secured		
- from banks	3,469.68	2,184.55
c) Other loans		
- Liability against securitisation - Secured	109.96	598.32
- Commercial paper - Unsecured	294.71	-
Total	**9,804.07**	**5,576.69**
(B) Borrowings in India	9,804.07	5,576.69
Total	**9,804.07**	**5,576.69**

(a) Nature of security

i) Term Loans, Cash Credit facilities and Working Capital Demand Loans are secured by way of First *pari passu* charge on the loan receivables of the Company under Security Trustee Arrangement.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

20. Borrowings (other than debt securities) (Contd.)

ii) Loans against securitisation represents amounts received in respect of securitisation transactions (net of repayments and investment therein) as these transactions do not meet the derecognition criteria specified under Ind AS.

(b) Terms of repayment of term loans (secured) *

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Half yearly instalments				
0 - 1 Year	6.70% - 8.10%	-	177.71	-
1 - 3 Years	6.70% - 8.10%	6.70%	465.17	50.00
3 - 5 Years	7.75% - 8.10%	-	194.40	-
≥ 5 Years	7.75%	-	62.49	-
			899.77	**50.00**
Quarterly instalments				
0 - 1 Year	7.60% - 8.65%	6.20% - 7.30%	1,233.26	606.07
1 - 3 Years	7.60% - 8.37%	6.00% - 7.30%	2,214.64	1,322.90
3 - 5 Years	7.60% - 8.20%	6.00% - 7.25%	1,276.94	424.73
≥ 5 Years	7.80% - 8.00%	-	177.68	-
			4,902.52	**2,353.70**
Monthly instalments				
0 - 1 Year	6.15% - 12.00%	6.15% - 12.00%	127.31	262.58
1 - 3 Years	12.00%	6.15% - 12.00%	0.12	127.52
3 - 5 Years	-	12.00%	-	0.02
			127.43	**390.12**
			5,929.72	**2,793.82**

Commercial papers are repayable within 12 months and issued at a discount rate of 7.97% p.a. (March 31, 2022: Nil)

* As per contractual tenure

Terms of repayment for Loan against securitisation *

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
0 - 1 Year	6.00% - 10.00%	6.00% - 10.71%	93.31	403.03
1 - 3 Years	6.00% - 08.80%	6.00% - 10.35%	16.65	194.80
3 - 5 Years	-	6.00% - 8.46%	-	0.49
			109.96	**598.32**

* As per contractual tenure.

(c) Details of cash credit facilities and working capital demand loans

The cash credit facilities are repayable on demand and carry interest rates ranging from 7.40% to 8.50% (March 31, 2022: from 7.05% p.a. to 9.25 % p.a). Working capital demand loans are repayable on demand and carry interest rates ranging from 6.86% to 8.05% (March 31, 2022: from 4.50 % p.a. to 5.50 % 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.

(d) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the balance sheet date.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

21. Subordinated liabilities

(Measured at amortised cost - Unsecured)

		As at March 31, 2023	As at March 31, 2022
(A)	Perpetual debt instruments (Tier I capital) to the extent that do not qualify as equity	78.74	78.51
	Others (Tier II capital) :		
	From banks (subordinated debts)	116.18	182.69
	Redeemable subordinate debt instruments to the extent that do not qualify as equity	170.35	227.62
	Total	**365.27**	**488.82**
(B)	Subordinated liabilities in India	365.27	488.82
	Total	**365.27**	**488.82**

(a) Terms of maturity of perpetual debt debentures (Tier I capital) *

Number of Debentures	Face Value	Month of Allotment	Month of Redemption	Interest rate	Amount	
					As at March 31, 2023	As at March 31, 2022
2,550	500,000	May-13	May-23	12.10%	25.50	25.46
2,500	500,000	Sep-13	Sep-23	12.00%	24.97	24.88
200	500,000	Sep-15	Sep-25	12.10%	1.98	1.95
500	500,000	Oct-15	Oct-25	12.10%	4.95	4.93
300	500,000	Jun-16	Jun-26	12.10%	2.98	2.98
170	500,000	Jul-16	Jul-26	12.10%	1.69	1.69
1,000	1,000,000	Aug-16	Jul-26	12.10%	9.87	9.82
300	1,000,000	Sep-16	Sep-26	12.10%	2.96	2.96
190	1,000,000	Feb-17	Feb-27	11.50%	1.88	1.88
100	1,000,000	Mar-17	Mar-27	11.50%	0.98	0.98
100	1,000,000	Aug-17	Aug-27	11.00%	0.98	0.98
					78.74	**78.51**

Terms of maturity of redeemable subordinated debt instruments (Tier II capital) *

Number of Debentures	Face Value	Month of Allotment	Month of Redemption	Interest rate	Amount	
					As at March 31, 2023	As at March 31, 2022
250	1,000,000	Sep-12	Sep-22	11.50%	-	24.97
130	1,000,000	Dec-16	Sep-22	10.30%	-	12.95
100	1,000,000	Jan-17	Oct-22	10.30%	-	9.96
100	1,000,000	Jan-13	Jan-23	11.00%	-	9.97
480	1,000,000	Apr-13	Apr-23	10.70%	47.99	47.87
140	1,000,000	Sep-13	Sep-23	10.90%	13.97	13.92
50	1,000,000	Mar-18	Jun-25	10.20%	4.99	4.99
350	1,000,000	Dec-16	Dec-26	10.40%	34.24	34.04
400	1,000,000	Jan-17	Jan-27	10.40%	39.33	39.15
150	1,000,000	Mar-17	Mar-27	10.25%	14.93	14.90
100	1,000,000	May-17	May-27	10.10%	9.94	9.94
50	1,000,000	Mar-18	Mar-28	10.00%	4.96	4.96
					170.35	**227.62**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

21. Subordinated liabilities (Contd.)

Terms of repayment of subordinated instruments from banks (Tier II capital) *

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
0 - 1 Year	10.20%	9.80%	16.61	66.46
1 - 3 Years	12.50%	9.80%	99.57	16.38
3 - 5 Years	-	12.50%	-	99.85
			116.18	**182.69**

* As per contractual tenure.

The Company has made all payments of principal and interest as per the scheduled date.

22. Lease liabilities*

	As at March 31, 2023	As at March 31, 2022
	89.58	**47.61**

* Refer Note 43 for disclosure related to leases.

Terms of maturity of Lease liability

	As at March 31, 2023	As at March 31, 2022
0 - 1 Years	15.95	9.68
1 - 3 Years	37.98	16.60
3 - 5 Years	23.16	8.80
> 5 Years	12.49	12.53
	89.58	**47.61**

23. Other financial liabilities

	As at March 31, 2023	As at March 31, 2022
Interest accrued	55.19	57.27
Unclaimed dividend*	0.23	0.23
Pending remittance on assignment	71.30	34.25
Employee dues	25.23	28.55
Liability for expenses	79.82	48.55
Other payables	56.09	66.17
	287.86	**235.02**

* There has been no delay in transfer of amounts required to be transferred to Investor Education and Protection Fund.

24. Current tax liabilities (net)

	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax)	0.34	0.36
	0.34	**0.36**

25. Provisions

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	7.32	8.80
Provision - others	0.94	0.94
	8.26	**9.74**

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

26. Other non-financial liabilities

	As at March 31, 2023	As at March 31, 2022
Revenue received in advance	2.51	1.20
Advances and deposits from customers	74.32	48.04
Statutory dues	12.65	14.67
	89.48	**63.91**

27. Equity

	As at March 31, 2023	As at March 31, 2022
Authorised		
1,265,000,000 (March 31, 2022:1,265,000,000) Equity shares of ₹2/- each	253.00	253.00
58,300,000 (March 31, 2022: 58,300,000) Preference shares of ₹100/- each	583.00	583.00
	836.00	**836.00**
Issued, subscribed and fully paid-up		
Equity share capital		
767,947,592 (March 31, 2022: 764,923,539) Equity shares of ₹2/- each, fully paid up	153.59	152.98
	153.59	**152.98**

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Equity shares				
At the beginning of the year	764,923,539	152.98	269,616,712	53.92
Issued during the year	-	-	493,714,286	98.74
Issued against employee stock option	3,024,053	0.61	1,592,541	0.32
	767,947,592	**153.59**	**764,923,539**	**152.98**

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹2/- each. Each holder of equity share is entitled to one vote per share.

The dividend recommended by the Board of Directors and approved by the Shareholders in the Annual General meeting is paid in Indian rupees.

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

During the year, the Company has allotted equity shares of face value of ₹2 each to the eligible employees of the Company under Employee Stock Option Plan 2007/ Restricted Stock Option Plan 2014/ Employee Stock Option Plan 2021 pursuant to the ESOP Guidelines, as amended from time to time. Refer note no 45 for disclosures related to share-based payments.

The Board of Directors at their meeting considered and recommended an equity dividend of 100% i.e. ₹2/- per equity share of ₹2/- each for the financial year 2022-23, including equity shares allotted post March 31, 2023 up to the record date, subject to approval of the shareholders. The estimated payout will be ₹153.59 Crore in respect of shares allotted till date.

(c) Shares allotted as fully paid-up without payment being received in cash/by way of bonus shares

The Company has not issued bonus shares or shares for consideration other than cash during the five year period immediately preceding the reporting date.

(All amounts are in ₹ Crore unless otherwise stated)

27. Equity (Contd.)

(d) Shares bought back

The Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

(e) Details of Shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	%	No. of shares	%	No. of shares
Equity shares				
Rising Sun Holdings Private Limited	62.14%	477,184,690	61.50%	470,405,352

(f) Shareholding of Promoters

Shares held by promoters as at March 31, 2023			% Change during the year
Name of promoter	No of shares	% of total shares	
Rising Sun Holdings Private Limited *	477,184,690	62.14%	1.05%

* Holding Company

Shareholding of Promoters

Shares held by promoters as at March 31, 2022			% Change during the year **
Name of promoter	No of shares	% of total shares	
Rising Sun Holdings Private Limited *	470,405,352	61.50%	1.50%

* Holding Company

** % change during the year are computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue.

(g) For equity shares reserved for issue under options, please refer note 45.

28. Other equity*

	As at March 31, 2023	As at March 31, 2022
Capital reserve	4.80	4.80
Securities premium	5,247.67	5,179.84
Statutory reserves	515.30	398.30
Capital redemption reserve	14.22	14.22
Share option outstanding account	105.79	19.73
Retained earnings	383.59	(55.37)
Other comprehensive income	(0.26)	-
	6,271.11	**5,561.52**

*Refer Statement of Changes in Equity for movement in reserves

Nature and purpose of reserves:

Capital redemption reserve

Capital redemption reserve is created to keep the capital intact when preference shares are redeemed or equity shares are bought back. It is utilised in accordance with the provisions of the Companies Act, 2013.

Share option outstanding account

The Company instituted the Magma Employee Stock Option Plan (MESOP) in 2007, Magma Restricted Stock Option Plan 2014 (MRSOP) in 2014 and Employee Stock Option Plan 2021 in 2021 which were approved by the Board of Directors and the shareholders of the Company. The share option outstanding reserve is used to recognise the grant date fair value of option issued under aforesaid plans.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

28. Other equity* (Contd.)

Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)

Statutory reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934. The Company is required to transfer a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss. The statutory reserve can be utilised for the purposes as may be specified by the Reserve Bank of India from time to time.

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.

Capital reserve

Capital reserve has been created to set aside gains of capital nature from amalgamation and merger. It is utilised in accordance with the provisions of the Companies Act, 2013.

Financial instruments through other comprehensive income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income. The Company transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Retained earnings

Retained earnings represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves. It also includes impact of remeasurement of defined benefit plans.

29. Interest income

	Year ended March 31, 2023		Year ended March 31, 2022	
	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	-	1,807.42	350.87	1,084.25
Interest on deposits with banks	-	8.86	-	22.23
Other interest income				
- On loans and margins	-	0.01	-	0.74
- On security deposit	-	0.65	-	0.47
	-	**1,816.94**	**350.87**	**1,107.69**
Total		**1,816.94**		**1,458.56**

30. Rental income

	Year ended March 31, 2023	Year ended March 31, 2022
Income from lease rentals		
- on operating lease assets	27.69	26.41
- on investment property	0.03	0.03
Total	**27.72**	**26.44**

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

31. Fees and commission income

	Year ended March 31, 2023	Year ended March 31, 2022
Collection and support services	7.05	5.54
Foreclosure income	26.19	21.81
Insurance commission income	3.41	6.29
Others (cheque bouncing charges, valuation charges, etc)	24.89	14.91
Total	**61.54**	**48.55**

32. Net gain on fair value changes*

	Year ended March 31, 2023	Year ended March 31, 2022
(A) Others		
- On investment	0.48	0.04
- On other financial assets	3.97	2.63
Total Net gain on fair value changes (A)	**4.45**	**2.67**
(B) Fair Value changes:		
Realised	3.39	0.04
Unrealised	1.06	2.63
Total Net gain on fair value changes (B)	**4.45**	**2.67**

* Fair value changes in this schedule are other than those arising on account of interest income/expense.

33. Net gain/loss on derecognition of financial instruments

	Year ended March 31, 2023	Year ended March 31, 2022
Gain from derecognition on account of direct assignment transactions	29.68	-
Loss on sale of non-performing assets (net of reversal of provision of ₹82.89 Crore)	10.87	-

34. Other Income

	Year ended March 31, 2023	Year ended March 31, 2022
Sale of power	8.71	9.37
Net gain on derecognition of lease	3.23	-
Miscellaneous income	57.76	21.49
	69.70	**30.86**

35. Finance cost (measured at amortised cost)

	Year ended March 31, 2023	Year ended March 31, 2022
Interest on security deposits	0.81	0.64
Interest on borrowings other than debt securities	461.84	339.90
Interest on debt securities	64.21	72.69
Interest on subordinated liabilities	49.68	63.83
Other interest expense *	8.67	4.63
Other borrowing costs (Includes non-EIR borrowing expenses)	10.07	27.60
	595.28	**509.29**

* Refer Note 43 for disclosure related to leases.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

36. Impairment on financial instruments

	Year ended March 31, 2023		Year ended March 31, 2022	
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost
Loans	-	(439.31)	(35.39)	(455.55)
Other assets	-	(0.13)	-	(20.45)
Bad debts written-off (Include settlement losses and net of recoveries)*	-	294.91	49.26	530.74
	-	**(144.53)**	**13.87**	**54.74**
Total		**(144.53)**		**68.61**

*Includes consideration received on sale of written-off assets ₹153.33 Crore (March 31, 2022 : ₹9.61 Crore).

37. Employee benefits expenses * ^

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages	331.53	359.99
Contribution to provident and other funds	21.11	22.45
Share-based payments to employees	150.63	16.55
Staff welfare expenses	11.53	10.87
	514.80	**409.86**

* Refer Note 46 for related party disclosure

^ Refer Note 42 for disclosure related to provisions for employee benefits.

38. Depreciation and amortisation expense

	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment (including investment property)	38.15	34.18
Depreciation on right of use assets (refer note 43)*	17.95	10.12
Amortisation of intangible assets	5.31	5.19
Total	**61.41**	**49.49**

* Gross amount before allocable expenses is ₹18.24 Crore (March 31, 2022 ₹11.37 Crore)

39. Others expenses#

	Year ended March 31, 2023	Year ended March 31, 2022
Rent	1.51	1.05
Rates and taxes	0.26	0.25
Net loss on derecognition of property, plant and equipment	0.61	0.41
Electricity charges	7.03	3.75
Repairs and maintenance		
- Machinery	5.51	2.29
- Others	42.62	35.32
Communication expenses	9.70	7.28
Printing and stationery	2.67	2.11
Advertisement and publicity	29.40	14.12
Director Fees	1.66	2.34
Legal charges	9.12	9.29
Professional fees*	34.90	23.71
Insurance	0.64	0.52

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

39. Others expenses# (Contd.)

	Year ended March 31, 2023	Year ended March 31, 2022
Travelling and conveyance	13.95	12.26
CSR expenditure**	-	0.01
Outsource collection charges	5.77	16.16
Outsourced manpower cost	44.71	-
Credit guarantee fees	3.51	9.66
Miscellaneous expenses	13.27	4.73
	226.84	**145.26**

Refer Note 46 for related party disclosures

	Year ended March 31, 2023	Year ended March 31, 2022
*** Payments to auditors**		
Statutory audit including limited reviews	1.12	1.07
Other services	0.18	0.18
Reimbursement of expenses	0.01	0.09
Total	**1.31**	**1.34**

** Details of corporate social responsibility expenditure ('CSR')

A CSR committee has been formed by the Company as per the Companies Act, 2013. CSR expenses have been incurred through out the year on the activities as specified in Schedule VII of the said Act. The focus area of CSR initiatives undertaken by the Company are education, health and environment. The Company incurs CSR expenses directly.

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Gross Amount required to be spent by the Company during the year	-	-
(b) Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	-	0.01
(c) Shortfall at the end of the year	-	-
(d) Previous years shortfall	-	-
(e) Reason for shortfall	Not applicable	Not applicable
(f) Nature of CSR activities		
(i) M Scholar: Under this, scholarships are offered to meritorious students from marginalised families		
(ii) Swayam : Under this, various projects are undertaken for the betterment of society .		

40. Exceptional Items

	Year ended March 31, 2023	Year ended March 31, 2022
Gain on disposal of shares of Joint Venture	252.21	-
One time provision for assets-based finance portfolio	(223.75)	-
Intangible assets written off	(7.25)	-
	21.21	**-**

During the year, the Company has sold its shareholding in its Joint Venture (JV) namely Magma HDI General Insurance Company Limited (Magma HDI) based on requisite regulatory approvals received on May 27, 2022. Accordingly, the resultant gain of ₹252.21 Crore has been classified and presented as an exceptional item in line with Ind AS 1 "Presentation of Financial Statements". The Company had created a one-time provision of ₹223.75 Crore in respect of existing assets-based finance portfolio on account of further anticipated slippages in future due to discontinuance of further loans in this segment. Further, intangible assets having book value of ₹7.25 Crore which have been replaced with a new system, were written off. The above items are presented as exceptional items on a net basis.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

41. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	601.38	-	601.38	335.20	-	335.20
Bank balances other than cash and cash equivalents	54.04	2.01	56.05	190.60	11.36	201.96
Receivables	20.67	-	20.67	14.03	-	14.03
Loans	7,119.92	8,109.53	15,229.45	4,468.15	6,210.22	10,678.37
Investments	289.33	21.58	310.91	-	819.71	819.71
Other financial assets	454.68	116.60	571.28	112.20	31.73	143.93
	8,540.02	**8,249.72**	**16,789.74**	**5,120.18**	**7,073.02**	**12,193.20**
Non-financial assets						
Current tax assets (net)	-	114.39	114.39	-	105.41	105.41
Deferred tax assets (net)	-	45.88	45.88	-	203.79	203.79
Investment property	-	0.08	0.08	-	0.08	0.08
Property, plant and equipment	-	117.83	117.83	-	115.31	115.31
Intangible assets under development	-	4.56	4.56	-	0.46	0.46
Other intangible assets	-	14.25	14.25	-	16.69	16.69
Right of use assets	17.58	57.47	75.05	10.90	31.42	42.32
Other non-financial assets	29.59	10.72	40.31	18.13	5.07	23.20
	47.17	**365.18**	**412.35**	**29.03**	**478.23**	**507.26**
Assets held for sale	819.73	-	819.73	109.20	-	109.20
	9,406.92	**8,614.90**	**18,021.82**	**5,258.41**	**7,551.25**	**12,809.66**
LIABILITIES						
Financial liabilities						
Payables	2.02	-	2.02	12.71	-	12.71
Debt securities	223.79	726.45	950.24	210.00	450.30	660.30
Borrowings (other than debt securities)	5,395.98	4,408.09	9,804.07	3,456.24	2,120.45	5,576.69
Subordinated liabilities	128.74	236.53	365.27	123.73	365.09	488.82
Lease liabilities	15.95	73.63	89.58	9.68	37.93	47.61
Other financial liabilities	283.67	4.19	287.86	235.02	-	235.02
	6,050.15	**5,448.89**	**11,499.04**	**4,047.38**	**2,973.77**	**7,021.15**
Non-financial liabilities						
Current tax liabilities (net)	0.34	-	0.34	0.36	-	0.36
Provisions	0.64	7.62	8.26	0.62	9.12	9.74
Other non-financial liabilities	12.65	76.83	89.48	63.20	0.71	63.91
	13.63	**84.45**	**98.08**	**64.18**	**9.83**	**74.01**
	6,063.78	**5,533.34**	**11,597.12**	**4,111.56**	**2,983.60**	**7,095.16**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

42. Employee benefits

The Company operates the following post-employment plans -

i. Defined contribution plan

The contribution made to various statutory funds is recognised as expenses and included in Note 37 'Employee benefits expenses' under 'Contribution to provident and other funds' in Statement of profit and loss. The detail is as follows:

	Year ended March 31, 2023	Year ended March 31, 2022
Provident and Other Funds	16.84	18.93

ii. Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The scheme is fully funded with Life Insurance Corporation of India (LIC). This defined benefit plan expose the Company to actuarial risks, such as regulatory risk, credit risk, liquidity risk, etc as defined below.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2023. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at March 31, 2023	As at March 31, 2022
Net defined benefit asset	1.67	3.71

A. Funding

The scheme is fully funded with Life Insurance Corporation of India (LIC). The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section E below.

Expected contributions to gratuity plan for the year ending March 31, 2024 is ₹1.42 Crore.

B. Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	As at March 31, 2023			As at March 31, 2022		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	21.19	24.90	(3.71)	23.89	26.90	(3.01)
Included in statement of profit or loss						
Current service cost	4.60	-	4.60	3.77	-	3.77
Interest cost (income)	1.48	(1.81)	(0.33)	1.61	(1.86)	(0.25)
	6.08	**(1.81)**	**4.27**	**5.38**	**(1.86)**	**3.52**

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

42. Employee benefits (Contd.)

	As at March 31, 2023			As at March 31, 2022		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Included in other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- demographic assumptions	0.19	-	0.19	-	-	-
- financial assumptions	(0.12)	-	(0.12)	(0.77)	-	(0.77)
- experience adjustment	(2.56)	-	(2.56)	0.65	-	0.65
– on plan assets	-	0.32	0.32	-	0.14	0.14
	(2.49)	**0.32**	**(2.17)**	**(0.12)**	**0.14**	**0.02**
Other						
Contributions paid by the employer	-	0.05	(0.05)	-	4.15	(4.15)
Benefits paid	(7.36)	(7.35)	(0.01)	(7.96)	(7.87)	(0.09)
	(7.36)	**(7.30)**	**(0.06)**	**(7.96)**	**(3.72)**	**(4.24)**
Balance at the end of the year	**17.42**	**19.09**	**(1.67)**	**21.19**	**24.90**	**(3.71)**

C. Plan assets

	As at March 31, 2023	As at March 31, 2022
Funds managed by Life insurance Corporation of India (LIC)	100%	100%

On an annual basis, an asset-liability matching is done whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

D. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at March 31, 2023	As at March 31, 2022
Discount rate (per annum)	7.39%	7.28%
Salary increase rate (per annum)	5.00%	5.00%
Withdrawal rate:		
Below 40 years (per annum)	18.00%	4.20%
40 years to 54 years (per annum)	7.00%	1.80%
Above 54 years (per annum)	2.00%	2.20%
Expected rate of return on plan assets (per annum)	7.28%	6.90%
Mortality	IALM (2012-14)	IALM (2012-14)

E. Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(All amounts are in ₹ Crore unless otherwise stated)

42. Employee benefits (Contd.)

	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25% movement)	17.16	17.70	20.71	21.70
Salary increase rate (0.5% movement)	18.04	16.84	22.24	20.22
Withdrawal rate (2% movement)	17.43	17.43	21.18	21.18
Mortality rate (1% movement)	17.43	17.43	21.19	21.19

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. Expected maturity analysis of the defined benefit plans in future years

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at March 31, 2023	As at March 31, 2022
1 year	1.76	1.70
Between 2-5 years	7.72	4.76
Between 6-10 years	9.06	10.38
Over 10 years	6.77	11.26
Total	**25.31**	**28.10**

As at March 31, 2023, the weighted-average duration of the defined benefit obligation was 7.56 years (March 31, 2022: 15.72 years).

G. Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Market Risk (Interest Rate): Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Longevity Risk: The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.

Future Salary Increase Risk: Actual Salary increase that are higher than the assumed salary escalation, will result in increase to the obligation at a rate that is higher than expected.

Demographic Risk: If actual withdrawal rates are higher than assumed withdrawal rates, the benefits will be paid earlier than expected. Similarly if the actual withdrawal rates are lower than assumed, the benefits will be paid later than expected. The impact of this will depend on the demography of the Company and the financials assumptions.

Regulatory Risk: Any changes to the current Regulations by the Government, will increase (in most cases) or decrease the obligation which is not anticipated. Sometimes, the increase is many fold which will impact the financials quite significantly.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

42. Employee benefits (Contd.)

iii. Other long-term benefits

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of profit and loss for compensated absences is as under -

	Year ended March 31, 2023	Year ended March 31, 2022
Amount recognised in statement of profit and loss		
Compensated absences	2.87	3.81

43. Leases

The Company has adopted Ind AS 116 effective April 1, 2019, using the modified retrospective method. The Company has applied the Accounting Standard to its leases with the cumulative impact recognised on the date of initial application i.e. April 1, 2019. This has resulted in recognising a right-of-use asset and a corresponding lease liability.

A. Lease in the capacity of Lessee

a) Nature: Leases considered here are taken for offices use, guesthouse and godown.

b) Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amount recognised in statement of profit or loss		
1) Depreciation on right of use assets (gross)	18.24	11.37
2) Interest expense on lease liability	8.63	4.55
3) Rent paid for leases which are not considered under Ind AS 116	0.62	0.84
4) Income from subletting right of use assets	-	-
Other disclosures		
5) Total cash outflow for leases	14.38	14.92
6) Additions to right of use assets	71.76	28.22
7) Carrying amount of right of use assets (refer note 15)	75.05	42.32
c) Bifurcation of rent paid during the year		
- Principal	5.76	10.37
- Interest	8.63	4.55

	As at March 31, 2023	As at March 31, 2022
d) Movement in the carrying value of the right of use asset		
Opening balance	42.32	29.66
Depreciation charge for the year	(18.24)	(11.37)
Additions during the year	71.76	28.22
Adjustment/deletion	(20.79)	(4.19)
Closing balance	**75.05**	**42.32**
e) Movement in the carrying value of the lease liability		
Opening balance	47.61	33.95
Interest expense	8.63	4.55
Lease payments	(14.38)	(14.92)
Additions during the year	71.42	28.22
Adjustment/deletion	(23.70)	(4.19)
Closing balance	**89.58**	**47.61**
f) Maturity analysis of lease liability		
Within 12 months	15.95	9.68
After 12 months	73.63	37.93
	89.58	**47.61**

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

43. Leases (Contd.)

B. Lease in the capacity of Lessor

a) Nature: Operating and finance lease of vehicles primarily to Corporate clients.

b) Company manages the risk associated with any rights it retains in underlying assets as per the terms of the respective lease contracts. There is a dedicated team which manages this portfolio.

c) Future lease payments

At year end, the future lease receivables under finance leases are as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1st Year	114.01	86.31
2nd Year	93.43	64.13
3rd Year	72.23	40.45
4th Year	34.66	19.47
5th Year	6.42	3.63
More than 5 years	-	-
	320.75	**213.99**

At year end, the future lease receivables under operating leases are as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1st Year	30.28	25.74
2nd Year	24.79	17.02
3rd Year	17.84	10.45
4th Year	8.83	4.87
5th Year	3.62	1.83
More than 5 years	-	-
	85.36	**59.91**

d) Reconciliation - Finance lease

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net investment in lease (carrying amount of Finance lease)	264.41	177.27
Unearned finance income	56.34	36.72
Total lease payments	**320.75**	**213.99**

44. Earnings per equity share (EPS)

Particulars	Units	Year ended March 31, 2023	Year ended March 31, 2022
a) (i) Weighted average number of equity shares for basic EPS	Nos.	765,343,568	717,034,063
(ii) Effect of potential ordinary equity shares on employee stock options	Nos.	7,678,953	8,998,302
(iii) Weighted average number of equity shares for diluted EPS	Nos.	773,022,521	726,032,365
b) Net profit after tax	₹ in Crore	584.94	293.20
c) (i) Earnings per share (Face value of ₹2 per share) – basic	₹	7.64	4.09
(ii) Earnings per share (Face value of ₹2 per share) – diluted	₹	7.57	4.04

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

45. Share-based payments

A. Description of share-based payment arrangements

The Company instituted the Employee Stock Option Plan (ESOP) in 2007 and Restricted Stock Option Plan 2014 (RSOP) in 2014 and Employee Stock Option Plan (ESOP) in 2021 which were approved by the Board of Directors and the shareholders of the Company.

ESOP, 2007

Under ESOP 2007, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Company. The options generally vest in a graded manner and are exercisable within 3/4 years from the date of vesting. Following the sub-division of one equity share of the face value of ₹10/- each into five equity shares of the face value of ₹2/- each during the financial year ended March 31, 2011, the number of options increased from 1,000,000 to 5,000,000.

During the year, 25,569 options were lapsed. The Nomination and Remuneration Committee of the Company has allotted 235,568 options under ESOP 2007 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹2/- each).

RSOP, 2014

Under RSOP 2014, the Company provided for the creation and issue of 5,000,000 awards, that would eventually convert into equity shares of ₹2/- each in the hands of the Company's employees. The awards are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company and at the exercise price of the face value of ₹2/- each. The awards generally will vest in a graded manner and are exercisable within 3 years from the date of vesting. The shareholders of the Company on July 24, 2021 had amended the RSOP 2014 by increasing existing plan pool from 5,000,000 equity shares having face value of ₹2 per equity share to 10,000,000 Equity Shares.

During the year, 46,078 awards were lapsed and added in the pool. The Nomination and Remuneration Committee of the Company has allotted 2,669,485 awards under RSOP 2014 to the eligible employees of the Company (each award entitles the award holder to 1 equity share of ₹2/- each).

ESOP, 2021

The shareholders of the Company on July 24, 2021 had instituted ESOP Plan 2021 wherein the Company provided for the creation and issue of 15,000,000 options, that would eventually convert into equity shares of ₹2/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company and at the fair market value. The options generally will vest in a graded manner and are exercisable within 36 months from the date of vesting.

During the year 2,291,475 options were lapsed and added in the pool. The Nomination and Remuneration Committee of the Company has allotted 119,000 options under ESOP 2021 to the eligible employees of the Company (each award entitles the award holder to 1 equity share of ₹2/- each). During the year, the Nomination and Remuneration Committee of the Company has granted 7,463,650 awards options under ESOP 2021 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹2/- each).

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

45. Share-based payments (Contd.)

B. Measurement of Fair values

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option of Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) was ₹161.39 (March 31, 2022: ₹145.82).

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share-based payment plans are as follows:

Particulars	Units	As at March 31, 2023	As at March 31, 2022
Fair value at grant date	₹	14.41 - 250.82	14.41 - 250.82
Share price at grant date	₹	39.45 - 324.70	39.45 - 254.25
Exercise price	₹	2.00 - 307.89	2.00 - 256.03
Expected volatility (weighted average volatility)	%	44.00 - 55.43	40.86 - 55.43
Expected life (expected weighted average life)	years	3.04 - 5.01	3.05 - 4.50
Expected dividend Yield	%	0.12 - 2.03	0.20 - 2.03
Risk-free interest rate (based on government bonds)	%	4.80 - 7.24	4.60 - 8.06

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

C. Reconciliation of outstanding share options

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

ESOP, 2007

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Number of share options	Wtd. Avg. price (in ₹)	Number of share options	Wtd. Avg. price (in ₹)
Outstanding options at the beginning of the year	318,697	27.49	2,124,957	74.16
Add: Granted during the year	-	-	-	-
Less: Exercised during the year	235,568	31.15	1,408,231	36.71
Less: Lapsed/forfeited during the year	25,569	25.98	398,029	33.56
Outstanding options at the end of the year	**57,560**	**13.16**	**318,697**	**27.49**
Options vested and exercisable at the end of the year	37,560	19.11	80,340	23.23

The options outstanding at March 31, 2023 have an exercise price in the range of ₹2 to ₹39.45 (March 31, 2022: ₹2 to ₹39.45) and a weighted average remaining contractual life of 0.09 years (March 31, 2022: 0.7 years).

The weighted average share price at the date of exercise for share options exercised in 2022-23 was ₹274.93 (2021-22: ₹145.37).

RSOP 2014

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Number of share options	Wtd. Avg. price (in ₹)	Number of share options	Wtd. Avg. price (in ₹)
Outstanding options at the beginning of the year	7,948,724	3.59	1,580,515	49.94
Add: Granted during the year	-	-	15,200,000	2.00
Less: Exercised during the year	2,669,485	4.19	184,310	38.21
Less: Lapsed/forfeited during the year	46,078	38.21	8,647,481	8.53
Outstanding options at the end of the year	**5,233,161**	**2.98**	**7,948,724**	**3.59**
Options vested and exercisable at the end of the year	24,274	38.21	72,502	38.21

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

45. Share-based payments (Contd.)

The options outstanding at March 31, 2023 have an exercise price in the range of ₹2 to ₹38.21 (March 31, 2022: ₹2 to ₹38.21) and a weighted average remaining contractual life of 1.85 years (March 31, 2022: 1.87 years). The weighted average share price at the date of exercise for share options exercised in 2022-23 was ₹288.08 (2021-22: ₹266.10).

ESOP 2021

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Number of share options	Wtd. Avg. price (in ₹)	Number of share options	Wtd. Avg. price (in ₹)
Outstanding options at the beginning of the year	5,938,800	193.78	-	-
Add: Granted during the year	7,463,650	260.10	8,087,800	187.57
Less: Exercised during the year	119,000	169.30	-	-
Less: Lapsed/forfeited during the year	2,291,475	214.71	2,149,000	170.42
Outstanding options at the end of the year	**10,991,975**	**234.71**	**5,938,800**	**193.78**
Options vested and exercisable at the end of the year	481,615	211.74	-	-

The options outstanding at March 31, 2023 have an exercise price in the range of ₹164.42 to ₹307.89 (March 31, 2022: ₹164.42 to ₹256.03) and a weighted average remaining contractual life of 3.05 years (March 31, 2022: 2.7 years).

The weighted average share price at the date of exercise for share options exercised in 2022-23 was ₹300.67 (2021-22: Nil).

D. Equity shares reserved for issue under options

	No. of options granted	Exercise price (₹)	Year ended March 31, 2023		Year ended March 31, 2022	
			No. of options	Amount	No. of options	Amount
Under ESOP 2007:						
Tranche XVI B	322,000	2.00	-	-	4,000	0.00
Tranche XXII	44,000	2.00	-	-	5,600	0.00
Tranche XXIV A	125,000	39.45	-	-	37,500	0.01
Tranche XXV	1,001,711	39.45	17,160	0.00	179,397	0.04
Tranche XXVI	102,000	2.00	19,200	0.00	37,600	0.01
Tranche XXVII	92,000	2.00	21,200	0.00	54,600	0.01
Under RSOP 2014:						
Tranche II	1,263,495	38.21	141,161	0.03	336,810	0.07
Tranche II (A)	17,020	38.21	-	-	11,914	0.00
Tranche V (A) & (B)	5,000,000	2.00	3,350,000	0.67	5,000,000	1.00
Tranche VI (A) & (B)	2,600,000	2.00	1,742,000	0.35	2,600,000	0.52
Under ESOP 2021:						
Tranche I	1,500,000	175.48	478,000	0.10	500,000	0.10
Tranche II	4,325,750	164.42	2,110,975	0.42	3,196,750	0.64
Tranche III	170,000	256.03	100,000	0.02	150,000	0.03
Tranche IV	2,092,050	238.55	1,926,600	0.39	2,092,050	0.42
Tranche V	3,941,400	251.28	3,045,650	0.61	-	-
Tranche VI	1,361,500	230.45	1,277,000	0.26	-	-
Tranche VII	311,250	229.29	311,250	0.06	-	-
Tranche VIII	1,437,000	307.89	1,330,000	0.27	-	-
Tranche IX	412,500	298.95	412,500	0.08	-	-

E. Amount recognised in statement of profit and loss

Year ended March 31, 2023: ₹150.63 Crore

Year ended March 31, 2022: ₹16.55 Crore

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

46. Related parties

(i) Name of related parties and description of relationship:

A Holding Company

Rising Sun Holdings Private Limited (w.e.f. May 21, 2021)

B Subsidiary ^

Poonawalla Housing Finance Limited (Formerly Magma Housing Finance Limited) (ceases to be wholly-owned subsidiary company w.e.f. November 29, 2021)

C Fellow Subsidiary

Poonawalla Finance Private Limited (w.e.f. May 21, 2021)

D Joint Venture

Jaguar Advisory Services Private Limited

E	Key Managerial Personnel ('KMP')	Nature of Relationship
	Mr. Abhay Bhutada	Managing Director (w.e.f. June 1, 2021 up to September 16, 2021, reappointed w.e.f. February 12, 2022)
	Mr. Sanjay Miranka	Group Chief Financial Officer (w.e.f. July 2, 2021)
	Mr. Vijay Deshwal	Group Chief Executive Officer (w.e.f. June 21, 2021 up to March 4, 2022)
	Mr. Mayank Poddar	Chairman Emeritus and Whole Time Director (up to November 7, 2020)
	Mr. Sanjay Chamria	Executive Vice Chairman (up to November 23, 2021) (Vice Chairman and Managing Director up to June 1, 2021)
	Mr. Kailash Baheti	Chief Financial Officer (up to July 1, 2021)
	Mrs. Shabnum Zaman	Company Secretary

F	Directors	Nature of Relationship
	Mr. Adar Cyrus Poonawalla	Chairman & Non-executive Director (w.e.f. June 1, 2021)
	Mr. Prabhakar Dalal	Independent Director (w.e.f. May 5, 2021)
	Mr. Amar Sudhakar Deshpande	Non-executive Director (w.e.f. June 3, 2021)
	Mr. Sajid Fazalbhoy	Non-executive Director (w.e.f. February 4, 2022) (Independent Director w.e.f. May 5, 2021 up to February 3, 2022)
	Mr. Atul Kumar Gupta	Independent Non-executive Director (w.e.f. January 27, 2022)
	Mr. G Jaganmohan Rao	Independent Non-executive Director (w.e.f. January 15, 2022)
	Mr. Sanjay Kumar	Independent Non-executive Director (w.e.f. January 15, 2022)
	Mr. Mayank Poddar	Non-executive Director (w.e.f. November 8, 2020 up to June 7, 2021)
	Mrs. Vijayalakshmi R Iyer	Independent Director (w.e.f. January 31, 2019)
	Mr. Sunil Rewachand Chandiramani	Independent Director (w.e.f. December 10, 2019 up to June 3, 2021)
	Mr. Bontha Prasada Rao	Independent Director (w.e.f. December 10, 2019)

G Member of Promoter group

Magma HDI General Insurance Company Limited

Sanoti Properties LLP

H Member of Erstwhile Promoter group

Magma Consumer Finance Private Limited

I	Relatives of Directors/KMP	
	Harshvardhan Chamria	up to November 23, 2021
	Mayank Poddar (HUF)	up to June 7, 2021
	Kalpana Poddar	up to June 7, 2021
	Ashita Poddar	up to June 7, 2021
	Bimla Devi Baheti	up to July 1, 2021

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

46. Related parties (Contd.)

I Relatives of Directors/KMP

Shashi Baheti	up to July 1, 2021
Apoorva Baheti	up to July 1, 2021
Ankita Baheti	up to July 1, 2021
Kailash Baheti (HUF)	up to July 1, 2021
Sanjay Chamria (HUF)	up to November 23, 2021
Banwarilal Chamria and Others (HUF)	up to November 23, 2021

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2023	Outstanding amount as at March 31, 2023	Transaction value for the year ended March 31, 2022	Outstanding amount as at March 31, 2022
A) **Holding Company** Rising Sun Holdings Private Limited	Share Capital	-	-	91.60	-
	Share Premium	-	-	3,114.40	-
	Dividend paid	18.82	-	-	-
B) **Subsidiary** Poonawalla Housing Finance Limited (Formerly Magma Housing Finance Limited)	Cost allocation made*	5.47	-	12.67	-
	Investment in equity shares	-	819.71	500.00	819.71
	Loans and advances given	-	-	250.00	-
	Refund of loans and advances given	-	-	250.00	-
	Direct assignment servicing fees paid	0.21	0.01	0.26	0.02
	Interest income	-	-	0.65	-
C) **Fellow Subsidiary**					
Poonawalla Finance Private Limited	Purchase of property plant and equipment	0.24	-	2.73	-
	Leave and license agreement:				
	Electricity expenses	0.55	-	-	-
	Office maintenance charges	0.46	-	-	-
	Security deposit paid	3.63	3.63	-	-
D) **Member of Promoter group**					
1 Magma HDI General Insurance Company Limited	Investment in equity shares	-	-	-	109.18
	Short-term loans and advances given	35.66	1.34	71.54	5.47
	Refund/adjustment of short-term loans and advances given	39.79	-	70.39	-
	Claims received	0.09	-	0.11	-
	Insurance commission income	4.03	0.08	7.42	0.33
	Insurance premium paid	5.51	-	0.73	-
	Advance for mediclaim policy	5.02	5.21	5.43	5.43
	Subscription to public issue of NCD	-	75.00	-	75.00
	Interest accrued but not due on NCD	7.88	7.12	7.88	7.12

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

46. Related parties (Contd.)

	Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2023	Outstanding amount as at March 31, 2023	Transaction value for the year ended March 31, 2022	Outstanding amount as at March 31, 2022
		Interest Paid on NCD	7.88	-	7.88	-
2	Sanoti Properties LLP	Sale of stake in MHDI	361.39	-	-	-
E)	**Joint venture**					
1	Jaguar Advisory Services Private Limited	Investment in equity shares	-	0.02	-	0.02
F)	**Member of Erstwhile Promoter group**					
1	Magma Consumer Finance Private Limited	Interest Paid on NCD	-	-	0.00	-
		Sale of car	-	-	0.23	-
G)	**Key Managerial Personnel**					
1	Mr. Abhay Bhutada	Director's remuneration	5.00	-	2.17	-
		Share-based payments	73.07	-	-	-
		Share Capital	0.50	-	-	-
2	Mr. Sanjay Miranka	Salary	2.92	-	3.37	-
		Share-based payments	0.25	-	-	-
		Share Capital	0.00	-	-	-
		Share Premium	0.38	-	-	-
3	Mr. Vijay Deshwal	Salary	-	-	7.41	-
4	Mr. Sanjay Chamria	Director's remuneration	-	-	1.84	-
		Share Capital	-	-	3.57	-
		Share Premium	-	-	121.43	-
5	Mr. Kailash Baheti	Salary	-	-	4.30	-
		Share Capital	-	-	0.04	-
		Share Premium	-	-	0.68	-
		Interest accrued but not due on NCD	-	-	0.00	-
6	Mrs. Shabnum Zaman	Salary	0.51	-	0.59	-
		Share-based payments	0.19	-	-	-
		Share Capital	0.00	-	0.00	-
		Dividend paid	0.00	-	-	-

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

46. Related parties (Contd.)

	Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2023	Outstanding amount as at March 31, 2023	Transaction value for the year ended March 31, 2022	Outstanding amount as at March 31, 2022
H)	**Directors**					
1	Mr. Adar Cyrus Poonawalla	Sitting fees	0.05	-	0.04	-
2	Mr. Prabhakar Dalal	Sitting fees	0.19	-	0.43	0.01
3	Mr. Amar Sudhakar Deshpande	Sitting fees	0.33	-	0.41	0.01
4	Mr. Sajid Fazalbhoy	Sitting fees	0.06	-	0.30	-
5	Mr. Atul Kumar Gupta	Sitting fees	0.09	-	0.04	-
6	Mr. G Jaganmohan Rao	Sitting fees	0.27	-	0.06	0.01
7	Mr. Sanjay Kumar	Sitting fees	0.24	-	0.06	0.01
8	Mr. Mayank Poddar	Sitting fees	-	-	0.10	-
		Share Capital	-	-	3.57	-
		Share Premium	-	-	121.43	-
9	Mr. Sunil Rewachand Chandiramani	Sitting fees	-	-	0.11	-
10	Mrs. Vijayalakshmi R Iyer	Sitting fees	0.14	-	0.37	0.01
11	Mr. Bontha Prasada Rao	Sitting fees	0.15	-	0.23	-
I)	**Other related parties**					
1	Harshvardhan Chamria	Salary	-	-	0.37	-
		Sale of laptop	-	-	0.00	-
2	Mayank Poddar (HUF)	Rent expense	-	-	0.02	-
3	Kalpana Poddar	Rent expense	-	-	0.04	-
4	Ashita Poddar	Rent expense	-	-	0.02	-
5	Bimla Devi Baheti	Interest accrued but not due on NCD	-	-	0.00	-
6	Shashi Baheti	Interest accrued but not due on NCD	-	-	0.00	-
7	Apoorva Baheti	Interest accrued but not due on NCD	-	-	0.00	-
8	Ankita Baheti	Interest accrued but not due on NCD	-	-	0.00	-
9	Kailash Baheti (HUF)	Interest accrued but not due on NCD	-	-	0.00	-
10	Sanjay Chamria (HUF)	Interest accrued but not due on NCD	-	-	0.02	-
		Interest Paid on NCD	-	-	0.03	-
11	Banwarilal Chamria and Others(HUF)	Interest accrued but not due on NCD	-	-	0.02	-
		Interest Paid on NCD	-	-	0.03	-

Notes:

Related parties identified includes related parties as per Section 2(76) of the Companies Act, 2013.

^ On December 14, 2022, the Board of Directors of the Issuer approved the sale of its housing subsidiary Poonawalla Housing Finance Limited to TPG (Perseus SG Pte. Ltd., an entity affiliated with TPG Global, LLC) , Shareholder's approval received for the said transaction on 22.01.2023 and RBI - HFC approval awaited for consumation of the transaction .

* Represents expenses recovered towards infrastructural support, operational assistance and other services.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

46. Related parties (Contd.)

(iii) Compensation of key managerial personnel

	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefits	8.13	16.54
Post-employment defined benefit*	0.30	0.16
Share-based payments	73.51	2.97
	81.94	19.67

* Excludes provision for encashable leave and gratuity for certain key management personnel as these are determined for the Company as a whole.

Terms and conditions

All transactions with these related parties are priced on an arm's length basis. Outstanding amount as at the end of the year, in respect of loan and advances are unsecured and to be settled in cash and / or adjusted against goods or services.

47. Contingent liabilities

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

a) Contingent liabilities

	As at March 31, 2023	As at March 31, 2022
Claims against the Company not acknowledged as debt		
i) Income tax matters under dispute	3.94	3.98
ii) VAT and GST matters under dispute	8.20	8.09
iii) Service tax matters under dispute	10.20	9.12
iv) Legal cases against the Company *	2.78	1.84

* The Company is also involved in other law suits, claims, investigations and proceedings, including collection and repossession related matters, which arise in the ordinary course of business. However, there are no significant claims on such cases. Future cash outflows in respect of the above, if any, is determinable only on receipt of judgement / decisions pending with the relevant authorities.

b) Commitments

	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	2.11	0.33

c) The amount included above represents best possible estimate arrived at on the basis of available information. The Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision has been created.

d) The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. As at year end, the Company does not have any long-term contracts (including derivative contracts) for which there were material foreseeable losses.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

48. Transfers of financial assets

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised or derecognised as per the conditions specified in Ind AS.

The Company transfers financial assets that are not derecognised in their entirety are primarily through securitisation transactions, in which loans to customers are transferred to securitisation special purpose vehicles.

Transferred financial assets that are not derecognised in their entirety

Securitisation

Certain loans to customers are sold by the Company to securitisation special purpose vehicles, which in turn issue Pass Through Certificates ('PTC') to investors collateralised by the purchased assets. In securitisation transactions entered, the Company transfers loans to an unconsolidated securitisation vehicle, however it retains credit risk (principally by providing credit enhancement). The Company retains substantial risks and rewards of such loan transferred and accordingly, does not derecognise the loans transferred in its entirety and recognises an associated liability for the consideration received.

The following table sets out the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

	As at March 31, 2023	As at March 31, 2022
Assets		
Securitisation	131.81	756.17
Carrying amount of assets	**131.81**	**756.17**

	As at March 31, 2023	As at March 31, 2022
Associated liabilities		
Loans from PTC Investors	109.96	598.32
Carrying amount of associated liabilities	**109.96**	**598.32**

	As at March 31, 2023	As at March 31, 2022
For those liabilities that have recourse only to the transferred financial assets		
Assets		
Securitisation	131.81	756.17
Fair value of assets	**131.81**	**756.17**

	As at March 31, 2023	As at March 31, 2022
Associated liabilities		
Loans from PTC Investors	110.09	603.53
Fair value of associated liabilities	**110.09**	**603.53**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

49. Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts of financial assets and financial liabilities.

Particulars	As at March 31, 2023				
	Others	FVTPL	FVTOCI	Amortised cost	Total
Financial assets:					
Cash and cash equivalents	-	-	-	601.38	601.38
Bank balances other than cash and cash equivalents	-	-	-	56.05	56.05
Receivables	-	-	-	20.67	20.67
Loans	-	-	-	15,229.45	15,229.45
Investments*	-	-	268.37	42.54	310.91
Other financial assets	-	199.23	-	372.05	571.28
	-	**199.23**	**268.37**	**16,322.14**	**16,789.74**
Financial liabilities:					
Payables	-	-	-	2.02	2.02
Debt securities	-	-	-	950.24	950.24
Borrowings (other than debt securities)	-	-	-	9,804.07	9,804.07
Subordinated liabilities	-	-	-	365.27	365.27
Lease liabilities	-	-	-	89.58	89.58
Other financial liabilities	-	-	-	287.86	287.86
	-	**-**	**-**	**11,499.04**	**11,499.04**

*Investment in subsidiary and joint venture has been reclassified as assets held for sale as at March 31, 2023

Particulars	As at March 31, 2022				
	Others	FVTPL	FVTOCI	Amortised cost	Total
Financial assets:					
Cash and cash equivalents	-	-	-	335.20	335.20
Bank balances other than cash and cash equivalents	-	-	-	201.96	201.96
Receivables	-	-	-	14.03	14.03
Loans		-	-	10,678.37	10,678.37
Investments in subsidiary **	819.71	-	-	-	819.71
Other financial assets	-	22.59	-	121.34	143.93
	819.71	**22.59**	**-**	**11,350.90**	**12,193.20**
Financial liabilities:	-				
Payables	-	-	-	12.71	12.71
Debt securities	-	-	-	660.30	660.30
Borrowings (other than debt securities)	-	-	-	5,576.69	5,576.69
Subordinated liabilities	-	-	-	488.82	488.82
Lease liabilities	-	-	-	47.61	47.61
Other financial liabilities	-	-	-	235.02	235.02
	-	-	-	**7,021.15**	**7,021.15**

** Investment in joint venture has been reclassified as assets held for sale as at March 31, 2022.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

49. Financial instruments - fair value and risk management (Contd.)

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost/other and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments	268.37	-	-	268.37
Other financial assets	-	199.23	-	199.23
	268.37	**199.23**	**-**	**467.60**

Assets and liabilities which are measured at amortised cost/others for which fair values are disclosed

As at March 31, 2023	Amortised cost/ Other	Fair Value
Financial assets:		
Cash and cash equivalents	601.38	601.38
Bank balances other than cash and cash equivalents	56.05	56.05
Receivables	20.67	20.67
Loans	15,229.45	15,166.92
Other investment	42.54	42.54
Other financial assets	372.05	372.05
	16,322.14	**16,259.61**
Financial liabilities:		
Payables	2.02	2.02
Debt securities	950.24	957.61
Borrowings (other than debt securities)	9,804.07	9,804.60
Subordinated liabilities	365.27	389.97
Lease liabilities	89.58	89.58
Other financial liabilities	287.86	287.86
	11,499.04	**11,531.64**

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets	-	22.59	-	22.59
	-	**22.59**	**-**	**22.59**

(All amounts are in ₹ Crore unless otherwise stated)

49. Financial instruments - fair value and risk management (Contd.)

Assets and liabilities which are measured at amortised cost / others for which fair values are disclosed

As at March 31, 2022	Amortised cost/ Other	Fair value
Financial assets:		
Cash and cash equivalents	335.20	335.20
Bank balances other than cash and cash equivalents	201.96	201.94
Receivables	14.03	14.03
Loans	10,678.37	10,735.72
Investments	-	0.01
Investments in subsidiary	819.71	1,073.31
Other financial assets	121.34	121.34
	12,170.61	**12,481.55**
Financial liabilities:		
Payables	12.71	12.71
Debt securities	660.30	692.28
Borrowings (other than debt securities)	5,576.69	5,583.40
Subordinated liabilities	488.82	523.20
Lease liability	47.61	47.61
Other financial liabilities	235.02	235.02
	7,021.15	**7,094.22**

C. Valuation framework

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximise the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortised 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 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.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

49. Financial instruments - fair value and risk management (Contd.)

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets measured at FVTPL	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable
Investment	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable

D. Movement in Level 3 financial instruments measured at fair value

Particulars	As at April 1, 2022	Purchase / origination	Sales / run-off	Transfer into Level 3	Interest income	Other Compre-hensive Income	As at March 31, 2023
Financial instruments at FVOCI*	-	-	-	-	-	-	-

Particulars	As at April 1, 2021	Purchase / origination	Sales / run-off	Transfer into Level 3	Interest income	Other Compre-hensive Income	As at March 31, 2022
Financial instruments at FVOCI*	1,904.47	2,101.25	1,217.25	(3,141.55)	350.87	2.21	-

* The above numbers are gross carrying amount. Refer Note 50

50. Financial risk management

The Company assumes credit risk, market risk, operational risk, liquidity risk, compliance risk, and reputational risk in the normal course of its business. This exposes the Company to a substantial level of inherent financial risk.

i. 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 has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management involves 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 analyse 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.

ii. 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.

(All amounts are in ₹ Crore unless otherwise stated)

50. Financial risk management (Contd.)

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. Evidence that a financial asset is credit-impaired includes the following observable data:

- a breach of contract such as a default or past due event;
- when a borrower becomes more than 90 days past due in its contractual payments;

The Risk Management Committee has established credit policies for various lending products under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes background verification, financial statements, income tax returns, GST details, credit bureau information, industry information, etc (as applicable).

b) Probability of default (PD)

Analysis of historical data regarding days past due (DPD) or delinquency of loans 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 analysed by type of product or borrower as well as by DPD. The Company employs statistical methods to analyse the data collected and generate estimates of the PD of exposures.

In case of newly launched products, where the Company does not have sufficient historical data to estimate PD, it uses industry level aggregate data obtained from credit bureaus, or third-party data providers or performance of an existing product which closely resembles the new product.

Expected loss has been calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default has been calculated for 3 scenarios: upside (16% probability), downside (16%) and base (68%). These weightages have been decided on best practices and expert judgement. Weight of downside has been decreased from 32% to 16% and that of upside increased from 0% to 16% due to resumption of normalcy post Covid 19. The same is reviewed from time to time.

c) Definition of default

The Company considers a financial instrument defaulted, and therefore Stage 3 (credit-impaired), for ECL calculations in all cases when the borrower becomes more than 90 Days Past Due from its contractual payments or has been classified as NPA as per regulatory classification. The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk (SICR) on an ongoing basis throughout each reporting period. To assess whether there is SICR 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. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower

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

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

50. Financial risk management (Contd.)

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. For newly launched products, where historical collection data is not available or insufficient, the Company either uses the collection performance of an existing product which closely resembles the new product or industry level aggregate data obtained from credit bureaus/third-party data providers, or regulatory guidance available if any.

f) Discounting

ECL is computed by estimating timing of expected credit shortfalls associated with defaults and discounting them using effective interest rate.

g) Significant increase in credit risk

The Company continuously monitors all assets subject to ECL In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or lifetime ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company also applies other qualitative factors for triggering a significant increase in credit risk for an asset, such as restructuring. Regardless of the change in credit profile, if the 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 amortised 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 recognised.

(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 recognised.

(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 recognised and interest revenue is recognised on net basis.

h) 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 more than 90 days past due, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually more than 30 days and up to 90 days past due 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 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 judgement as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

(All amounts are in ₹ Crore unless otherwise stated)

50. Financial risk management (Contd.)

Forward-looking information

In its ECL models, the Company relies on a broad range of forward-looking information as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Models and accordingly, Company has used Consumer Price Index as the relevant ME variable. Overtime, new ME variables may emerge to have a better correlation and may replace ME being used now.

Policy on write-off of loan assets

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 recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit or loss on actual realisation from customer.

The following table provides information about the exposure to credit risk and expected credit loss for assets on finance.

Loans measured at amortised cost (Including trade advance)

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at March 31, 2023				
Current (not past due)	13,785.81	0.57%	78.11	No
Up to 30 days overdue	632.00	3.82%	24.15	No
More than 30 days and up to 60 days overdue	659.88	7.20%	47.48	No
More than 60 days and up to 90 days overdue	207.83	13.21%	27.46	No
More than 90 days overdue	225.10	46.19%	103.97	Yes
	15,510.62	**1.81%**	**281.17**	

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at March 31, 2022				
Current (not past due)	9,008.75	1.46%	131.51	No
Up to 30 days overdue	736.98	5.56%	41.00	No
More than 30 days and up to 60 days overdue	580.12	12.41%	71.99	No
More than 60 days and up to 90 days overdue	559.96	19.18%	107.37	No
More than 90 days overdue	372.20	61.25%	227.96	Yes
	11,258.01	**5.15%**	**579.83**	

Expected credit loss on trade receivables and other financial assets

Trade receivables primarily includes receivables against sale of power, support services and operating lease. These receivables are of short-term nature and there has been no impairment allowance on the same. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Other financial asset are measured at FVTPL and hence the credit risk is already factored in the fair value.

Cash and cash equivalents and bank balance other than cash and cash equivalents

The Company holds cash and cash equivalents and bank balance of ₹657.43 Crore as at March 31, 2023 (March 31, 2022: ₹573.16 Crore). The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

50. Financial risk management (Contd.)

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows:

(i) Movements in the gross carrying amount in respect of loans, i.e. asset on finance

Loans measured at amortised cost (Including trade advance)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on April 1,2021	6,254.56	1,141.67	352.66
Transfer to Stage 1	167.19	(153.39)	(13.80)
Transfer to Stage 2	(804.22)	818.77	(14.55)
Transfer to Stage 3	(231.22)	(107.23)	338.45
Loan assets originated or purchased (net of repayments)	4,158.45	113.63	14.61
Loan assets that have been derecognised / repaid (excluding write-offs)	(2,625.16)	(558.10)	(205.11)
Write-offs	(53.74)	(287.46)	(189.54)
Transfer from Fair value through OCI to Amortised cost	2,879.86	172.19	89.48
Gross carrying amount on March 31, 2022	**9,745.72**	**1,140.08**	**372.20**
Transfer to Stage 1	53.02	(45.83)	(7.19)
Transfer to Stage 2	(399.33)	404.88	(5.55)
Transfer to Stage 3	(105.27)	(46.76)	152.03
Loan assets originated or purchased (net of repayments)	10,550.69	310.49	31.51
Loan assets that have been derecognised / repaid (excluding write-offs)	(5,146.25)	(576.51)	(131.66)
Write-offs	(280.74)	(318.67)	(186.24)
Transfer from Fair value through OCI to Amortised cost	-	-	-
Gross carrying amount on March 31, 2023	**14,417.84**	**867.68**	**225.10**

Loans at fair value through OCI

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on April 1,2021	1,626.39	212.20	65.88
Transfer to Stage 1	48.18	(43.10)	(5.08)
Transfer to Stage 2	(99.02)	103.03	(4.01)
Transfer to Stage 3	(21.61)	(37.59)	59.20
Loan assets originated or purchased (net of repayments)	2,092.99	7.27	0.99
Loan assets that have been derecognised / repaid (excluding write-offs)	(778.35)	(37.13)	0.55
Write-offs	11.28	(32.49)	(28.05)
Transfer from Fair value through OCI to Amortised cost	(2,879.86)	(172.19)	(89.48)
Gross carrying amount on March 31, 2022	**-**	**-**	**-**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

50. Financial risk management (Contd.)

(ii) Movements in the allowance for impairment in respect of loans, i.e. asset on finance

The movement in the allowance for impairment in respect of asset on finance is as follows:

Loans measured at amortised cost (Including trade advance)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
	Stage 1	Stage 2	Stage 3
Loss allowance on April 1,2021	333.53	319.21	249.77
Transfer to Stage 1	21.78	(17.19)	(4.59)
Transfer to Stage 2	(21.90)	26.94	(5.04)
Transfer to Stage 3	(5.81)	(13.31)	19.12
COVID-19 wave 2 provision	(220.89)	(180.09)	(83.30)
Loan assets originated or purchased	62.32	11.76	7.44
Loan assets that have been derecognised / repaid (excluding write-offs)	(38.69)	51.98	120.36
Write-offs	(9.50)	(61.43)	(130.79)
Transfer from Fair value through OCI to Amortised cost	51.67	41.49	54.99
Loss allowance on March 31, 2022	**172.51**	**179.36**	**227.96**
Transfer to Stage 1	1.20	(1.09)	(0.11)
Transfer to Stage 2	(36.07)	36.78	(0.71)
Transfer to Stage 3	(52.09)	(20.61)	72.70
Loan assets originated or purchased	60.89	19.78	12.10
Loan assets that have been derecognised / repaid (excluding write-offs)	(32.61)	(96.01)	(89.76)
Write-offs	(11.57)	(43.27)	(118.21)
Loss allowance on March 31, 2023	**102.26**	**74.94**	**103.97**

Loans at fair value through OCI

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
	Stage 1	Stage 2	Stage 3
Loss allowance on April 1,2021	60.29	78.44	44.91
Transfer to Stage 1	10.28	(8.07)	(2.21)
Transfer to Stage 2	(1.76)	3.75	(1.98)
Transfer to Stage 3	(0.34)	(6.87)	7.21
COVID-19 wave 2 provision	(39.89)	(38.89)	(13.76)
Loan assets originated or purchased	39.22	1.57	0.93
Loan assets that have been derecognised/repaid (excluding write-offs)	(14.41)	23.38	31.15
Write-offs	(1.72)	(11.81)	(11.27)
Transfer from Fair value through OCI to Amortised cost	(51.67)	(41.50)	(54.98)
Loss allowance on March 31, 2022	**-**	**-**	**-**

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Upon renegotiation, such accounts are classified as Stage 2 or Stage 3 depending upon nature and status of account at the time of renegotiation. Such accounts are upgraded only upon observation of satisfactory repayments of one year from the date of renegotiation.

Exposure to modified financial assets not resulting in derecognition:

Particulars	As at March 31, 2023	As at March 31, 2022
Gross carrying amount	122.38	450.90
Loss allowance	17.73	100.77
Net carrying amount	104.65	350.13

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

50. Financial risk management (Contd.)

i) Concentration risk

Pursuant to the guidelines of the RBI, credit exposure to an single 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 category.

Loans (carrying value)	As at March 31, 2023	As at March 31, 2022
Asset backed finance (ABF)	4,965.14	7,226.10
Loan against property (LAP)	2,454.15	938.59
Personal and Professional Loan	3,645.89	890.17
Small and medium enterprise (SME)	4,445.44	2,202.96
Total	**15,510.62**	**11,257.82**

Loans (%)	As at March 31, 2023	As at March 31, 2022
Asset backed finance (ABF)	32.01%	64.18%
Loan against property (LAP)	15.82%	8.34%
Personal and Professional Loan	23.51%	7.91%
Small and medium enterprise (SME)	28.66%	19.57%
Total	**100.00%**	**100.00%**

Fair value of collateral relating to credit impaired financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Collateral value of underlying assets	452.05	530.42
Gross carrying amount	225.10	372.20
Loss allowance	103.97	227.96

iii. 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, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company has obtained fund and non-fund based working capital lines from various banks. Further, the Company has access to funds from debt markets through commercial paper, non-convertible debentures and other debt instruments including term loans. Cash Credit / WCDL limits are renewed on annual basis and are therefore revolving in nature.

(All amounts are in ₹ Crore unless otherwise stated)

50. Financial risk management (Contd.)

Exposure to liquidity risk

The following are the remaining gross and undiscounted contractual maturities of financial liabilities (including interest portion) at the reporting date.

	Contractual cash flows					
As at March 31, 2023	**Carrying amount**	**Gross nominal outflow**	**0-12 months**	**1-3 years**	**3-5 years**	**More than 5 years**
Financial liabilities						
Payables	2.02	2.02	2.02	-	-	-
Debt securities	950.24	1,105.00	301.53	797.03	0.99	5.45
Borrowings (other than debt securities)	9,804.07	10,927.89	5,862.11	3,194.84	1,614.06	256.88
Subordinated liabilities	365.27	576.56	168.86	166.05	241.65	-
Lease liabilities	89.58	124.54	27.79	53.29	28.90	14.56
Other financial liabilities	287.86	287.86	283.68	4.18	-	-

	Contractual cash flows					
As at March 31, 2022	**Carrying amount**	**Gross nominal outflow**	**0-12 months**	**1-3 years**	**3-5 years**	**More than 5 years**
Financial liabilities						
Payables	12.71	12.71	12.71	-	-	-
Debt securities	660.30	783.94	270.84	506.16	0.98	5.96
Borrowings (other than debt securities)	5,576.69	5,982.09	3,673.47	1,856.21	452.41	-
Subordinated liabilities	488.82	651.64	174.96	196.15	262.91	17.62
Lease liabilities	47.61	63.98	14.35	23.30	15.23	11.10
Other financial liabilities	235.02	235.02	235.02	-	-	-

iv. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, which 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 optimising 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 ₹. In cases where the borrowings is denominated in foreign currency, the Company uses derivatives to manage market risks.

Interest rate risk

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 financial assets/ liabilities. 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.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed rate instruments		
Financial assets	14,335.59	11,326.99
Financial liabilities	5,488.91	4,163.45
Variable rate instruments		
Financial assets	2,454.15	866.21
Financial liabilities	6,010.13	2,857.70

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

50. Financial risk management (Contd.)

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 before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss	
	100 basis points increase	100 basis points decrease
As at March 31, 2023		
Variable rate instruments	(35.56)	35.56
As at March 31, 2022		
Variable rate instruments	(19.91)	19.91

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.

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 formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced.

As at March 31, 2023, there were legal cases pending against the Company aggregating ₹2.78 Crore (March 31, 2022: ₹1.84 Crore). Based on the opinion of the Company's legal advisors, the management believes that no substantial 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 and Risk Control Self- Assessment (RCSA), Key Risk Indicators (KRIs)
4. Standardised reporting templates, reporting structure and frequency
5. Regular workshops and training for enhancing awareness and risk culture

The Company has adopted the globally accepted 3-lines of defense approach to 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.

(All amounts are in ₹ Crore unless otherwise stated)

50. Financial risk management (Contd.)

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

In FY23, the Operational Risk (OR) team has helped to identify, assess, monitor and mitigate risks across the organisation. RCSA exercises, Internal Finance Control ('IFC') testing and KRI monitoring have been conducted for key business units/support functions, and action plans have been developed to plug process gaps. Branch review process has been rolled out during the year to check process adherence at branches, identify gaps and ensure suitable mitigation plan is put in place to enhance overall control environment. The OR team helps senior management monitor risks through quarterly reporting of OR information to the Operational Risk Management Committee (ORMC) and the RMC.

51. Change in liabilities arising from financing activities

Particulars	As at April 1, 2022	Loan Taken	Loan Paid	Non-Cash Changes	As at March 31, 2023
Debt securities	660.30	500.00	(211.53)	1.47	950.24
Borrowings (other than debt securities)	5,576.69	4,600.00	(379.15)	6.53	9,804.07
Subordinated liabilities	488.82	-	(124.71)	1.16	365.27
Total Liabilities from financing activities	**6,725.81**	**5,100.00**	**(715.39)**	**9.16**	**11,119.58**

Particulars	As at April 1, 2021	Loan Taken	Loan Paid	Non-Cash Changes	As at March 31, 2022
Debt securities	825.93	-	(167.49)	1.86	660.30
Borrowings (other than debt securities)	6,354.88	1,875.13	(2,663.19)	9.87	5,576.69
Subordinated liabilities	733.98	-	(246.67)	1.51	488.82
Total Liabilities from financing activities	**7,914.79**	**1,875.13**	**(3,077.35)**	**13.24**	**6,725.81**

52. Capital management

The Company actively manages capital base to cover risks inherent in the business and meets the Capital Adequacy Requirements (CRAR) of the 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 maximise 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,perpetual debt and reserves and deduction for intangible assets,deferred tax asset and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

52. Capital management (Contd.)

- Tier 2 capital, which includes qualifying subordinated liabilities and impairment provision in respect of Stage I assets.

	As at March 31, 2023	As at March 31, 2022
CRAR (%) *	38.91	49.06
CRAR -Tier I Capital (%)	37.69	46.61
CRAR -Tier II Capital (%)	1.22	2.45

*For the purpose calculation of CRAR , securitisation (PTC) transactions has been considered as 'zero risk weight asset' as per Reserve Bank of India notification dated March 13, 2020, while the corresponding investments in pass through certificates have been considered as 'on balance sheet exposures' in determination of risk weighted assets.

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.

53. Operating segments

The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108. The Executive Committee of the Company has been identified as the Chief Operating Decision Maker (CODM) pursuant to the requirements of Ind AS 108, "Operating Segments." The Company's operating segments are established in the manner consistent with the components of the Company that are reviewed regularly by the CODM for the purpose of allocation of resources and evaluation of performance. The Company does not have operations outside India and hence there is no external revenue or assets which require disclosure.

The Company does not derives revenue, from any single customer, 10% or more of company's total revenue.

54. Revenue from contracts with customers

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Below table provides disaggregation of revenue from contracts with customers:		
Revenue by type of service		
Fees and commission income	61.54	48.55
Other income	69.70	30.86
Total	**131.24**	**79.41**
Revenue by geographical markets		
India	131.24	79.41
Outside India	-	-
Total	**131.24**	**79.41**
Revenue by timing of recognition of revenue		
Performance obligation satisfied at a point in time	131.24	79.41
Performance obligation satisfied over period of time	-	-
Total	**131.24**	**79.41**
(b) Receivables *	20.39	13.88
	20.39	**13.88**

* Excluding receivables from operating lease rentals

(All amounts are in ₹ Crore unless otherwise stated)

55. Additional Information

a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

b) The quarterly information statement filed by the Company with banks or financial institutions are in agreement with the books of account.

c) The Company has not been declared as Wilful defaulter by any Banks, Financial institution or Other lenders

d) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

e) The provision related to number of layers as prescribed under Section 2(87) of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to Company.

f) The Company have not advanced or given loan or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall 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 to or on behalf of the Ultimate Beneficiaries except loans or advances given in normal course of business.

g) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall 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 except loans or advances given in normal course of business.

h) The Company does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

i) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

j) Relationship with Struck off Companies:

In respect of the disclosure required vide notification dated March 24, 2021 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 to individuals and other small players, there are no such transactions which may be required to be reported.

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification*

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(a) Capital

		As at March 31, 2023	As at March 31, 2022
(i)	CRAR (%) #	38.91	49.06
(ii)	CRAR - Tier I Capital (%) #	37.69	46.61
(iii)	CRAR - Tier II Capital (%) #	1.22	2.45
(iv)	Subordinated Debt as Tier-II capital	106.84	410.31
(v)	Amount raised by issue of Perpetual Debt Instruments	78.74	78.51

For the purpose calculation of CRAR, securitisation (PTC) transactions has been considered as 'zero risk weight asset' as per Reserve Bank of India notification dated March 13, 2020, while the corresponding investments in pass through certificates have been considered as 'on balance sheet exposures' in determination of risk weighted assets.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(b) Investments

		As at March 31, 2023	As at March 31, 2022
Value of Investments			
(i)	Gross Value of Investments #		
	(a) In India	1,329.87	951.50
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net Value of Investments #		
	(a) In India	1,329.87	951.50
	(b) Outside India	-	-

Includes other financial assets of ₹199.23 Crore (March 31, 2022 : ₹22.59 Crore) and investment in joint venture and subsidiary are reclassified as assets held for sale of ₹819.73 Crore (March 31, 2022 : 109.20 Crore) .

(c) Derivative

The Company does not have any derivative exposure during the financial year ended March 31, 2023 and March 31, 2022.

(d) Disclosures relating to Securitisation^

1 (i) Outstanding amount of Securitised assets as per books of the SPVs

		As at March 31, 2023	As at March 31, 2022
1	No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions **	6	16
2	Total amount of securitised assets as per books of the SPVs sponsored	116.11	647.88
3	Total amount of the exposures retained by the NBFC 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	37.42	143.50
	Others	6.14	48.34
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitisation		
	First loss	-	-
	Others	43.40	132.61
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	(i) Exposure to own securitisation		
	First loss	-	-
	Others	9.86	56.27
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

** Only the SPVs relating to outstanding securitisation exposures are reported here.

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(d) Disclosures relating to Securitisation^ (Contd.)

The above figures are being reported based on certificate issued by the auditors of the SPV.

^ Securitisation (PTC) transaction do not meet the derecognition criteria under Ind AS and are recognised as 'on balance sheet exposures'. Accordingly income and discounting charges are included in revenue from operations and finance cost respectively. Amounts stated above are for the purpose of disclosure.

(ii) The value of 'excess interest spread receivable' and 'unrealised gain' on securitisation transactions undertaken in terms of guidelines on securitisation transaction issued by Reserve Bank of India on August 21, 2012 is given below:

		As at March 31, 2023	As at March 31, 2022
1	Excess interest spread receivable	9.86	45.56
2	Unrealised gain on securitisation transactions	9.86	45.56

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

		Year ended March 31, 2023	Year ended March 31, 2022
(i)	No. of accounts	16,100	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC *	331.75	-
(iii)	Aggregate consideration	320.88	-
(iv)	Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain/(loss) over net book value (NBV)	(10.87)	-

* In addition to above, during the year, the Company has transferred 32,786 loan accounts (March 22: 189 loan accounts) for an aggregate consideration of ₹147.28 Crore (March 22: ₹9.61 Crore). These loan accounts were already written off in the books before such sale transactions.

3 Details of the net book value of investments in security receipts:

		As at March 31, 2023	As at March 31, 2022
(i)	Backed by non-performing assets sold by the Company as underlying #	199.23	22.59
(ii)	Backed by non-performing assets sold by other banks/ financial institutions/ non-banking financial companies as underlying.	-	-
	Total book value of investments in security receipts	**199.23**	**22.59**

Represents carrying amount of security receipts as per RBI guidelines.

Security Receipts (SRs) Ratings held

Particulars	March 31, 2023		March 31, 2022	
	Rating Agencies	Rating	Rating Agencies	Rating
Arcil-Retail Port-046-A-T	India Ratings	RR1+	India Ratings	NR1
RARC 027 Trust	Infomerics Valuation and Rating Private Limited	IVR RR1	Brickwork Ratings India Private Limited	BW RR1
Retail June 2022 - Trust	CRISIL	RR2	NA	NA
EARC TRUSTSC - 480	NA	Unrated	NA	NA

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(d) Disclosures relating to Securitisation^ (Contd.)

4 Details of Assignment transactions (sale) undertaken by NBFCs

The Company has not undertaken any assignment transactions (sale) during the financial year ended March 31, 2023 and March 31, 2022.

5 Details of non-performing financial assets purchased / sold

a) Details of non-performing financial assets purchased:

The Company has not purchased any non-performing financial assets during the financial year ended March 31, 2023 and March 31, 2022.

b) Details of non-performing financial assets sold:

		Year ended March 31, 2023	Year ended March 31, 2022
(i)	No. of accounts	16,100	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC *	331.75	-
(iii)	Aggregate consideration	320.88	-
(iv)	Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain/loss) over net book value (NBV)	(10.87)	-

* In addition to above, during the year, the Company has transferred 32,786 loan accounts (March 22: 189 loan accounts) for an aggregate consideration of ₹147.28 Crore (March 22: ₹9.61 Crore). These loan accounts were already written off in the books before such sale transactions.

(e) Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2023

	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 years to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	424.21	264.14	343.94	820.21	1,187.02	1,836.68	2,243.73	4,794.15	1,573.56	1,741.81	15,229.45
Investments	-	-	1.74	11.67	115.56	30.65	129.70	21.12	0.47	-	310.91
Borrowings	4.16	1.61	130.81	128.69	548.32	464.11	4,470.81	3,528.65	1,597.55	244.87	11,119.58
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

As at March 31, 2022

	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 years to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	258.37	65.74	102.63	446.98	465.68	1,116.31	2,040.66	5,004.69	946.79	230.52	10,678.37
Investments	-	-	-	-	-	-	-	-	-	819.71	819.71
Borrowings	0.05	7.12	53.47	282.35	169.16	396.36	2,883.55	2,268.39	644.71	20.65	6,725.81
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(f) Exposures

		As at March 31, 2023	As at March 31, 2022
1	**Exposure to real estate sector**		
	i) Direct exposure		
	(a) Residential mortgages –		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.Exposure would also include non-fund based (NFB) limits	-	-
	(b) Commercial real estate –		
	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 limits	15.62	-
	(c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
	1) Residential	-	-
	2) Commercial Real Estate	-	-
	ii) Indirect exposure		
	Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
	Total Exposure to Real Estate Sector	**15.62**	**-**
	Classification of exposures as commercial real estate exposure (CRE) is based on circular no DBOD. No. BP. 11021/08.12.015/208-09		
2	**Exposure to Capital Market**		
	(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
	(ii) Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
	(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
	(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances;	-	-
	(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
	(vi) loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
	(vii) bridge loans to companies against expected equity flows/issues;	-	-
	(viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
	(ix) Financing to stockbrokers for margin trading	-	-
	(x) All exposures to Alternative Investment Funds: (i) Category I (ii) Category II (iii) Category III	-	-
	Total Exposure to Capital Market	**-**	**-**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(f) Exposures (Contd.)

		As at March 31, 2023	As at March 31, 2022
3	**Details of financing of parent company products**		
	The Company has not financed any products of parent Company in the financial year ended March 31, 2023 and March 31, 2022.		
4	**Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC**		
	The Company has not exceeded the prudential exposure limits during the financial year ended March 31, 2023 and March 31, 2022.		
5	**Unsecured advances**		
	Unsecured Advances	**8,090.94**	**3,093.12**

There are no unsecured advances given against intangible securities such as charge over the rights, licenses, authority etc, during the financial year ended March 31,2023 and March 31,2022.

(g) Registration obtained from other financial sector regulators

		Registration No.	Date of registration / renewal
1	Ministry of Corporate Affairs *	L51504PN1978PLC209007	December 18, 1978
2	Insurance Regulatory and Development Authority	CA0154 (Composite)	March 17, 2022

* Registered Office of the Company was shifted from the State of West Bengal to the State of Maharashtra under the jurisdiction of Registrar of Companies, Pune & a fresh Certificate of Registration been issued by the Registrar of Companies, Pune dated March 2, 2022.

(h) Details of penalties imposed by RBI and other regulators

No penalties has been imposed by RBI and other regulators on the Company during the financial year ended March 31, 2023 and March 31, 2022.

(i) Details of Ratings assigned by credit rating agencies and migration of ratings during the year

Nature		Date of rating assigned #	Rating assigned	Previous rating assigned
1	Secured debentures	30-Sep-22	CARE AAA	CARE AA+
		10-Oct-22	CRISIL AA+	CRISIL AA+
		14-Nov-22	BWR AA+	BWR AA+
		10-Jan-23	ACUITE AA+	ACUITE AA+
2	Subordinated debentures	30-Sep-22	CARE AAA	CARE AA+
		14-Nov-22	BWR AA+	BWR AA+
		10-Jan-23	ACUITE AA+	ACUITE AA+
3	Perpetual debt instruments	30-Sep-22	CARE AA+	CARE AA
		14-Nov-22	BWR AA+	BWR AA+
4	Market Linked Debentures	30-Sep-22	Care AAA	-
5	Commercial papers	30-Sep-22	CARE A1+	CARE A1+
		10-Oct-22	CRISIL A1+	CRISIL A1+
6	Bank facility	30-Sep-22	CARE AAA / CARE A1+	CARE AA+ / CARE A1+
		10-Oct-22	CRISIL AA+	CRISIL AA+

Date of rating assigned relates to rating valid on March 31, 2023

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(j) Remuneration of Non-executive Directors

Refer note: 46 for detailed disclosure of related party transactions

	Name of directors	Nature of payment	Year ended March 31, 2023	Year ended March 31, 2022
1	Mr. Adar Cyrus Poonawalla	Sitting Fees	0.05	0.04
2	Mr. Prabhakar Dalal	Sitting Fees	0.19	0.43
3	Mr. Amar Sudhakar Deshpande	Sitting Fees	0.33	0.41
4	Mr. Sajid Fazalbhoy	Sitting Fees	0.06	0.30
5	Mr. Atul Kumar Gupta	Sitting Fees	0.09	0.04
6	Mr. G Jaganmohan Rao	Sitting Fees	0.27	0.06
7	Mr. Sanjay Kumar	Sitting Fees	0.24	0.06
8	Mr. Mayank Poddar	Sitting Fees	-	0.10
9	Mr. Sunil Rewachand Chandiramani	Sitting Fees	-	0.11
10	Mr. Bontha Prasada Rao	Sitting Fees	0.15	0.23
11	Mrs. Vijayalakshmi R Iyer	Sitting Fees	0.14	0.37

(k) Provisions and Contingencies

	Break up of 'Provisions and Contingencies' shown in the Statement of profit and loss	Year ended March 31, 2023	Year ended March 31, 2022
Under "Impairment on financial instruments"			
1	Provision for stage 1 and 2	(347.99)	(439.50)
2	Provision for stage 3	(91.32)	(51.44)
3	Other provisions	(0.13)	(20.45)
Under "Tax expenses"			
	Provision made towards income tax (includes deferred tax)	181.63	91.37
Under "Employee Benefit Expenses"			
	Provision for compensated absences	2.87	3.81

(l) Concentration of Advances, Exposures and NPAs

		As at March 31, 2023	As at March 31, 2022
1	**Concentration of Advances**		
	Total advances to twenty largest borrowers	912.94	192.63
	Percentage of advances to twenty largest borrowers to total advances	5.9%	1.7%
2	**Concentration of Exposures**		
	Total exposure to twenty largest borrowers/ customers	912.94	192.63
	Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers	5.9%	1.7%
3	**Concentration of NPAs**		
	Total exposure to top four NPA accounts	2.34	9.27

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(l) Concentration of Advances, Exposures and NPAs (Contd.)

4 Sectoral Exposure

Sectors	As at March 31, 2023			As at March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that sector
1. Agriculture & Allied Activities	**133.52**	**9.75**	**7.30%**	**650.04**	**137.65**	**21.18%**
2. Industry	**5,132.35**	**22.92**	**0.45%**	**1,860.02**	**31.98**	**1.72%**
a) Food Processing	638.59	5.36	0.84%	252.95	9.85	3.89%
b) All Engineering	292.49	2.28	0.78%	113.81	0.67	0.59%
c) Textiles	378.19	1.40	0.37%	106.99	1.18	1.10%
d) Other Industries	3,823.08	13.88	0.36%	1,386.27	20.28	1.46%
3. Services	**1,224.32**	**17.93**	**1.46%**	**1,079.62**	**13.67**	**1.27%**
a) Trade	3.70	0.26	6.93%	7.40	0.07	0.92%
b) NBFCs	25.03	-	0.00%	148.02	-	0.00%
c) Transport Operators	83.39	0.44	0.53%	43.08	1.27	2.96%
d) Commercial Real Estate	15.62	-	0.00%	0.99	0.02	1.84%
e) Other Services	1,096.58	17.23	1.57%	880.13	12.31	1.40%
4. Personal Loans	**9,020.43**	**174.50**	**1.93%**	**7,668.33**	**665.76**	**8.68%**
a) Housing	274.19	1.69	0.62%	125.78	0.73	0.58%
b) Vehicle	4,449.84	145.51	3.27%	6,092.70	568.35	9.33%
c) Education	-	-	0.00%	-	-	0.00%
d) Advances against Gold	-	-	0.00%	-	-	0.00%
e) Credit Card Loans	-	-	0.00%	-	-	0.00%
f) Other Personal Loans	4,296.40	27.30	0.64%	1,449.85	96.68	6.67%
5. Others	-	-	0.00%	-	-	0.00%
Total (1+2+3+4+5)	**15,510.62**	**225.10**	**1.45%**	**11,258.01**	**849.06**	**7.54%**

(m) Movement of NPAs

		Year ended March 31, 2023	Year ended March 31, 2022
i)	Net NPAs to Net Advances (%)	0.8%	5.1%
ii)	Movement of NPAs (Gross)*		
	a) Opening balance	372.20	418.55
	b) Additions during the year	183.54	311.58
	c) Reductions during the year	330.64	357.93
	d) Closing balance	225.10	372.20
iii)	Movement of Net NPAs*		
	a) Opening balance	144.24	123.87
	b) Additions during the year	98.73	118.22
	c) Reductions during the year	121.84	97.85
	d) Closing balance	121.13	144.24
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)*		
	a) Opening balance	227.96	294.68
	b) Provisions made during the year	84.81	193.35
	c) Write-off/write-back of excess provisions	208.80	260.07
	d) Closing balance	103.97	227.96

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(n) Overseas Assets and off- balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

1. Overseas Assets

The Company does not have any overseas assets as at March 31, 2023 and March 31, 2022.

2. 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 March 31, 2023 and March 31, 2022

(o) Disclosure of complaints

1. Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No		Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Complaints received by the NBFC from its customers		1,717	329
1		Number of complaints pending at beginning of the year	2	8
2		Number of complaints received during the year	1,717	329
3		Number of complaints disposed during the year	1,682	335
	3.1	Of which, number of complaints rejected by the NBFC	-	-
4		Number of complaints pending at the end of the year	37	2
	Maintainable complaints received by the NBFC from Office of Ombudsman			
5		* Number of maintainable complaints received by the NBFC from Office of Ombudsman	217	62
	5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	211	61
	5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	4	1
	5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6		* Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

* It shall only be applicable to NBFCS which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

2. Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Year ended March 31, 2023					
Updation Issue	-	336	1192%	11	-
Payment issue	1	205	107%	2	-
Complaint against staff	-	134	72%	1	-
NOC issues	1	105	453%	-	-
Closure	-	130	4233%	2	-
Total	**2**	**910**		**16**	**-**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(o) Disclosure of complaints (Contd.)

Grounds of complaints (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
Year ended March 31, 2022					
Payment issue	2	99	-56%	1	-
Complaint against staff	3	78	-54%	-	-
Closure	1	3	-	-	-
Updation Issue	1	26	18%	-	-
NOC issues	-	19	-5%	1	-
Total	**7**	**225**		**2**	**-**

(p) Disclosures relating to fraud in terms of the notification issued by Reserve Bank of India

During the year ended March 31, 2023, 10 frauds (March 31, 2022: 16 frauds) has been identified by management aggregating to ₹1.00 Crore by the employees, customers or third party and have been reported to RBI.

(q) Liquidity Coverage Ratio (LCR) disclosures and Public disclosure on liquidity risk

1 Liquidity Coverage Ratio (LCR) disclosures

Qualitative disclosure

Liquidity Coverage Ratio (LCR) is a tool for measuring and promoting short-term resilience of the Company to potential liquidity disruptions by ensuring maintenance of sufficient unencumbered high quality liquid assets (HQLAs) to survive at severe stress scenario lasting for 30 calendar days. Reserve Bank of India (RBI) introduced the LCR requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of ₹5,000 Crore and above. The ratio comprises of HQLAs as numerator and net cash outflows in next 30 calendar days as denominator.

HQLA computation consist of two parts i.e.

(i) Assets to be included as HQLA without any haircut i.e. cash, government securities, etc. and

(ii) Assets to be considered for HQLA with haircuts (ranging 15% to 50%) which comprises of investments in highly rated non-financial corporate bonds and listed equity investments which are considered at prescribed haircuts.

In order to determine net cash outflows, the Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows or 75% of stressed outflow. Accordingly, LCR would be computed by dividing Company's stock of HQLA by its total net cash outflow.

The LCR requirement has been inducted in a phased manner with Company required to maintain minimum LCR of 50% from December 1, 2020 eventually increasing to 100% by December 1, 2024. The Company has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold for all the quarters during the current financial year. The Company has maintained an average LCR of 153.24 % for the quarter ended March 31, 2023 (for the quarter ended March 31, 2022 : 296.16%) as against minimum regulatory requirement of 70 % (March 31, 2022 : 60%). The Company has maintained average HQLAs of ₹469.75 Crore for the quarter ended March 31, 2023 (for the quarter ended March 31, 2022 : ₹306.46 Crore).

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(q) Liquidity Coverage Ratio (LCR) disclosures and Public disclosure on liquidity risk (Contd.)

Apart from LCR, Company also uses various liquidity indicators to measure the liquidity risk in terms of funding stability, concentration risk i.e. concentration by significant counter-parties and concentration by significant instruments/product, stock ratios etc.

The Company has adopted the liquidity risk framework as required under RBI regulation. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee (ALCO). ALCO reviews asset liability mismatches (ALM) and ensures that there are no excessive concentration of either assets or liability side of the balance sheet. Liquidity risk is managed in accordance with ALM policy. The same is reviewed periodically to incorporate regulatory changes, economic scenario and business requirements of the Company.

Year ended March 31, 2023

Particulars	Quarter ended June 30, 2022		Quarter ended September 30, 2022		Quarter ended December 31, 2022		Quarter ended March 31, 2023	
	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#
High Quality Liquid Assets (HQLA)								
Total High Quality Liquid Assets	310.03	310.03	569.36	569.36	572.34	572.34	469.75	469.75
Cash Outflows								
Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
Unsecured wholesale funding	5.43	6.25	164.56	189.25	333.53	383.56	86.13	99.05
Secured wholesale funding	344.72	396.43	664.93	764.67	809.35	930.75	872.24	1,003.08
Additional requirements, of which								
Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	-	-	-	-	-	-	-	-
Other contractual funding obligations	94.27	108.41	79.02	90.87	96.81	111.34	107.90	124.09
Other contingent funding obligations	-	-	-	-	-	-	-	-
TOTAL CASH OUTFLOWS	**444.42**	**511.09**	**908.51**	**1,044.79**	**1,239.69**	**1,425.65**	**1,066.27**	**1,226.22**
Cash Inflows								
Secured lending##	2,626.07	1,969.55	2,325.65	1,744.24	2,645.00	1,983.75	2,436.68	1,827.51
Inflows from fully performing exposures	456.13	342.10	607.38	455.53	715.51	536.63	943.13	707.35
Other cash inflows	61.22	45.91	81.45	61.09	88.47	66.35	347.69	260.77
TOTAL CASH INFLOWS	**3,143.42**	**2,357.56**	**3,014.48**	**2,260.86**	**3,448.98**	**2,586.73**	**3,727.50**	**2,795.63**
TOTAL HQLA		**310.03**		**569.36**		**572.34**		**469.75**
TOTAL NET CASH OUTFLOWS		**127.77**		**261.20**		**356.41**		**306.55**
LIQUIDITY COVERAGE RATIO (%)		**242.64%**		**217.98%**		**160.58%**		**153.24%**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(q) Liquidity Coverage Ratio (LCR) disclosures and Public disclosure on liquidity risk (Contd.)

Year ended March 31, 2022

	Quarter ended June 30, 2021		Quarter ended September 30, 2021		Quarter ended December 31, 2021		Quarter ended March 31, 2022	
	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#
High Quality Liquid Assets (HQLA)								
Total High Quality Liquid Assets	448.86	448.86	180.92	180.92	274.15	274.15	306.46	306.46
Cash Outflows								
Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
Unsecured wholesale funding	75.33	86.63	-	-	2.78	3.20	138.83	159.65
Secured wholesale funding	273.83	314.90	137.81	158.48	105.75	121.61	142.58	163.97
Additional requirements, of which								
Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	-	-	-	-	-	-	-	-
Other contractual funding obligations	56.17	64.60	69.73	80.19	85.68	98.53	78.51	90.29
Other contingent funding obligations	-	-	-	-	-	-	-	-
TOTAL CASH OUTFLOWS	**405.33**	**466.13**	**207.54**	**238.67**	**194.21**	**223.34**	**359.92**	**413.91**
Cash Inflows								
Secured lending##	1,685.38	1,264.04	1,791.41	1,343.56	1,169.49	877.12	748.13	561.10
Inflows from fully performing exposures	433.12	324.84	460.66	345.50	467.30	350.48	452.80	339.60
Other cash inflows	64.95	48.71	79.04	59.28	98.80	74.10	97.71	73.28
TOTAL CASH INFLOWS	**2,183.45**	**1,637.59**	**2,331.11**	**1,748.34**	**1,735.59**	**1,301.70**	**1,298.64**	**973.98**
TOTAL HQLA		**448.86**		**180.92**		**274.15**		306.46
TOTAL NET CASH OUTFLOWS		**116.53**		**59.67**		**55.84**		103.48
LIQUIDITY COVERAGE RATIO (%)		**385.18%**		**303.22%**		**491.00%**		**296.16%**

* Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

\# Weighted values calculated after the application of respective stress factors on inflow and outflow.

\## Includes unutilised bank lines

HQLA includes cash on hand and demand deposits with Scheduled Commercial Banks.

2 Public disclosure on liquidity risk.

As at March 31, 2023

1) Funding Concentration based on significant counterparty (both deposits and borrowings)

Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
17	10,224.41	Not Applicable	88.16%

2) Top 20 large deposits (amount and % of total deposits)

- Not applicable

3) Top 10 borrowings (amount and % of total borrowings)

Amount	% of Total Borrowings
8,744.70	78.64%

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(q) Liquidity Coverage Ratio (LCR) disclosures and Public disclosure on liquidity risk (Contd.)

4) Funding Concentration based on significant instrument/product

Sr. No.	Name of the Instrument / Product	Amount	% of Total Liabilities
1	Non-Convertible Debentures	950.24	8.19%
2	Term Loans	5,929.72	51.13%
3	Working Capital (Cash credit & WCDL)	3,469.68	29.92%
4	Commercial Paper	294.71	2.54%
5	Loan from PTC Investors	109.96	0.95%
6	Subordinated & Perpetual Debt	365.27	3.15%

5) Stock Ratios:

a)

Particulars	Ratios
Commercial Paper as a % of total public funds	2.65%
Commercial Paper as a % of total liabilities	2.54%
Commercial Paper as a % of total assets	1.64%

b)

Non-convertible debentures (Original maturity of less than 1 year) as a % of total public funds	Nil
Non-convertible debentures (Original maturity of less than 1 year) as a % of total liabilities	Nil
Non-convertible debentures (Original maturity of less than 1 year) as a % of total assets	Nil

c)

Other short-term liabilities as a % of total public funds	51.88%
Other short-term liabilities as a % of total liabilities	49.75%
Other short-term liabilities as a % of total assets	32.01%

Other short-term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper

As at March 31, 2022

1) Funding Concentration based on significant counterparty (both deposits and borrowings)

Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
15	6,263.03	Not Applicable	88.27%

2) Top 20 large deposits (amount and % of total deposits)

- Not applicable

3) Top 10 borrowings (amount and % of total borrowings)

Amount	% of Total Borrowings
5,744.30	85.41%

4) Funding Concentration based on significant instrument/product

Sr. no.	Name of the Instrument / Product	Amount	% of Total Liabilities
1	Non-Convertible Debentures	660.30	9.31%
2	Term Loans	2,793.82	39.38%
3	Working Capital (Cash credit & WCDL)	2,184.55	30.79%
4	Loan from PTC Investors	598.33	8.43%
5	Subordinate Debt Instruments	410.31	5.78%
6	Perpetual Debt Instruments	78.51	1.11%

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(q) Liquidity Coverage Ratio (LCR) disclosures and Public disclosure on liquidity risk (Contd.)

5) Stock Ratios:

	Particulars	Ratios
a)	Commercial Paper as a % of total public funds	Nil
	Commercial Paper as a % of total liabilities	Nil
	Commercial Paper as a % of total assets	Nil
b)	Non-convertible debentures (Original maturity of less than 1 year) as a % of total public funds	Nil
	Non-convertible debentures (Original maturity of less than 1 year) as a % of total liabilities	Nil
	Non-convertible debentures (Original maturity of less than 1 year) as a % of total assets	Nil
c)	Other short-term liabilities as a % of total public funds	61.13%
	Other short-term liabilities as a % of total liabilities	57.95%
	Other short-term liabilities as a % of total assets	32.10%

Other short-term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper

Institutional set-up for liquidity risk management

Board constituted Asset Liability committee (ALCO) reviews asset liability mismatches (ALM). It also ensures that there are no excessive concentration of 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 borrowing and business and as a part of review of liquidity position.

The Company has obtained fund and non-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 also manages liquidity by raising funds through Securitisation/ assignment transactions.

Liquidity risk is managed in accordance with ALM policy. Same is reviewed periodically to incorporate regulatory changes, economic scenario and business requirements.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(r) Comparison between provisions required under IRACP and impairment allowances made under IND AS 109 as per RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

As at March 31, 2023

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5=3-4)	Provisions required as per IRACP norms (6)*	Difference between Ind AS 109 provisions and IRACP norms (7=4-6)
Performing Assets						
Standard	Stage 1	14,417.84	102.26	14,315.58	59.98	42.28
	Stage 2	867.68	74.94	792.74	12.45	62.49
Subtotal		**15,285.52**	**177.20**	**15,108.32**	**72.43**	**104.77**
Non-Performing Assets						
Sub-standard	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	198.83	92.51	106.32	19.93	72.58
Subtotal		**198.83**	**92.51**	**106.32**	**19.93**	**72.58**
Doubtful						
Up to 1 year	Stage 3	19.78	5.44	14.34	9.49	(4.05)
1 to 3 years	Stage 3	2.99	2.52	0.47	1.63	0.90
More than 3 years	Stage 3	3.50	3.50	0.00	1.76	1.74
Subtotal		**26.27**	**11.46**	**14.81**	**12.88**	**(1.41)**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**225.10**	**103.97**	**121.13**	**32.81**	**71.17**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	14,417.84	102.26	14,315.58	59.98	42.28
	Stage 2	867.68	74.94	792.74	12.45	62.49
	Stage 3	225.10	103.97	121.13	32.81	71.17
	Total	**15,510.62**	**281.17**	**15,229.45**	**105.24**	**175.94**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(r) Comparison between provisions required under IRACP and impairment allowances made under IND AS 109 as per RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 (Contd.)

As at March 31, 2022

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5=3-4)	Provisions required as per IRACP norms (6)*	Difference between Ind AS 109 provisions and IRACP norms (7=4-6)
Performing Assets						
Standard	Stage 1	9,552.84	168.75	9,384.09	38.49	130.26
	Stage 2	705.32	119.70	585.62	2.89	116.81
Subtotal		**10,258.16**	**288.45**	**9,969.71**	**41.38**	**247.07**
Non-Performing Assets						
Sub-standard	Stage 1	50.55	2.19	48.36	5.41	(3.22)
	Stage 2	422.22	58.55	363.67	54.82	3.73
	Stage 3	325.27	191.25	134.02	49.26	141.99
		798.04	**251.99**	**546.05**	**109.49**	**142.50**
Doubtful						
Up to 1 year	Stage 3	33.62	25.26	8.36	17.46	7.80
1 to 3 years	Stage 3	6.74	6.54	0.20	4.93	1.61
More than 3 years	Stage 3	3.60	3.60	0.00	4.23	(0.63)
Subtotal		**43.96**	**35.40**	**8.56**	**26.62**	**8.78**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**842.00**	**287.39**	**554.61**	**136.11**	**151.28**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	82.40	1.58	80.82	-	1.58
	Stage 2	9.50	1.11	8.40	-	1.11
	Stage 3	2.97	1.31	1.66	-	1.31
Subtotal		**94.87**	**4.00**	**90.88**	**-**	**4.00**
Total	Stage 1	9,685.79	172.52	9,513.27	43.90	128.62
	Stage 2	1,137.05	179.36	957.70	57.71	121.65
	Stage 3	372.19	227.96	144.23	75.88	152.08
	Total	**11,195.03**	**579.84**	**10,615.20**	**177.49**	**402.34**

* Includes interest reversal on Stage 3 assets

Stage 3 assets includes restructured loan where assets are considered as credit impaired whereas for the limited purpose of regulatory disclosures based on dispensation given by RBI, the same has been considered as standard assets. The restructured assets have been provided for accordingly under Ind AS.

Similarly, Stage 2 assets includes restructured loan where assets are considered as significant increase in credit risk whereas for the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring the same has been considered as sub - standard assets. The restructured assets have been provided for accordingly under Ind AS, subject to minimum provisioning requirement as per RBI guidelines.

Further, Stage 1 and Stage 2 assets includes loans where assets are considered as sub-standard for limited purpose of regulatory disclosures as per RBI notification no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated 12 Nov 2021. The assets have been provided for as per Ind AS requirement.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(s) Detail of restructured advances

As at March 31, 2023

		Under SME Debt Restructuring Mechanism				
		Standard	Sub-standard	Doubtful	Loss	Total
Restructured Accounts as on April 1,2022	No. of borrowers	1,409	211	-	-	1,620
	Amount Outstanding	96.61	11.44	-	-	108.05
	Provision thereon	16.54	6.06	-	-	22.60
Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Upgradations to restructured standard category during the year	No. of borrowers	16	(16)	-	-	-
	Amount Outstanding	0.11	(0.11)	-	-	-
	Provision thereon	0.11	(0.11)	-	-	-
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of year	No. of borrowers	(122)	-	-	-	(122)
	Amount Outstanding	(12.02)	-	-	-	(12.02)
	Provision thereon	(1.26)	-	-	-	(1.26)
Downgradations of restructured accounts during the year	No. of borrowers	(77)	(6)	83	-	-
	Amount Outstanding	(1.31)	0.45	0.86	-	(0.00)
	Provision thereon	(0.16)	(0.61)	0.77	-	-
Write-offs/Settlements/ Recoveries of restructured accounts during the year	No. of borrowers	(679)	(100)	-	-	(779)
	Amount Outstanding	(70.49)	(10.68)	0.06	-	(81.11)
	Provision thereon	(14.14)	(4.64)	0.02	-	(18.76)
Restructured Accounts as on March 31, 2023	No. of borrowers	547	89	83	-	719
	Amount Outstanding	12.90	1.11	0.92	-	14.92
	Provision thereon	1.09	0.71	0.79	-	2.59

Amount of movement in respective blocks includes recovery made during the year.

		Others				
		Standard	Sub-standard	Doubtful	Loss	Total
Restructured Accounts as on April 1,2022	No .of borrowers	8,391	823	79	-	9,293
	Amount Outstanding	352.59	47.38	4.49	-	404.45
	Provision thereon	61.54	25.49	2.80	-	89.83
Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Upgradations to restructured standard category during the year	No. of borrowers	23	(23)	-	-	-
	Amount Outstanding	2.17	(2.17)	-	-	-
	Provision thereon	1.17	(1.17)	-	-	-
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of year	No. of borrowers	(1,254)	(37)	(17)	-	(1,308)
	Amount Outstanding	(36.88)	(0.13)	(0.07)	-	(37.07)
	Provision thereon	(3.35)	(0.07)	(0.06)	-	(3.48)
Downgradations of restructured accounts during the year	No. of borrowers	(187)	180	7	-	-
	Amount Outstanding	(8.29)	8.07	0.22	-	0.00
	Provision thereon	(1.60)	1.48	0.13	-	(0.00)

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(s) Detail of restructured advances (Contd.)

		Others				
		Standard	Sub-standard	Doubtful	Loss	Total
Write-offs/ Settlements/ Recoveries of restructured accounts during the year	No. of borrowers	(4,533)	(751)	(62)	-	(5,346)
	Amount Outstanding	(210.50)	(46.05)	(4.39)	-	(260.94)
	Provision thereon	(46.13)	(22.37)	(2.72)	-	(71.22)
Restructured Accounts as on March 31, 2023	No. of borrowers	2,440	192	7	-	2,639
	Amount Outstanding	99.08	7.10	0.25	-	106.44
	Provision thereon	11.63	3.36	0.15	-	15.14

Amount of movement in respective blocks includes recovery made during the year.

		Total				
		Standard	Sub-standard	Doubtful	Loss	Total
Restructured Accounts as on April 1,2022	No. of borrowers	9,800	1,034	79	-	10,913
	Amount Outstanding	449.20	58.82	4.49	-	512.51
	Provision thereon	78.08	31.55	2.80	-	112.44
Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Upgradations to restructured standard category during the year	No. of borrowers	39	(39)	-	-	-
	Amount Outstanding	2.28	(2.28)	-	-	-
	Provision thereon	1.27	(1.27)	-	-	-
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of year	No. of borrowers	(1,376)	(37)	(17)	-	(1,430)
	Amount Outstanding	(48.90)	(0.13)	(0.07)	-	(49.09)
	Provision thereon	(4.61)	(0.07)	(0.06)	-	(4.74)
Downgradations of restructured accounts during the year	No. of borrowers	(264)	174	90	-	-
	Amount Outstanding	(9.60)	8.51	1.09	-	0.00
	Provision thereon	(1.77)	0.87	0.90	-	(0.00)
Write-offs/ Settlements/ Recoveries of restructured accounts during the year	No. of borrowers	(5,212)	(851)	(62)	-	(6,125)
	Amount Outstanding	(280.99)	(56.73)	(4.33)	-	(342.05)
	Provision thereon	(60.27)	(27.01)	(2.70)	-	(89.97)
Restructured Accounts as on March 31, 2023	No. of borrowers	2,987	281	90	-	3,358
	Amount Outstanding	111.98	8.21	1.17	-	121.36
	Provision thereon	12.72	4.07	0.94	-	17.73

Amount of movement in respective blocks includes recovery made during the year

The above disclosure includes one-time restructuring implemented as prescribed in the notification no. RBI/2020-21/16 DOR.NO.BP.BC/3/21.04.048/2020-21 Resolution Framework for COVID-19-related Stress and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses.

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(s) Detail of restructured advances (Contd.)

As at March 31, 2022

		Under SME Debt Restructuring Mechanism				
		Standard	Sub-standard	Doubtful	Loss	Total
Restructured Accounts as on April 1,2021	No. of borrowers	2,151	208	6	-	2,365
	Amount Outstanding	192.38	18.30	0.96	-	211.64
	Provision thereon	32.33	7.72	0.32	-	40.37
Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Upgradations to restructured standard category during the year	No. of borrowers	94	(92)	(2)	-	-
	Amount Outstanding	(9.68)	(6.50)	(0.45)	-	(16.63)
	Provision thereon	0.02	(2.61)	(0.13)	-	(2.72)
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of year	No. of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the year	No. of borrowers	(177)	177	-	-	-
	Amount Outstanding	(11.75)	10.65	-	-	(1.10)
	Provision thereon	(1.87)	5.54	-	-	3.67
Write-offs of restructured accounts during the year	No. of borrowers	(659)	(82)	(4)	-	(745)
	Amount Outstanding	(74.35)	(11.00)	(0.51)	-	(85.86)
	Provision thereon	(13.94)	(4.60)	(0.19)	-	(18.73)
Restructured Accounts as on March 31, 2022	No. of borrowers	1,409	211	-	-	1,620
	Amount Outstanding	96.61	11.45	-	-	108.06
	Provision thereon	16.54	6.06	-	-	22.60

Amount of movement in respective blocks includes recovery made during the year.

		Others				
		Standard	Sub-standard	Doubtful	Loss	Total
Restructured Accounts as on April 1, 2021	No. of borrowers	575	5,976	84	-	6,635
	Amount Outstanding	61.97	194.31	3.71	-	259.99
	Provision thereon	10.62	28.53	1.91	-	41.06
Fresh restructuring during the year	No. of borrowers	5,075	889	-	-	5,964
	Amount Outstanding	224.32	42.15	-	-	266.47
	Provision thereon	40.86	20.18	-	-	61.04
Upgradations to restructured standard category during the year	No. of borrowers	2,961	(2,941)	(20)	-	-
	Amount Outstanding	86.46	(110.45)	(1.43)	-	(25.42)
	Provision thereon	14.03	(4.40)	(0.61)	-	9.02
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of year	No. of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the year	No. of borrowers	(77)	15	62	-	-
	Amount Outstanding	(11.58)	9.70	3.88	-	2.00
	Provision thereon	(2.32)	5.36	2.41	-	5.45

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(s) Detail of restructured advances (Contd.)

		Others				
		Standard	**Sub-standard**	**Doubtful**	**Loss**	**Total**
Write-offs/ Settlements/ Recoveries of restructured accounts during the year	No of borrowers	(143)	(3,116)	(47)	-	(3,306)
	Amount Outstanding	(8.57)	(88.34)	(1.67)	-	(98.58)
	Provision thereon	(1.65)	(24.18)	(0.91)	-	(26.74)
Restructured Accounts as on March 31, 2022	No of borrowers	8,391	823	79	-	9,293
	Amount Outstanding	352.59	47.38	4.49	-	404.46
	Provision thereon	61.54	25.49	2.80	-	89.83

Amount of movement in respective blocks includes recovery made during the year.

		Total				
		Standard	**Sub-standard**	**Doubtful**	**Loss**	**Total**
Restructured Accounts as on April 1, 2021	No. of borrowers	2,726	6,184	90	-	9,000
	Amount Outstanding	254.35	212.61	4.67	-	471.63
	Provision thereon	42.95	36.25	2.23	-	81.43
Fresh restructuring during the year	No. of borrowers	5,075	889	-	-	5,964
	Amount Outstanding	224.32	42.15	-	-	266.47
	Provision thereon	40.86	20.18	-	-	61.04
Upgradations to restructured standard category during the year	No. of borrowers	3,055	(3,033)	(22)	-	-
	Amount Outstanding	76.78	(116.95)	(1.88)	-	(42.05)
	Provision thereon	14.05	(7.01)	(0.74)	-	6.30
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of year	No. of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the year	No. of borrowers	(254)	192	62	-	-
	Amount Outstanding	(23.33)	20.35	3.88	-	0.90
	Provision thereon	(4.19)	10.90	2.41	-	9.12
Write-offs/Settlements/ Recoveries of restructured accounts during the year	No. of borrowers	(802)	(3,198)	(51)	-	(4,051)
	Amount Outstanding	(82.92)	(99.34)	(2.18)	-	(184.44)
	Provision thereon	(15.60)	(28.78)	(1.09)	-	(45.47)
Restructured Accounts as on March 31, 2022	No. of borrowers	9,800	1,034	79	-	10,913
	Amount Outstanding	449.20	58.83	4.49	-	512.52
	Provision thereon	78.08	31.55	2.80	-	112.43

Amount of movement in respective blocks includes recovery made during the year.

The above disclosure includes one-time restructuring implemented as prescribed in the notification no. RBI/2020-21/16 DOR.NO.BP.BC/3/21.04.048/2020-21 Resolution Framework for COVID-19-related Stress and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses.

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(t) Details of resolution framework for COVID-19- related stress as per RBI notification no. DOR. STR.REC,11/21.04.048/2021-22 dated May 5, 2021 and DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020.

Type of borrower	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of September 30, 2022	(B) Of (A), aggregate debt that slipped into NPA during the half-year	(C) Of (A) amount written off during the half-year ^	(D) Of (A) amount paid by the borrowers during the half-year #	(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of March 31, 2023
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	155.23	5.74	39.72	20.09	89.68
Total	**155.23**	**5.74**	**39.72**	**20.09**	**89.68**

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

^ Includes NPA sale.

Includes interest accrued during the period.

(u) Disclosure pursuant to RBI notification RBI/DOR/2021-22/86 DOR.STR REC.51/21.04.048/ 2021-22 dated September 24, 2021.

(a) Details of transfer through assignment in respect of loans not in default during the year ended March 31, 2023

Count of Loan accounts Assigned	35,414
Amount of Loan accounts Assigned	547.86
Retention of beneficial economic interest (MRR)	10.00%
Weighted Average Maturity (Residual Maturity)	19 months
Weighted Average Holding Period	30 months
Coverage of tangible security coverage	100.00%
Rating wise distribution of rated loans	NA

(b) Details of acquired through assignment in respect of loans not in default during the year ended March 31, 2023

Particulars	Secured	Unsecured
Amount of loan accounts acquired	521.75	NIL
Weighted average maturity *	91 months	
Weighted average holding period	12 months	
Retention of beneficial economic interest **	10.00%	
Coverage of tangible security	100.00%	
Rating-wise distribution of rated loans	Unrated	

* At the time of acquisition

** Retained by the originator

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Balance Sheet Disclosures as required under Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification* (Contd.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(u) Disclosure pursuant to RBI notification RBI/DOR/2021-22/86 DOR.STR REC.51/21.04.048/ 2021-22 dated September 24, 2021. (Contd.)

(c) For securitisation related disclosures, please refer note 56(d)

(d) Details of stressed loans transferred during the year ended March 31, 2023

Product	To ARCs*	To permitted transferees#	To other transferees
No. of accounts	16,100	-	-
Aggregate principal outstanding of loans transferred	414.64	-	-
Weighted average residual tenor of the loans transferred	29 months	-	-
Net book value of loans transferred (at the time of transfer)	331.75	-	-
Aggregate consideration	320.88	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

* In addition to above, during the year, the Company has transferred 32,786 loan accounts for an aggregate consideration of ₹147.28 Crore. These loan accounts were already written off in the books before such sale transactions.

In addition to above, during the year, the Company has transferred 3,718 loan accounts for an aggregate consideration of ₹6.05 Crore. These loan accounts were already written off in the books before such sale transactions.

(v) There are no such circumstances in which revenue has been postponed pending the resolution of significant uncertainties.

(w) Net profit or loss for the period, prior period items and changes in accounting policies There are no prior period items which are impacting Company's current year profit and loss.

(x) The Company has consolidated financial statement of its all the underlying subsidiaries.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423

Place: Pune
Date: April 26, 2023

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

Amar Deshpande
Director
(DIN: 07425556)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Shabnum Zaman
Company Secretary
Membership No.: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 26, 2023

Place: Pune
Date: April 26, 2023

Schedule annexed to the Balance Sheet

for the year ended March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

Disclosure of details as required in terms of Paragraph 19 of Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid*

Sl. No.	Particulars	Amount outstanding as at March 31, 2023	Amount overdue as at March 31, 2023
	Liabilities		
(a)	Debentures		
	- Secured	950.24	-
	- Unsecured	365.27	-
(b)	Deferred Credits	-	-
(c)	Term Loans	5,929.72	-
(d)	Inter-Corporate Loans and Borrowing	-	-
(e)	Commercial Paper	294.71	-
(f)	Public Deposits	-	-
(g)	Cash Credit / Working Capital Demand Loans from Banks	3,469.68	-

* Does not include loan from PTC investors which forms part of borrowings under Ind AS as the same does not meet the derecognition criteria under Ind AS.

2. Break-up of Loans and Advances, including Bills Receivables (other than those included in (3) below)

Sl. No.	Particulars	Amount outstanding as at March 31, 2023
	Assets	
(a)	Secured	-
(b)	Unsecured	440.52

3. Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities*

Sl. No.	Particulars	Amount outstanding as at March 31, 2023
(i)	Lease Assets including Lease Rentals under Sundry Debtors	66.47
(ii)	Stock on Hire including Hire Charges under Sundry Debtors	-
(iii)	Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	2.52
	(b) Loans other than (a) above	15,508.02

AFC classification has been discontinued by RBI with effect from February 22, 2019

* Securitisation (PTC) transaction do not meet the derecognition criteria under Ind AS and are recognised in books of account. Accordingly amounts stated above are inclusive of PTC transactions for the purpose of disclosure.

Schedule annexed to the Balance Sheet
for the year ended March 31, 2023
(All amounts are in ₹ Crore unless otherwise stated)

Disclosure of details as required in terms of Paragraph 19 of Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Contd.)

4. Break-up of Investments

Sl. No.	Particulars	Amount outstanding as at March 31, 2023
	Current Investments	
1	**Quoted**	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	268.37
	(v) Others (please specify)	-
2	**Unquoted**	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (PTC securitites)	-
	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 (please specify)	-
2	**Unquoted**	
	(i) Shares (a) Equity*	819.73
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	-
	- PTC securities	42.54
	- Security Receipts	199.23

* Investment in joint venture and subsidiary reclassified as assets held for sale as at March 31, 2023.

Schedule annexed to the Balance Sheet

for the year ended March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

Disclosure of details as required in terms of Paragraph 19 of Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Contd.)

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

	Category	Secured	Unsecured	Total as at March 31, 2023
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	1.42	1.42
	(c) Other related parties	-	-	-
2	Other than Related Parties	7,234.13	8,781.99	16,016.12
	Total	**7,234.13**	**8,783.41**	**16,017.54**

* Securitisation (PTC) transaction do not meet the derecognition criteria under Ind AS and are recognised in books of account. Accordingly amounts stated above are inclusive of PTC transactions for the purpose of disclosure.

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

	Category	Market Value / Break up or Fair Value or NAV as at March 31, 2023	Book Value (Net of Provisions) as at March 31, 2023
1	Related Parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same group *	-	819.73
	(c) Other related parties	-	-
2	Other than Related Parties	510.14	510.14
Total		**510.14**	**1,329.87**

* Investment in joint venture and subsidiary reclassified as assets held for sale as on March 31, 2023

Schedule annexed to the Balance Sheet

for the year ended March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

Disclosure of details as required in terms of Paragraph 19 of Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Contd.)

7. Other information

	Category	Total as at March 31, 2023
(i)	Gross Non-Performing Assets *	
	(a) Related parties	-
	(b) Other than Related parties	225.10
(ii)	Net Non-Performing Assets *	
	(a) Related parties	-
	(b) Other than Related parties	121.13
(iii)	Assets acquired in satisfaction of debt	-

* Disclosure as per IND-AS, as required in RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

Amar Deshpande
Director
(DIN: 07425556)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Shabnum Zaman
Company Secretary
Membership No.: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 26, 2023

Independent Auditor's Report

To the Members of

Poonawalla Fincorp Limited

[Formerly Magma Fincorp Limited]

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of **Poonawalla Fincorp Limited** [Formerly Magma Fincorp Limited] ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'),and its joint venture as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including 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 and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiary and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group and its joint venture, as at March 31, 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture 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 consolidated 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 together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, 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 and based on the consideration of the reports of the other auditor on separate financial statements of the subsidiary, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loan assets Refer Note 2(h)(vi) of significant accounting policies, Note 7 for the details of provision and Note 55.2 for credit risk disclosures. Also, refer Note 42 for exceptional items. As at March 31, 2023, the Holding Company has reported gross financial assets (loans) aggregating to ₹15,510.62 Crore against which provision for expected credit loss of ₹281.17 Crore has been recorded as at	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: • Obtained an understanding of the modelling techniques adopted by the Holding Company including the key inputs and assumptions for calculation of expected credit losses;

Key audit matter	How our audit addressed the key audit matter
reporting date in accordance with Ind AS 109 – Financial Instruments ('Ind AS 109'). The Holding Company has written off ₹821.82 Crore during the current year. The calculation of expected credit loss on loans and write-offs is complex and requires significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. The Holding Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Holding Company i.e., the default in repayment is within 1 month. • If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e., the default in repayment is within the range of 2 to 3 months. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e., the default in repayment is more than 3 months. The Expected Credit Loss ("ECL") is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Calculation of ECL involves estimation of probability of default (PD) on loan portfolio over their life, loss given default (LGD) and exposure at default for each of the stages of loan portfolio. The management has calculated the PD and LGD as follows: • For new products launched from time to time and where the Holding Company does not have sufficient historical data to estimate PD, the Holding Company has engaged external leading credit bureau and accordingly based on industry data sourced such information from the aforesaid credit bureau. • For the remaining portfolio, the Holding Company has continued to use their existing internally developed modelling techniques using historical observable data and inputs to estimate PD and LGD. Significant management judgement and assumptions are involved in measuring ECL which also includes management overlays especially while calculating the PD and LGD and involves the following critical factors which are applied to such modelling techniques:	• Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculations, validation of data and monitoring of impairment loss recognised based on historical and external data. This also included testing performed by IT Specialists to test the data flows from source systems to spreadsheet-based models to test their completeness and accuracy. • Tested the modelling assumptions and inputs which are based on industry experience (new products) as collated by external credit bureau by benchmarking independently such inputs with data of other comparable companies to assess reasonability of such assumptions. While for remaining loan portfolio, since modelling assumptions and parameters are based on historical data, assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Considered the Holding Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109; • Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the agreed repayment schedules of the borrowers; • Further, challenged the aforesaid assumptions through our understanding of the risk profile of the customers of the Holding Company and other publicly available relevant macro-economic factors used with the models; • We have also examined, on a sample basis, data inputs to the discounted cash flow models, including the latest collateral valuations in supporting the estimation of future cash flows and present value; • Evaluated the appropriateness of the Holding Company's determination of significant increase in credit risk in accordance with the applicable accounting standards and the basis for classification of various exposures into various stages. For a sample of exposures, also tested the appropriateness of the Holding Company's categorization across various stages; • Assessed the critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, PD or LGD;

Key audit matter	How our audit addressed the key audit matter
• Segmentation of loan book • Determination of exposure at default • Loan staging criteria • Consideration of probability weighted scenarios and forward looking macro-economic factors • Criteria for a significant increase in credit risk • Past experience and forecast data on customer behavior on repayments • Estimation of realizable value of underlying collaterals Considering the significance of the above matter to the standalone financial statements, significant level of estimates and judgements involved in determination of ECL and write offs, this matter required our significant attention. Therefore, we have identified this as a key audit matter for current year audit.	• Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • On test check basis, tested the reasonableness of estimates of expected realizable values of underlying collaterals; • Obtained the management's rational for writing off the loans during the current year and tested for appropriate management approvals for the same; • Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; • Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 55 "Financial risk management" disclosed in the accompanying consolidated financial statements in accordance with the applicable accounting standards and related RBI circulars.
Information Technology system for accounting and financial reporting process: The Holding 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. Further, the Holding Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The Holding Company has put in place IT General Controls and automated IT Controls to ensure the integrity, accuracy, completeness, validity and reliability of the information produced by the Holding Company. Among other things, the management also uses the information produced by the Holding Company's information processing systems for accounting and the preparation and presentation of the standalone financial statements. The Holding Company uses loan management system (LMS) for sourcing, processing, recording and management of loan database which is fully integrated with the financial accounting and reporting system. The Holding Company has implemented necessary	Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following: • Obtained an understanding of the Holding Company's information processing systems, IT General Controls and automated IT controls and conducted risk assessment for identified IT applications, data bases and operating systems that are relevant to our audit; • Obtained an understanding of the changes/ modifications that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting including management's process for monitoring and authorisation of such changes/ modifications • Evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use, including logging of security events and procedures to identify vulnerabilities; • Tested segregations of duties controls around program maintenance, security administration and key business processes; • Tested IT General Controls particularly, logical access, change management and aspects of IT operational controls. Tested that request for access to systems were appropriately reviewed and authorized; tested

Key audit matter	How our audit addressed the key audit matter
preventive and detective controls across critical IT applications and infrastructure, which are most relevant from the perspective of financial reporting. Our audit approach relies on the effectiveness of automated controls and controls around interface of different systems. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. Further, we focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and controls relevant to our audit due to their pervasive impact on the financial statements, we have determined the use of information processing system for accounting and financial reporting same as a key audit matter for current year audit.	controls around Holding Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization; • Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; • Tested the design and operating effectiveness of the Holding Company's IT controls over the IT applications as identified above; • Where deficiencies were identified, tested compensating controls or performed alternative procedures; • Obtained written representations from management and those charged with governance on whether IT general controls and automated IT controls are designed and were operating effectively during the period covered by our audit.

The statutory auditor, G. D. Apte & Co., Chartered Accountants, of Poonawalla Housing Finance Limited [Formerly Magma Housing Finance Limited], vide their audit report dated 24 April 2023, have expressed an unmodified opinion on the financial statements. Based on consideration of their report, we have determined the matters reproduced below to be the key audit matters to be communicated in our report:

Key audit matter	Audit Procedures
Impairment losses on loans assets: Refer Note No. 2 (h) (vi) of significant accounting policies and Note No. 43 A for credit risk disclosures. As at March 31, 2023, the Company has reported gross loan assets of ₹5,497.85 Crores against which expected credit loss of ₹59.28 Crores has been recorded. The accounting policies in respect of impairment losses on loans is given vide note No. 2 (h) (vi) to the financial statements. Determination of fair and adequate impairment losses is a complex process and is based on application of significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. Considering the significance of the above matter to the overall financial statements, and extent of management's estimates and judgements involved, we have identified this as a key audit matter for the audit of current year.	**Significant audit procedures included the following:** • Our audit approach was a combination of test of internal controls and substantive procedures. • Obtained an understanding of the ECL modelling techniques adopted by the Company including the key inputs and assumptions. Ensured completeness and the appropriateness of data on which the calculation is based. • The Probability of Default and the Loss given Default ratios are computed based on the recoveries of the loan accounts using its own historical data. Further, changes in macro-economic environment /CPI factors are also applied to PDs. We reviewed and ensured that there is no management intervention and bias in computing these fundamental parameters for provisioning. • 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

Key audit matter	Audit Procedures
	by comparing the loan dumps with the books of account and the financial statements and also with the ECL schedules in order to ensure that the entire loan portfolio is subjected to application of ECL provision. We also carried out analytical procedures to satisfy that no unusual trends exist. • Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows with reference to the agreed repayment schedules of the borrowers which included the impact of restructuring in the applicable cases. • We have examined, on a test basis, data inputs to the discounted cash flow models, including the latest collateral valuations supporting the estimation of future cash flows and present value. We also carried out review of collection efficiency of the company. • Compared the provision for ECL vis-à-vis provision as per the Reserve Bank of India (RBI) IRAC norms and confirmed that there is no shortfall of ECL when compared to the IRAC norms to ensure compliance with the mandated provisions prescribed by the RBI. • Evaluated the appropriateness of the Company's impairment methodologies as required under Ind AS 109, "Financial Instruments" and reasonableness of assumptions used, including post model adjustments ensuring that the adjustment to ECL Model was in conformity with the approved policy of the Company.
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.	**Significant audit procedures included the following:** • We involved our internal IT expert to carry out the testing of IT general controls and other controls relevant for financial reporting; • Obtained an understanding of the Company's IT related control environment, IT applications and databases relevant for the purpose of our audit of the financial statements. • Also, obtained an understanding of the changes that were made to the IT applications during the audit period. • Tested the design and operating effectiveness of the Company's IT controls over the IT applications and databases. Tested IT general controls particularly, logical access, segregation of duties, change management and other aspects of IT operational controls.

Accordingly, we have determined key IT systems and controls as a key audit matter for current year audit.

- Tested that request for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization.

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

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its joint venture are responsible for assessing the ability of the Group and its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and its joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated 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 Holding 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 Board of Directors' 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 ability of the Group and its joint venture 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 Group and its joint venture to cease to continue as a going concern; and
    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
    - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 consolidated 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. We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of ₹5,970.77 Crore and net assets

of ₹1,208.58 Crore as at March 31, 2023, total revenues of ₹703.62 Crore and net cash inflows amounting to ₹135.28 Crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor. The consolidated financial statement also includes the Group's share of net profit after tax of ₹ Nil Crore for the year ended March 31, 2023, in respect of one joint venture whose financial statements / financial information has not been audited by us. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid joint venture, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group (refer Annexure 1).

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on, the work done by and the reports of the other auditor and the financial statements/ financial information certified by the management.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15, on separate financial statements of the subsidiary, we report that the Holding Company and its subsidiary company, incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditor as mentioned in paragraph 15 above, of companies included in the consolidated financial statements for the year ended March 31, 2023 and covered under the Act, we report that:

A) Following are the qualifications/adverse remarks reported by us and the other auditor in the Order reports of the companies included in the consolidated financial statements for the year ended March 31, 2023 for which such Order reports have been issued till date and made available to us:

S No.	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1.	Poonawalla Fincorp Limited	L51504PN1978PLC209007	Holding Company	3(i)(c)
2.	Poonawalla Fincorp Limited	L51504PN1978PLC209007	Holding Company	3(iii)(c)
3.	Poonawalla Fincorp Limited	L51504PN1978PLC209007	Holding Company	3(iii)(d)
4.	Poonawalla Fincorp Limited	L51504PN1978PLC209007	Holding Company	3(vii)(a)
5.	Poonawalla Fincorp Limited	L51504PN1978PLC209007	Holding Company	3(xi)(a)
6.	Poonawalla Housing Finance Limited	U65922PN2004PLC208751	Subsidiary Company	3(iii)(c)
7.	Poonawalla Housing Finance Limited	U65922PN2004PLC208751	Subsidiary Company	3(iii)(d)
8.	Poonawalla Housing Finance Limited	U65922PN2004PLC208751	Subsidiary Company	3(vii)(a)

18. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary incorporated in India whose financial statements have been audited under the Act, 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 aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

    e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company and taken on record by the Board of Directors of the Holding Company and its subsidiary company, respectively, and the reports of the statutory auditors of its subsidiary company, covered under the Act, none of the directors of the Group companies, are disqualified as on March 31, 2023 from being appointed as a director in terms of section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion; and

    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 and based on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary, incorporated in India whose financial statements have been audited under the Act:

    i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 49 to the consolidated financial statements;

    ii. The Holding Company and its subsidiary company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2023;

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2023. Further, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company during the year ended March 31, 2023;

    iv. a. The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary that, to the best of their knowledge and belief, as disclosed in note 58 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary company and joint venture , to or in any person(s) or entity(ies), including foreign entities ('the 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 Holding Company, or any such subsidiary company and joint venture, ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary that, to the best of their knowledge and belief, as disclosed in the note 58 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary company and joint venture , from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary company and joint venture , 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; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditor's notice that has caused us or the other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. a. The final dividend paid by the Holding Company during the year ended March 31, 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

b. As stated in note 29 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended March 31, 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For Walker Chandiok & Co. LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423
UDIN: 23042423BGWINN1277

Place: Pune
Date: April 26, 2023

Annexure 1

List of entities included in the Consolidated Financial Statements

Name of the entity	Relationship
Poonawalla Housing Finance Limited [Formerly Magma Housing Finance Limited]	Subsidiary (*)
Jaguar Advisory Services Private Limited	Joint Venture (**)

(*) Investment in Subsidiary has been classified as assets held for sale as per Ind AS 105 and disclosed as discontinued operations in the Consolidated Financial Statements.

(**) Interest in Joint Venture has been classified as assets held for sale as per Ind AS 105 and accordingly, the equity method accounting has been discontinued with after December 13, 2021.

Annexure A to the Independent Auditor's Report of even date to the members of Poonawalla Fincorp Limited on the consolidated financial statements for the year ended March 31, 2023

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

1. In conjunction with our audit of the consolidated financial statements of Poonawalla Fincorp Limited [Formerly Magma Fincorp Limited] ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group') and its joint venture as at and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company and joint venture company which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company and joint venture which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and joint venture company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and joint venture company as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditor on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company, its subsidiary company and joint venture company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at March 31, 2023, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to one subsidiary company, which is a company covered under the Act, whose financial statements / financial information reflect total assets of ₹5,970.77 Crore and net assets of ₹1,208.58 Crore as at March 31, 2023, total revenues of ₹703.62 Crore and net cash inflows amounting to ₹135.28 Crore for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditor whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

10. We did not audit the internal financial controls with reference to financial statements in so far as it relates to one joint venture company, which is a company covered under the Act, in respect of which, the Group's share of net profit (including other comprehensive income) of ₹ Nil Crore for the year ended March 31, 2023 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of this joint venture company, which is a company covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the aforesaid joint venture company, which are companies covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements report certified by the management of such company. In our opinion and according to the information and explanations given to us by the management, these financial statements / financial information are not material to the Group. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements report certified by the management.

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423
UDIN.: 23042423BGWINN1277

Place: Pune
Date: April 26, 2023

Consolidated Balance Sheet

as at March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
1 Financial assets			
Cash and cash equivalents	3	601.38	354.71
Bank balances other than cash and cash equivalents	4	56.05	242.26
Derivative financial instruments	5	-	0.51
Receivables	6		
(i) Trade receivables		18.64	10.18
(ii) Other receivables		2.03	3.85
Loans	7	15,218.53	14,850.70
Investments	8	310.91	0.00
Other financial assets	9	563.15	234.52
Total financial assets		**16,770.69**	**15,696.73**
2 Non-financial assets			
Current tax assets (net)	10	114.39	115.77
Deferred tax assets (net)	11	47.68	197.03
Investment property	12	0.08	0.08
Property, plant and equipment	13	117.83	122.57
Intangible assets under development	14	4.56	0.46
Goodwill	15	14.30	14.30
Other intangible assets	16	14.25	19.30
Right of use assets	17	75.05	58.04
Other non-financial assets	18	40.31	35.81
Total non-financial assets		**428.45**	**563.36**
3 Assets held for sale	19	50.70	182.62
4 Asset directly associated with Discontinued Operations	50 (c)	5,970.77	-
Total assets		**23,220.61**	**16,442.71**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Derivative financial instruments	5	-	0.27
Payables	20		
(i) Trade Payables			
- total outstanding dues of micro enterprises and small enterprises		0.05	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		1.97	15.13
(ii) Other Payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	21	950.24	939.96
Borrowings (other than debt securities)	22	9,804.07	8,380.48
Subordinated liabilities	23	365.27	588.39
Lease liabilities	24	89.58	64.59
Other financial liabilities	25	275.99	300.40
Total financial liabilities		**11,487.17**	**10,289.22**
2 Non-financial liabilities			
Current tax liabilities (net)	26	0.34	0.36
Provisions	27	8.26	12.13
Other non-financial liabilities	28	89.48	82.77
Total non-financial liabilities		**98.08**	**95.26**
Liabilities directly associated with Discontinued Operations	50 (c)	4,762.19	-
EQUITY			
Equity share capital	29	153.59	152.98
Other equity	30	6,707.81	5,902.97
Minority Interest		11.77	2.28
Total equity		**6,873.17**	**6,058.23**
Total liabilities and equity		**23,220.61**	**16,442.71**
Summary of significant accounting policies	2		
Notes 1 to 59 forms an integral part of these consolidated financial statements			

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

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

Khushroo B. Panthaky
Partner
Membership No.: 042423

Amar Deshpande
Director
(DIN: 07425556)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Shabnum Zaman
Company Secretary
Membership No.: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 26, 2023

Place: Pune
Date: April 26, 2023

Place: Pune
Date: April 26, 2023

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

	Note	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations			
Interest income	31	1,815.19	1,462.35
Rental income	32	27.72	26.44
Fees and commission income	33	61.54	48.55
Net gain on fair value changes	34	4.45	2.67
Net gain on derecognition of financial instruments	35	29.68	-
Total Revenue from Operations		**1,938.58**	**1,540.01**
Other income	36	69.70	30.86
Total income		**2,008.28**	**1,570.87**
Expenses			
Finance costs	37	595.28	508.64
Net loss on derecognition of financial instruments	35	10.87	-
Impairment on financial instruments	38	(144.53)	68.61
Employee benefits expenses	39	514.80	409.86
Depreciation and amortisation expenses	40	61.41	49.49
Other expenses	41	226.84	145.25
Total expenses		**1,264.67**	**1,181.85**
Profit before share of profit of joint ventures, exceptional items and tax		**743.61**	**389.02**
Share of profit of equity-accounted investee, net of tax		-	1.50
Profit before tax and exceptional items		**743.61**	**390.52**
Exceptional items (Net)	42	7.39	-
Profit before tax from continuing operations		**751.00**	**390.52**
Tax expense	11		
Current tax		24.18	-
Tax expense for earlier years		-	(2.27)
Deferred tax		157.01	94.76
Total tax expense		**181.19**	**92.49**
Profit after tax for the year from continuing operations		**569.81**	**298.03**
Profit before tax from discontinued operations		154.19	101.16
Tax expense of discontinued operations		38.97	23.77
Profit after tax for the year from discontinued operations	50	**115.22**	**77.39**
Profit for the year from continuing and discontinued operations		**685.03**	**375.42**
Other comprehensive income			
A. (i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans		2.17	(0.02)
- Share of profit of equity-accounted investee, net of tax		-	(0.19)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.55)	0.01
Subtotal (A)		**1.62**	**(0.20)**
B. (i) Items that will be reclassified to profit or loss			
- Financial instruments through other comprehensive income		(0.35)	2.21
- Reclassification adjustments on disposal of Joint Venture, net of tax		(6.86)	1.89
(ii) Income tax relating to items that will be reclassified to profit or loss		0.09	(0.56)
Subtotal (B)		**(7.12)**	**3.54**
C. Other comprehensive income/(loss) from discontinued operations (net of tax)		0.14	5.77
Other comprehensive income (A + B + C)		**(5.36)**	**9.11**
Total comprehensive income for the year		**679.67**	**384.53**
Total comprehensive income for the year, attributable to			
(a) Owners of the Company		678.61	384.23
(b) Non-controlling interests		1.06	0.30
Total		**679.67**	**384.53**

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

	Note	Year ended March 31, 2023	Year ended March 31, 2022
Profit from continuing operations for the year, attributable to			
(a) Owners of the Company		569.82	298.03
(b) Non-controlling interests		-	-
Total		**569.82**	**298.03**
Profit from discontinued operations for the year, attributable to			
(a) Owners of the Company		114.16	77.10
(b) Non-controlling interests		1.06	0.29
Total		**115.22**	**77.39**
Profit from continuing and discontinued operations for the year, attributable to			
(a) Owners of the Company		683.98	375.13
(b) Non-controlling interests		1.06	0.29
Total		**685.03**	**375.42**
Other comprehensive income for the year, attributable to			
(a) Owners of the Company		(5.36)	9.10
(b) Non-controlling interests		(0.00)	0.01
Total		**(5.36)**	**9.11**
Earnings per equity share (for continuing operations) (Face value of ₹2/- each)			
Basic (₹)	46	7.44	4.16
Diluted (₹)	46	7.37	4.10
Earnings per equity share (for discontinued operations) (Face value of ₹2/- each)			
Basic (₹)	46	1.51	1.07
Diluted (₹)	46	1.49	1.07
Earnings per equity share (for continuing and discontinued operations) (Face value of ₹2/- each)			
Basic (₹)	46	8.95	5.23
Diluted (₹)	46	8.86	5.17
Summary of significant accounting policies	2		
Notes 1 to 59 forms an integral part of these consolidated financial statements			

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

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423

Place: Pune
Date: April 26, 2023

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

Amar Deshpande
Director
(DIN: 07425556)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Shabnum Zaman
Company Secretary
Membership No.: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 26, 2023

Place: Pune
Date: April 26, 2023

Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

a. Equity share capital

As at March 31, 2023

Balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
152.98	0.61	153.59

As at March 31, 2022

Balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
53.92	99.06	152.98

b. Other equity

As at March 31, 2023

Particulars	Reserve and Surplus							Items of other comprehensive income		Total (Equity of the owners of the company)
	Statutory Reserves (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)	Statutory Reserves (created pursuant to Section 29C of the National Housing Bank Act, 1987)	Capital Reserve	Securities Premium	Capital Redemp tion reserve	Share option out-standing account	Retained Earnings	Financial instru-ments through Other Compre-hensive Income	Effective portion of Cash Flow Hedges	
Balance as at April 1 2022	**398.30**	**64.37**	**4.80**	**5,182.48**	**14.22**	**22.75**	**196.47**	**19.63**	**(0.05)**	**5,902.97**
Profit for the year (Owners)	-	-	-	-	-	-	683.98	-	-	683.98
Other comprehensive income for the year (Owners)*	-	-	-	-	-	-	1.71	(7.12)	0.05	(5.36)
Transfer to/from retained earnings	117.00	25.45	-	-	-	-	(139.81)	-	-	2.63
Dividend paid	-	-		-	-	-	(30.60)	-		(30.60)
Minority Interest Adjustment	-	-	-	-	-	-	(6.98)	-	-	(6.98)
Share based payment to employees	-	-	-	65.20	-	95.97	-	-	-	161.17
Balance as at March 31, 2023	**515.30**	**89.82**	**4.80**	**5,247.68**	**14.22**	**118.72**	**704.76**	**12.51**	**-**	**6,707.81**

*Amount of other comprehensive income/(loss) transferred to retained earnings pertains to remeasurement of defined benefit plans

Consolidated Statement of Changes in Equity

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

As at March 31, 2022

Particulars	Reserve and Surplus							Items of other comprehensive income		Total (Equity of the owners of the company)
	Statutory Reserves (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)	Statutory Reserves (created pursuant to Section 29C of the National Housing Bank Act, 1987)	Capital Reserve	Securities Premium	Capital Redemption reserve	Share option outstanding account	Retained Earnings	Financial instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
Balance as at 1 April 2021	339.60	48.95	4.80	1,809.69	14.22	17.16	(103.85)	9.82	-	2,140.39
Profit for the year (Owners)	-	-	-	-	-	-	375.09	-	-	375.09
Other comprehensive income for the year (Owners)*	-	-	-	-	-	-	(0.65)	9.81	(0.05)	9.11
Transfer to/from retained earnings	58.70	15.42	-	-	-	-	(74.12)	-	-	-
Proceeds from issue of shares	-	-	-	3,357.26	-	-	-	-	-	3,357.26
Share issue expense	-	-	-	(1.41)	-	-	-	-	-	(1.41)
Share based payment to employees	-	-	-	16.94	-	5.59	-	-	-	22.53
Balance as at March 31, 2022	**398.30**	**64.37**	**4.80**	**5,182.48**	**14.22**	**22.75**	**196.47**	**19.63**	**(0.05)**	**5,902.97**

Note 30 describes the purpose of each reserve within equity

*Amount of other comprehensive income/(loss) transferred to retained earnings pertains to remeasurement of defined benefit plans

Note 2 - Summary of Significant accounting policy

Notes 1 to 59 forms an integral part of these consolidated financial statements

This is the Consolidated Statement of Changes in Equity referred to in our report of even date

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423

Place: Pune
Date: April 26, 2023

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

Amar Deshpande
Director
(DIN: 07425556)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Shabnum Zaman
Company Secretary
Membership No.: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 26, 2023

Place: Pune
Date: April 26, 2023

Consolidated Statement of Cash Flow

for the year ended March 31, 2023

(All amounts are in ₹ Crore unless otherwise stated)

		Year ended March 31, 2023	Year ended March 31, 2022
A.	**Cash flow from operating activities**		
	Profit before tax from continuing operations	**751.00**	**390.52**
	Profit before tax from discontinued operations	**154.19**	**101.16**
	Profit before tax from continuing and discontinued operations	**905.19**	**491.68**
	Adjustments for :		
	Depreciation and amortisation expense	77.63	54.55
	Impairment on financial instruments	115.61	77.56
	(Gain) on sale of investments	(242.70)	(0.48)
	Net (gain) on fair value changes	(0.65)	(3.06)
	Net (gain) on derecognition of lease	(3.23)	-
	Net loss on derecognition of property, plant and equipment	0.66	0.46
	Expense on employee stock option scheme	161.49	16.95
	Interest on tax refund	(0.40)	-
	Interest on lease liabilities	8.63	5.88
	Net (gain)/loss on derecognition of Financial instruments	(66.94)	5.47
	Share of (profit) of equity-accounted investee net of tax	-	(1.50)
	Liabilities written back	(35.18)	(4.46)
	Operating cash flow before working capital changes	**920.11**	**643.05**
	Movement in working capital:		
	Adjustments for (increase) / decrease in assets:		
	Receivables	(6.64)	(1.12)
	Loans	(5,889.48)	(3,569.85)
	Other financial assets	(454.05)	48.33
	Other non financial assets	(16.53)	2.82
	Derivative financial instruments	0.24	(3.07)
	Held for sale assets	1.08	-
	Bank balances other than cash and cash equivalents	147.48	176.09
	Adjustments for increase / (decrease) in liabilities:		
	Payables	1.86	(73.38)
	Other financial liabilities	88.19	(18.26)
	Provisions	1.69	(1.57)
	Other non financial liabilities	24.27	(24.81)
	Net cash (used in) operating activities before taxes	**(5,181.78)**	**(2,821.77)**
	Income taxes paid (net of refunds)	(54.76)	(51.45)
	Net cash (used in) operating activities (A)	**(5,236.54)**	**(2,873.22)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment	(63.50)	(62.41)
	Proceeds from sale of property, plant and equipment	12.43	24.17
	Purchase of intangible assets	(17.52)	(0.39)
	Redemption of fixed deposits	1.06	-
	Purchase of investment	(1,952.50)	(203.00)
	Proceeds from sale of investments	1,909.58	208.78
	Net cash (used in) investing activities (B)	**(110.45)**	**(32.85)**

Consolidated Statement of Cash Flow

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

		Year ended March 31, 2023	Year ended March 31, 2022
C.	**Cash flow from financing activities**		
	Proceeds from issue of debt securities and subordinated liabilities	500.00	-
	Redemption of debt securities and subordinated liabilities	(346.24)	(574.17)
	Proceeds from borrowings - Term loans	7,969.97	4,733.29
	Repayment of borrowings - Term loans	(3,418.99)	(2,818.51)
	Repayment of borrowings - pass through certificate	(488.95)	(1,328.13)
	Loans repayable on demand (net) (refer note b)	1,579.83	(556.96)
	Interest on lease liability	(8.63)	(5.88)
	Principal payment of lease liability	(12.30)	(12.36)
	Proceeds from issue of equity shares including securities premium	4.38	3,465.68
	Dividend paid (including tax thereon)	(30.60)	-
	Net cash generated from financing activities (C)	**5,748.47**	**2,902.96**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**401.48**	**(3.11)**
	Cash and cash equivalents at the beginning of the year	354.71	357.82
	Cash and cash equivalents at the end of the year	**756.19**	**354.71**

(a) Components of cash and cash equivalents are disclosed in note no. 3.

(b) The figures has been presented on a net basis as the transactions during the year are voluminous.

(c) The Group has presented a consolidated cash flow statement that analyses all cash flows in total - including both continuing and discontinued operations; amounts related to discontinued operations are disclosed in note no. 50.

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) on 'Statement of Cash Flows'.

This is the Consolidated Cash Flow Statement referred to in our report of even date

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423

Place: Pune
Date: April 26, 2023

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

Amar Deshpande
Director
(DIN: 07425556)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Shabnum Zaman
Company Secretary
Membership No.: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 26, 2023

Place: Pune
Date: April 26, 2023

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023

1. Group Overview

Background

Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) ('the Company'), having its registered office in Pune, India is a publicly held Non-Banking Finance Company engaged in providing asset finance through its pan India branch network.

These consolidated financial statements comprise of the Company and its subsidiary and its joint ventures (collectively, referred to as the Group). The Company is registered as a systemically important non-deposit taking ('NBFC') as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934. The Company is also registered as a corporate agent under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange.

Effective October 01, 2022, the Company has been categorised as NBFC-ML under the RBI Scale Based Regulation dated October 22, 2021.

2. Significant accounting policies and key accounting estimates and judgements:

a) Basis of consolidation

Consolidated financial statements include results of the Company, its subsidiary and joint venture. Consolidated financial statements are prepared as set out below:

Name of the Company	Country of incor-poration	Consolidated as
Poonawalla Housing Finance Limited (PHFL), (Formerly Poonawalla Housing Finance Limited)	India	Subsidiary
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture

I) Subsidiary

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies have been applied uniformly across the group for like transactions and other events in similar circumstances.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended as on March 31.

The excess of cost to the Company of its investment in the subsidiaries over the Company's portion of equity of the subsidiaries or vice versa is recognised in the consolidated financial statements as goodwill or capital reserve as the case may be.

Non-controlling interests (if any), in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated balance sheet, and consolidated statement of changes in equity respectively.

II) Joint arrangement

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The group has only joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated financial statements.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

b) Statement of compliance and basis of preparation

The consolidated financial statements ('financial statements') for the year ended March 31, 2023 have been prepared by the Group in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Further, the Group has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC) CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The Group consistently applies the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

These consolidated financial statements have been approved by the Company's Board of Directors and authorized for issue on April 26, 2023.

c) Functional and Presentation currency

These financial statements are presented in Indian Rupees (₹), which is the Group's functional currency. All amounts have been denominated in Crore and rounded off to the nearest two decimal, except when otherwise indicated. The Group has changed the presentation currency of financial statements from ₹ in lacs to ₹ in Crore in the current year and accordingly all the previous year figures have been rounded off to the nearest Crore.

d) Historical cost convention

The consolidated 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

e) Measurement of fair values

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has established policies and procedures with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

f) Significant areas of estimation uncertainty, critical judgements and assumptions in applying accounting policies

In preparing these consolidated financial statements, management has made judgements, 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 consolidated financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the consolidated 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 of uncertainty at the date of consolidated 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 55** - impairment of financial instruments: determining inputs into the Expected Credit Loss (ECL) model, including incorporation of forward-looking information and assumptions used in estimating recoverable cash flows
- **Note 54** - determination of the fair value of financial instruments with significant unobservable inputs
- **Note 44** - measurement of defined benefit obligations: key actuarial assumptions
- **Note 11** - recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.

Judgements:

Key areas of judgement 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:

Classification of financial assets: Assessment of the business model within which the assets are held for sale, held for sale and maturity and held for maturity.

g) Revenue recognition

I. Interest income from financial assets (assets on finance) is recognised on accrual basis using Effective Interest Rate ('EIR') method. EIR is applied on future principal of amortised cost of assets on finance. Interest income on stage 3 assets is recognised on net basis, i.e., on non-credit impaired portion.

II. The EIR is the rate that exactly 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 recognised on EIR method on a time proportion basis applied on the carrying amount for financial assets including credit impaired financial assets.

III. The calculation of the effective interest rate includes 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

IV. 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.

V. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

VI. Income from direct assignment (sale) transactions represents the present value of excess interest spread receivable on de-recognised assets computed by discounting net cash flows from such assignment pools on the date of transactions.

VII. Overdue interest and other charges are treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

VIII. For revenue recognition from leasing transactions of the Group, refer Note 45 on Leases.

IX. Income from collection and support services is recognised over time as the services are rendered as per the terms of the contract.

X. Fair value changes from financial instrument measured at FVTPL are recognised in revenue from operations basis their fair valuation and provision.

XI. Dividend is recognised when the right to receive the dividend is established.

Other Income

I. Income from power generation is recognised based on the unit's generated (point in time) as per the terms of the power purchase arrangements with respective State Electricity Boards.

II. All other items of income are accounted for on accrual basis.

h) Finance Costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts, perpetual 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 computed by applying the Group's notional borrowing rate and has been included under finance costs. It also includes discounting charges paid for securitization transactions entered under 'pass-through' arrangement.

i) Derivative financial instruments

The Subsidiary Company enters into derivative transactions with various counterparties to hedge its foreign currency risks and interest rate risks. The Subsidiary 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 Subsidiary Company designates certain derivatives as hedging instruments in respect of foreign exchange 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 Subsidiary 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)

j) Financial instruments

I) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenue 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 Group's business model 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).

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Business model Assessment

The Group's makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The frequency, volume and timing of sales of financial asset in prior periods, the reason for such sales and expectations about future sales activity are important determining factors of the business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period

Financial instruments at Amortised Cost

A financial asset is measured at amortised 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 amortised cost or as FVOCI, is classified as at FVTPL.

Re-classification from Amortised Cost to FVOCI

If there are multiple sale transaction of portfolios exceeding the prescribed threshold except as allowed under Ind AS 109 i.e. for stress case scenarios, and the management estimates that the Group 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 FVOCI from Amortised Cost category.

Re-classification from FVOCI to Amortised Cost

If considerable time period has elapsed since the past sale transaction and the management estimates that there is a very limited probability of selling down the portfolio in future, other than stressed portfolio or other exceptions as allowed under Ind AS 109, then such portfolio can be re-classified from FVOCI to Amortised Cost category.

Equity Investments

All equity investments other than equity investments in subsidiaries, associates and joint ventures are measured at FVTPL. These include all equity investments in scope of Ind AS 109.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Group 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 amortised cost or fair value through profit or loss, 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 Group 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.

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 recognised 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. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the statement of Profit and Loss.

IV) De-recognition 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 Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. The Group continues to recognise 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-recognised) and the sum of the consideration received (including the value of any new asset obtained less any new liability assumed) is transferred to statement of profit or loss

Financial liabilities

The Group de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired. 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 securitization and direct assignment transactions, the transferred loans are de-recognised and gains/losses are accounted for, only if the Group 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.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

V) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Group 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 Group 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 Group's policy for determining significant increase in credit risk is set out in Note 55(ii)(g).

The Group 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 Group's lending portfolios.

To mitigate the credit risk on financial assets, the Group seeks to use collateral, where possible as per the powers conferred on the Non-Banking Finance Companies under the Securitization 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 Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are credited to impairment loss on actual realisation 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.

For more details, refer Note 55.

Presentation of ECL allowance for financial asset:

ECL allowance for financial asset measured at amortised cost or FVOCI 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.

k) Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operations is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is a part of a single co-ordinated plan to dispose of such line of business or area of business of operations, or is a subsidiary acquired exclusively with a view of resale. The results of discontinued operations are presented separately in the statement of profit and loss.

l) Subsequent events

The Group evaluates all transactions and events that occur after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Group did not identify any recognised or non-recognised subsequent events that would have required adjustment or disclosure in the consolidated financial statements, except as disclosed.

m) Leases

I) The Group as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognised over and above minimum commitment charges based on usage pattern.

II) The Group as lessee

i) Right of use assets and Lease liability

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

a) the contract involves the use of an identified asset;

b) the Group has substantially all the economic benefits from use of the asset through the period of the lease; and

c) the Group has the right to direct the use of the asset.

Recognition and initial measurement

At the lease commencement date, the Group 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 Group, 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 Group 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 Group also assesses the right-of-use asset for impairment when such indicators exist.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

At the lease commencement date, the Group 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 Group has elected to account for 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-recognised upon termination of lease agreement. Any difference between the carrying amount of right to use asset and lease liability is recognised in statement of profit or loss.

n) 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 Group 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 benefits

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.

Defined benefit plans

Gratuity

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost / income is recognised in the statement of profit and loss. Re-measurements of net defined benefit liability / (asset) which comprise of the below are recognised 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).

III) Other long term employee benefits

Compensated absences

The employees of the Group 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.

IV) Share-based payment arrangements - Employee Stock Options

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 Group's estimate of equity instruments that will eventually vest, with a corresponding increase in other equity.

In case, the group 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 recognised 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 recognised immediately

o) 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 profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

I) Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

The amount of current tax reflects the best estimate of the tax amount expected to be paid after considering the uncertainty, if any, related to income taxes.

Current tax assets and liabilities are offset only if, the Group:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

II) 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 realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised 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

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

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 Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Group:

- has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

p) Property, plant and equipment and Investment property

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 recognised when it is probable that future economic benefits associated with the item will flow to the Group. 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 accumulated depreciations and recognised 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.

Investment Property consists of building let out to earn rentals. The Group follows cost model for measurement of investment property.

Depreciation and amortisation expense

Depreciation on PPE is provided using the straight-line method at the rates specified in Schedule II of the Act. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Sl. No.	Items	Life (in Years)
1	Buildings	60
2	Wind mills	22
3	Furniture and Fixtures	10
4	Vehicles	8
5	Office Equipment	5
6	Server	6
7	Network	6
8	Printer	3
9	Tablet	3

Freehold land is not depreciated.

Depreciation on vehicles given on operating lease is provided on straight line method at rates based on tenure of the underlying lease contracts not exceeding eight years.

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 Act:

Desktop	6 years
Laptops / Hand Held Device	4 years
Leasehold improvements	10 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 PPE have different useful lives, they are accounted for as separate items (major components) of PPE.

De-recognition

An item of PPE or investment property is de-recognised 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

PPE or investment property 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.

q) Intangible assets

Recognition and measurement

Intangible assets with finite useful lives that are acquired separately are capitalized and carried at cost less accumulated amortisation and impairment losses, if any. 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 Group.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development.

The capitalized costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs and are amortised over its useful life.

Amortization

Amortization of intangible assets is done on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in statement of profit or loss when the asset is de-recognised.

Intangible assets under development

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

r) Impairment of non-financial assets

The Group's non – financial assets including deferred tax is assessed at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet 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 subject to a maximum of depreciated historical cost. A reversal of an impairment loss is recognised immediately in the statement of profit or loss. Goodwill is tested annually for impairment.

s) Foreign Currency Transactions

Transactions in currencies other than Group'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 Group) at the prevailing rates of exchange at the end of every reporting period with the corresponding exchange gain/ loss being recognised 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 or loss in the period in which they arise.

t) Provisions and contingencies related to claims, litigation, etc.

A provision is recognised if, as a result of a past event, the Group 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

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

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 Group 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 Group 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.

u) 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.

Contingent assets are disclosed in the consolidated financial statements where an inflow of economic benefits is probable.

v) 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.

w) 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 Group are segregated.

x) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. Refer note 59 for details on segment information presented.

y) Earnings per equity share

Basic earnings per equity share has 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 equity share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

z) Dividend

Interim dividend declared to equity shareholders, if any, is recognised as liability in the period in which the said dividend is declared by the Board of Directors. Final dividend declared, if any, is recognised in the period in which the said dividend is approved by the Shareholders. Dividend payable is recognised directly in other equity.

aa) Recent accounting pronouncements

The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective April 1, 2023.

The brief changes pursuant to the notification are as follows –

Disclosures of Accounting Policies - Amendments to Ind AS 1, Presentation of Financial Statements

- Replaced the term 'significant' with 'material'.
- Requires entities to disclose their material accounting policy information instead of their significant accounting policies since 'material' is defined in Ind AS and is well understood by stakeholders.
- Provide guidance in determining whether accounting policy information is material or not.

Definition of Accounting Estimates - Amendments to Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

- Replaced the definition of 'a change in accounting estimate' with a definition of 'accounting estimates'
- Introduced the definition of 'Accounting Estimates' to help entities distinguish changes in accounting estimates from changes in accounting policies.
- Prescribed that a change in accounting estimate may result from new information or new developments and is not the correction of an error; and the effects of a change in an input or in a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors.

Deferred Tax related to Assets and Liabilities arising from a single transaction - Amendments to Ind AS 12, Income Taxes

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, for example- in case of leases and decommissioning obligations.

The rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

3. Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Cash on hand	1.96	13.44
Balances with banks:		
In current accounts	599.33	15.53
In deposits with original maturity of less than 3 months	0.09	325.20
Cheques on hand	-	0.54
Total	**601.38**	**354.71**

4. Bank balances other than cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Bank balances other than cash and cash equivalents		
In deposits with original maturity of less than 3 months	-	0.07
In deposits with original maturity of more than 3 months	3.20	45.83
Earmarked balances with banks		
Unclaimed dividend on equity shares	0.23	0.23
Towards bank guarantees and others	11.33	20.37
Towards cash collateral - securitisation	41.29	175.76
Total	**56.05**	**242.26**

5. Derivative financial instruments

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) Currency derivatives - Forward contracts	-	-	-	138.70	0.51	0.27
Total Derivative financial Instruments	-	-	-	138.70	0.51	0.27
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Cash flow hedge - Currency Derivatives	-	-	-	138.70	0.51	0.27
Total Derivative financial Instruments	**-**	**-**	**-**	**138.70**	**0.51**	**0.27**

6. Receivables

	As at March 31, 2023	As at March 31, 2022
(i) Trade receivables		
Considered good - Unsecured	18.64	10.18
Less: Impairment loss allowance	-	-
Sub-total - (i)	**18.64**	**10.18**
(ii) Other receivables		
Considered good - Unsecured	2.03	3.85
Less: Impairment loss allowance	-	-
Sub-total - (ii)	**2.03**	**3.85**
Total - (i + ii)	**20.67**	**14.03**

There are no dues by directors or other officers of the Company or any firms or private Companies in which any director is a partner, a director or a member.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

Trade receivables ageing schedule

Particulars	As at March 31, 2023		As at March 31, 2022	
	Undisputed Trade Receivables – considered good	Disputed Trade Receivables – considered good	Undisputed Trade Receivables – considered good	Disputed Trade Receivables – considered good
Less than 6 months	18.31	-	10.05	-
6 months - 1 year	0.32	-	-	-
1-2 years	0.01	-	0.01	-
2- 3 years	-	-	0.11	-
More than 3 years	-	-	0.01	-
Total	**18.64**	**-**	**10.18**	**-**

7. Loans (at amortised cost)

As at March 31, 2023

			As at March 31, 2023	As at March 31, 2022
(A)	(i)	Term loans	15,242.16	15,330.42
	(ii)	Leasing	257.46	172.47
	(iii)	Loan to staff	0.08	0.24
		Total (A) - Gross	**15,499.70**	**15,503.13**
		Less: Impairment loss allowance	281.17	652.43
		Total (A) - Net	**15,218.53**	**14,850.70**
(B)	(i)	Secured by tangible assets *	7,156.82	11,589.87
	(ii)	Covered by bank/government guarantees #	461.87	1,430.14
	(iii)	Unsecured	7,881.01	2,483.12
		Total (B) - Gross	**15,499.70**	**15,503.13**
		Less: Impairment loss allowance	281.17	652.43
		Total (B) - Net	**15,218.53**	**14,850.70**
(C)	**Loans in India**			
	(i)	Public sector	-	-
	(ii)	Others	15,499.70	15,503.13
		Total (C) - Gross	**15,499.70**	**15,503.13**
		Less: Impairment loss allowance (ECL)	281.17	652.43
		Total (C) - Net	**15,218.53**	**14,850.70**

* Secured by underlying assets financed

#1) Loans amounting to ₹179.53 Crore are covered under Emergency Credit Line Guarantee Scheme for NBFCs administered by NCGTC under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries. (March 31, 2022: ₹313.42 Crore)

2) Loans amounting to ₹282.34 Crore are covered under Credit Guarantee Scheme for NBFCs administered by CGTMSE under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.(March 31, 2022: ₹1,116.73 Crore)

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

8. Investments

As at March 31, 2023

	Amortised Cost	At Fair Value Through Other Comprehensive Income	Others	Total
(A) Government Securities #	-	268.37	-	268.37
Others (PTC securities)	42.54	-	-	42.54
Total – Gross (A)	**42.54**	**268.37**	**-**	**310.91**
(B) Investments in India	42.54	268.37	-	310.91
Total – Gross (B)	**42.54**	**268.37**	**-**	**310.91**
Less: Allowance for impairment loss (C)	-	-	-	-
Total – Net (D)= (B)-(C)	**42.54**	**268.37**	**-**	**310.91**

As at March 31, 2022

	Amortised Cost	At Fair Value Through Other Comprehensive Income	Others	Total
(A) Others	0.00	-	-	0.00
Total – Gross (A)	**0.00**	**-**	**-**	**0.00**
(B) Investments in India	0.00			0.00
Total – Gross (B)	**0.00**	**-**	**-**	**0.00**
Less: Allowance for impairment loss (C)	-	-	-	-
Total – Net (D)= (B)-(C)	**0.00**	**-**	**-**	**0.00**

Investment in Government Securities includes ₹268.37 Crore towards purchase of T-bill.

9. Other financial assets

	As at March 31, 2023	As at March 31, 2022
Accrued interest	3.50	6.10
Advances recoverable	251.56	26.29
Trade advance	-	0.18
Receivable on assigned loans	22.50	95.04
Security deposits	8.79	9.27
Advances to related parties #	6.55	10.90
Others *	270.50	87.33
Total (Gross)	**563.40**	**235.11**
Less: Impairment loss allowance **	(0.25)	(0.59)
	563.15	**234.52**

* Includes security receipts of ₹199.23 Crore (March 31, 2022 : ₹27.98 Crore)

** Includes expected credit loss created against excess interest spread (EIS) receivable of ₹0.25 Crore (March 31, 2022: ₹0.41 Crore) and others(trade advance) of Nil (March 31, 2022: ₹0.18 Crore).

Refer Note 48 related party disclosure for detailed disclosure.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

10. Current tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance tax (net)	114.39	115.77
Total	**114.39**	**115.77**

11. Income tax

A. Amounts recognised in statement profit or loss

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax		
Current period	24.18	-
Changes in estimates related to prior years	-	(2.27)
Sub-total	**24.18**	**(2.27)**
Deferred tax		
Attributable to-		
Origination / (Reversal) of temporary differences	157.01	94.76
Sub-total	**157.01**	**94.76**
Tax expense of continued operations	**181.19**	**92.49**
Tax expense of discontinued operations	**38.97**	**23.77**
Total tax expense	**220.16**	**116.26**

B. Income tax recognised in other comprehensive income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurements of the defined benefit plans	(0.55)	0.01
Debt Instruments fair value through other comprehensive income	0.09	(0.56)
	(0.46)	**(0.55)**

C. Reconciliation of effective tax rate

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	%	Amount	%	Amount
Profit before tax		751.00		389.02
Profit on which Company's domestic tax rate would be applied	25.17%	743.61	25.17%	389.02
Profit on which Company's special tax rate would be applied	22.88%	7.39	-	-
Tax as per above		188.84		97.91
Effect of:				
Non taxable income / tax incentives / disallowable expenses	(1.03)%	(7.65)	(0.74)%	(2.86)
Others	-	-	(0.07)%	(0.29)
Effective tax rate	24.13%	181.19	24.36%	94.76
Provisions relating to earlier years	-	-	(0.58)%	(2.27)
Income tax expense reported in the statement of profit and loss	**24.13%**	**181.19**	**23.77%**	**92.49**
Profit before tax from discontinued operations		154.19		101.16
Income tax expense reported in the statement of profit and loss for discontinued operations	**25.27%**	**38.97**	**23.50%**	**23.77**

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

11. Income tax (Contd.)

D. Deferred tax assets (net)

Movement of deferred tax assets / liabilities

Particulars	As at April 1, 2022	Recognised in profit or loss during the year	Recognised in OCI during the year	As at March 31, 2023
Deferred tax assets:				
Impairment loss allowance	167.94	(75.38)	-	92.56
Application of effective interest rate method on financial assets and financial liabilities	24.53	18.59	-	43.12
Provision for employee benefits	1.85	(0.01)	-	1.84
Unabsorbed depreciation	52.40	(52.40)	-	-
Business loss	25.12	(25.12)	-	-
Others (primarily other financial liability)	2.65	2.76	-	5.41
	274.49	**(131.56)**	**-**	**142.93**

Particulars	As at April 1, 2022	Recognised in profit or loss during the year	Recognised in OCI during the year	As at March 31, 2023
Deferred tax liabilities:				
On written down value of property, plant and equipment	4.11	(0.60)	-	3.51
Loans	3.60	-	-	3.60
EIS receivable	29.43	1.30	-	30.73
Investments	(6.41)	6.41	-	-
Application of effective interest rate method on financial assets and financial liabilities	40.36	18.01	-	58.37
Gratuity (excess of plan assets over obligation)	0.99	(1.04)	0.55	0.50
Others (primarily other financial assets)	5.38	1.37	(0.09)	6.66
	77.46	**25.45**	**0.46**	**103.37**
Net deferred tax assets	**197.03**	**(157.01)**	**(0.46)**	**39.56**
Adjustment for discontinued operation	**-**	**-**	**-**	**8.12**
Net deferred tax assets for continuing operation	**-**	**-**	**-**	**47.68**

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

11. Income tax (Contd.)

Particulars	As at April 01, 2021	Recognised in profit or loss during the year*	Recognised in OCI during the year*	As at March 31, 2022
Deferred tax assets:				
Impairment loss allowance	305.06	(137.12)	-	167.94
Application of effective interest rate method on financial assets and financial liabilities	21.69	2.84	-	24.53
Provision for employee benefits	2.23	(0.38)	-	1.85
Unabsorbed depreciation	25.72	26.68	-	52.40
Business loss	25.76	(0.64)	-	25.12
Others (primarily other financial liability)	1.64	3.10	(2.09)	2.65
	382.10	**(105.52)**	**(2.09)**	**274.49**
Deferred tax liabilities:				
On written down value of property, plant and equipment	6.09	(1.98)	-	4.11
Loans	0.23	2.81	0.56	3.60
EIS receivable	35.32	(5.89)	-	29.43
Investments	(4.83)	(1.58)	-	(6.41)
Application of effective interest rate method on financial assets and financial liabilities	39.44	0.92	-	40.36
Gratuity (excess of plan assets over obligation)	0.82	0.18	(0.01)	0.99
Others (primarily other financial assets)	10.86	(5.33)	(0.15)	5.38
	87.93	**(10.87)**	**0.40**	**77.46**
Net deferred tax assets	**294.17**	**(94.65)**	**(2.49)**	**197.03**

*Includes ₹0.12 Crore recognised in profit or loss and ₹(0.15) Crore recognised in OCI during the year for discontinued operations

E. Unused tax losses on which deferred tax is not created

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount	Expiry on	Amount	Expiry on
Long term capital loss				
A.Y. 2016-2017	-		2.58	A.Y. 2024-2025
A.Y. 2022-2023	48.74	A.Y. 2030-2031	-	
	48.74		**2.58**	

A.Y. - 'Assessment Year'

F. Uncertain tax positions

Refer Note 49 on contingent liabilities and commitment relating to income tax matter under dispute.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

12. Investment property

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at April 01, 2022	Additions	Deletions / adjustments	As at March 31, 2023	As at April 01, 2022	Additions	Deletions / adjustments	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Investment property *	0.09	-	-	0.09	0.01	0.00	-	0.01	0.08	0.08

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at April 01, 2021	Additions	Deletions / adjustments	As at March 31, 2022	As at April 01, 2021	Additions	Deletions / adjustments	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Investment property *	0.09	-	-	**0.09**	0.01	0.00	-	0.01	0.08	0.08

* Registration of title is pending and hence fair value of the property has not been disclosed.

Description of item of property	Gross carrying Value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter / director	Property held since	Reason for not being held in the name of the Company
Investment property	0.09	Gouri Shankar Rajgharia and Om Prakash Rajgharia	No	15 July 2004	Disputed

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

13. Property, plant and equipment

Particulars	Gross carrying amount				Depreciation and amortisation				Net carrying amount	
	As at April 01, 2022	Additions	Deletions / adjustments#	As at March 31, 2023	As at April 01, 2022	For the year	Deletions / adjustments#	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Owned Assets^										
Land	0.30	-	-	0.30	-	-	-	-	0.30	0.30
Buildings	3.03	-	0.20	2.83	0.33	0.06	0.02	0.37	2.46	2.70
Wind mills	51.08	-	-	51.08	20.47	4.09	-	24.56	26.52	30.61
Furniture and fixtures	12.80	0.44	6.18	7.06	8.05	1.63	4.68	5.00	2.06	4.75
Vehicles	1.67	-	0.32	1.35	0.65	0.19	0.15	0.69	0.66	1.02
Office equipment	63.37	2.91	20.51	45.77	30.35	9.76	11.85	28.26	17.51	33.02
Leasehold improvements	15.75	0.59	5.84	10.50	11.20	2.67	5.58	8.29	2.21	4.55
Assets under Lease										
Vehicles	50.04	49.76	3.77	96.03	4.42	19.75	(5.75)	29.92	66.11	45.62
Total	**198.04**	**53.70**	**36.82**	**214.92**	**75.47**	**38.15**	**16.53**	**97.09**	**117.83**	**122.57**

Particulars	Gross carrying amount				Depreciation and amortisation				Net carrying amount	
	As at April 01, 2021	Additions	Deletions / adjustments	As at March 31, 2022	As at April 01, 2021	For the year*	Deletions / adjustments	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Owned Assets^										
Land	0.30	-	-	0.30	-	-	-	-	0.30	0.30
Buildings	15.65	-	12.62	3.03	1.55	0.28	1.50	0.33	2.70	14.10
Wind mills	51.12	0.10	0.14	51.08	16.42	4.10	0.05	20.47	30.61	34.70
Furniture and fixtures	12.91	0.77	0.88	12.80	7.33	1.45	0.73	8.05	4.75	5.58
Vehicles	4.42	0.11	2.86	1.67	1.79	0.40	1.54	0.65	1.02	2.63
Office equipment	42.90	30.50	10.03	63.37	31.59	8.62	9.86	30.35	33.02	11.31
Leasehold improvements	16.64	0.04	0.93	15.75	10.35	1.62	0.77	11.20	4.55	6.29
Assets under Lease										
Vehicles	91.94	26.71	68.61	50.04	41.89	18.43	55.91	4.42	45.62	50.05
Total	**235.88**	**58.23**	**96.07**	**198.04**	**110.92**	**34.90**	**70.36**	**75.47**	**122.57**	**124.96**

* Includes depreciation on discontinued operations amounting to ₹0.72 Crore.

^ For details of movable / immovable property, plant and equipment hypothecated against borrowings, refer Notes 21 and 22.

Includes adjustment on account of discontinued operations.

For details on contractual commitment, refer note 49

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

14. Intangible assets under development

Particulars	As at April 01, 2021	Additions	Deletions/ Write off	As at March 31, 2022	Additions	Deletions/ Write off	As at March 31, 2023
Intangible assets under development	0.18	0.28	-	0.46	4.56	0.46	4.56

Intangible assets under development aging schedule as at March 31, 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	4.56	-	-	-	4.56
Projects temporarily suspended	-	-	-	-	-
					4.56

Intangible assets under development aging schedule as at March 31, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.33	0.13	-	-	0.46
Projects temporarily suspended	-	-	-	-	-
					0.46

Refer note 49 (b) for capital commitment

15. Goodwill

Particulars	As at March 31, 2023	As at March 31, 2022
At cost, beginning of the year	14.30	14.30
Additions		
Acquisitions	-	-
Disposals	-	-
Other adjustments	-	-
Total cost	**14.30**	**14.30**
Accumulated impairment:		
At beginning of the year	-	-
Disposals	-	-
Impairment/(reversal) of impairment	-	-
Other adjustments	-	-
Total impairment	**-**	**-**
Net carrying amount	**14.30**	**14.30**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

The recoverable amount of subsidiary is based on its value in use and the value in use is estimated using discounted cash flows. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

16. Other intangible assets

Description of assets	Gross carrying amount				Depreciation and amortisation				Net carrying amount	
	As at April 01, 2022	Additions	Deletions / adjustments#	As at March 31, 2023	As at April 01, 2022	For the year	Deletions / adjustments#	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Intangible assets for own use										
Computer software	43.90	10.12	19.26	34.76	24.60	12.56	16.65	20.51	14.25	19.30
Total (A)	**43.90**	**10.12**	**19.26**	**34.76**	**24.60**	**12.56**	**16.65**	**20.51**	**14.25**	**19.30**

During the year, intangible assets having book value of ₹7.25 Crore which have been replaced with a new system, were written off. Refer note 42 - Exceptional items.

Description of assets	Gross carrying amount				Depreciation and amortisation				Net carrying amount	
	As at April 01, 2021	Additions	Deletions / adjustments	As at March 31, 2022	As at April 01, 2021	For the year	Deletions / adjustments	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Intangible assets for own use										
Computer software	39.10	4.31	(0.49)	43.90	19.56	5.63	0.59	24.60	19.30	19.54
Total (A)	**39.10**	**4.31**	**(0.49)**	**43.90**	**19.56**	**5.63**	**0.59**	**24.60**	**19.30**	**19.54**

Includes adjustment on account of discontinued operations.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

17. Right of use assets*

	As at March 31, 2023	As at March 31, 2022
Right of use assets	**75.05**	**58.04**

* Refer Note 45 for disclosure related to leases.

18. Other non-financial assets

	As at March 31, 2023	As at March 31, 2022
Other advances		
- Prepaid expenses	8.90	15.69
- Balances with government authorities	29.59	14.96
- Gratuity* (excess of plan assets over obligation)	1.67	4.64
Capital Advances	0.15	0.52
	40.31	**35.81**

* Refer Note 44 for disclosure related to provisions for employee benefits.

19. Assets held for sale*

	As at March 31, 2023	As at March 31, 2022
Investment in joint ventures	50.70	180.56
Properties#	-	2.06
	50.70	**182.62**

* During the year ended March 31, 2023, the Company has entered into a definitive share purchase agreement with Perseus SG Pte. Ltd., an entity affiliated to TPG Global LLC, to divest its entire holding in Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited) ("PHFL"). This divestment has been approved by the Board of Directors in their meeting held on December 14, 2022 and by shareholders in their meeting held on January 22, 2023 and is subject to requisite regulatory approvals. The Company has done accounting and classification of such investments in line with the requirements of Ind AS 105 "Non-current assets Held for Sale".

Company's investment in Magma HDI General Insurance Company Limited having a carrying value of ₹109.18 Crore has been sold during the year. The holding in Jaguar Advisory Services Private Limited will be disposed upon obtaining requisite regulatory approvals.

#Repossessed assets in subsidiary company 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.

20. Payables

		As at March 31, 2023	As at March 31, 2022
(I)	**Trade Payables**		
(i)	total outstanding dues of micro enterprises and small enterprises*	0.05	-
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	1.97	15.13
(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	-	-
		2.02	**15.13**

* The below 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. The same has been relied upon by auditors.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

20. Payables (Contd.)

		As at March 31, 2023	As at March 31, 2022
a)	Dues remaining unpaid to any supplier at the year end		
	- Principal	0.05	-
	- Interest on the above	-	-
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	- Principal paid beyond the appointed date	-	-
	- Interest paid in terms of Section 16 of the MSMED Act	-	-
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d)	Amount of interest accrued and remaining unpaid	-	-
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

Trade payables ageing schedule as on March 31, 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues - MSME	0.00	-	0.00	-	0.00
Undisputed dues - Others	1.96	0.01	0.00	0.00	1.97
Disputed dues - MSME	-	0.05	-	-	0.05
Disputed dues - Others	-	-	-	-	-
	1.96	**0.06**	**0.00**	**0.00**	**2.02**

Trade payables ageing schedule as on March 31, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues - MSME	-	-	-	-	-
Undisputed dues - Others	13.46	0.64	0.42	0.61	15.13
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	13.46	**0.64**	**0.42**	**0.61**	**15.13**

21. Debt securities

At Amortised Cost – Secured

		As at March 31, 2023	As at March 31, 2022
(A)	Redeemable non-convertible debentures (refer note (a) and (b) below)	950.24	939.96
	Total (A)	**950.24**	**939.96**
(B)	Debt securities in India	950.24	939.96
	Total (B)	**950.24**	**939.96**

(a) Nature of security

Debentures issued under private placement are secured by mortgage of Company's immovable property situated at Rajarhat, Kolkata in the state of West Bengal (except for 3,500 units allotted from December, 2019 onwards which are only secured by hypothecated loan assets) and are also secured against designated Loans assets. The total asset cover is 100% or above of the principal amount of the said debentures. Debentures issued under public issue are secured by mortgage of Company's immovable property situated at Luz Church Road, Mylapore, Chennai and are also secured against designated loan assets. The total asset cover is 100% or above of the principal amount of the said debentures.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

21. Debt securities (Contd.)
(b) Terms of repayment for secured redeemable non-convertible debentures *

Number of Debentures	Face Value (in ₹)	Month of Allotment	Month of Redemption	Interest rate	Amount	
					March 31, 2023	March 31, 2022
1,067,745	1,000	May-19	May-22	10.25%	-	106.74
47,526	1,000	May-19	May-22	9.79%	-	4.75
1,000	1,000,000	Nov-20	May-22	8.75%	-	100.00
500	1,000,000	Feb-17	Feb-24	9.00%	49.77	49.50
500	1,000,000	Apr-17	Apr-24	9.00%	49.82	49.64
61,717	1,000	May-19	May-24	10.04%	6.15	6.13
778,150	1,000	May-19	May-24	10.50%	77.53	77.30
11,949	1,000	May-19	May-24	12.96%	1.19	1.19
1,500	1,000,000	Jul-22	Jul-24	7.60%	150.00	-
250	1,000,000	Jul-22	Jul-24	7.60%	24.99	-
250	1,000,000	Jul-22	Jul-24	7.60%	24.99	-
150	1,000,000	Jul-22	Jul-24	7.60%	15.00	-
150	1,000,000	Jul-22	Jul-24	7.60%	15.00	-
100	1,000,000	Jul-22	Jul-24	7.60%	10.00	-
100	1,000,000	Jul-22	Jul-24	7.60%	10.00	-
10	1,000,000	Sep-22	Oct-24	Zero coupon	1.00	-
490	1,000,000	Sep-22	Oct-24	Zero coupon	48.98	-
3,500	1,000,000	Dec-19	Dec-24	9.20%	261.22	260.46
10,000	100,000	Jan-23	Jan-26	Zero coupon	100.00	-
10,000	100,000	Feb-23	Feb-26	8.10%	100.00	-
26,735	1,000	May-19	May-29	10.27%	2.61	2.60
20,323	1,000	May-19	May-29	10.75%	1.99	1.99
100	1,000,000	Mar-16	Mar-23	10.00%	-	10.00
750	1,000,000	Jul-20	Apr-23**	8.75%	-	74.90
200	1,000,000	Jul-20	Apr-23**	8.75%	-	19.90
750	1,000,000	Jun-20	Jun-23**	9.00%	-	74.96
500	1,000,000	Jun-20	Jun-23**	9.00%	-	49.96
500	1,000,000	Jul-20	Jul-23**	9.00%	-	49.94
					950.24	**939.96**

*As per contractual tenure

** Pertains to subsidiary company presented as discontinued operations during the year.

(c) The quarterly information statement filed by the Company with banks or financial institutions are in agreement with the books of accounts.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

22. Borrowings (other than debt securities)

At Amortised Cost

	As at March 31, 2023	As at March 31, 2022
(A) a) Term loans - Secured		
- from banks	5,356.75	5,269.54
- from other parties	572.97	198.32
b) Loans repayable on demand (Cash credit facilities and working capital demand loans) - Secured		-
- from banks	3,469.68	2,215.83
c) Other loans		-
- Liability against securitisation - Secured	109.96	696.79
- Commercial paper - Unsecured	294.71	-
Total (A)	**9,804.07**	**8,380.48**
(B) Borrowings in India	9,804.07	8,380.48
Total (B)	**9,804.07**	**8,380.48**

(a) Nature of security

i) Term Loans, Cash Credit facilities and Working Capital Demand Loans are secured by way of First pari passu charge on the loan receivables of the company under Security Trustee Arrangement.

(ii) Loans against securitisation represents amounts received in respect of securitisation transactions (net of repayments and investment therein) as these transactions do not meet the derecognition criteria specified under Ind AS.

(b) Terms of repayment of term loans (secured)*

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Half yearly installments				
0 - 1 Years	6.70% - 8.10%	-	177.71	-
1 - 3 Years	6.70% - 8.10%	6.70%	465.17	50.00
3 - 5 Years	7.75% - 8.10%	-	194.40	-
≥ 5 Years	7.75%	-	62.49	-
			899.77	**50.00**
Quarterly installments				
0 - 1 Years	7.60% - 8.65%	6.20% - 7.30%	1,233.26	624.82
1 - 3 Years	7.60% - 8.37%	6.00% - 7.30%	2,214.64	1,829.11
3 - 5 Years	7.60% - 8.20%	6.00% - 7.25%	1,276.93	576.60
> 5 Years	7.80% - 8.00%	2.94% - 8.50%	177.69	1,767.64
			4,902.52	**4,798.17**
Monthly installments				
0 - 1 Year	6.15% - 12.00%	6.15% - 12.00%	127.31	262.59
1 - 3 Years	12.00%	6.15% - 12.00%	0.12	357.09
3 - 5 Years	-	12.00%	-	0.01
			127.43	**619.69**
			5,929.72	**5,467.86**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

22. Borrowings (other than debt securities) (Contd.)

Terms of maturity of Loan against securitisation *

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
0 - 1 Years	6.00% - 10.00%	6.00% - 10.71%	93.31	408.67
1 - 3 Years	6.00% - 08.80%	6.00% - 10.35%	16.65	206.46
3 - 5 Years	-	6.00% - 8.75%	-	13.57
> 5 years	-	8.20% - 8.75%	-	68.09
			109.96	**696.79**

Commercial papers are repayable within 12 months and issued at a discount rate of 7.97% p.a. (March 31, 2022: Nil)

* As per contractual tenure

23. Subordinated liabilities

At Amortised Cost - Unsecured

		As at March 31, 2023	As at March 31, 2022
(A)	Perpetual debt instruments (Tier I capital) to the extent that do not qualify as equity	78.74	78.51
	Others (Tier II capital) :		-
	- From banks (subordinated debts)	116.18	282.26
	- Redeemable subordinate debt instruments to the extent that do not qualify as equity	170.35	227.62
	Total (A)	**365.27**	**588.39**
(B)	Subordinated liabilities in India	365.27	588.39
	Total (B)	**365.27**	**588.39**

(a) Terms of maturity of perpetual debt debentures (Tier I capital) *

Number of Debentures	Face Value (in ₹)	Month of Allotment	Month of Redemption	Interest rate	Amount	
					As at March 31, 2023	As at March 31, 2022
200	500,000	May-13	May-23	12.10%	2.00	2.00
100	500,000	May-13	May-23	12.10%	1.00	1.00
5	500,000	May-13	May-23	12.10%	0.05	0.05
5	500,000	May-13	May-23	12.10%	0.05	0.05
5	500,000	May-13	May-23	12.10%	0.05	0.05
10	500,000	May-13	May-23	12.10%	0.10	0.10
10	500,000	May-13	May-23	12.10%	0.10	0.10
10	500,000	May-13	May-23	12.10%	0.10	0.10
10	500,000	May-13	May-23	12.10%	0.10	0.10
40	500,000	May-13	May-23	12.10%	0.40	0.40
25	500,000	May-13	May-23	12.10%	0.25	0.25
35	500,000	May-13	May-23	12.10%	0.35	0.35
10	500,000	May-13	May-23	12.10%	0.10	0.10
5	500,000	May-13	May-23	12.10%	0.05	0.05
5	500,000	May-13	May-23	12.10%	0.05	0.05
50	500,000	May-13	May-23	12.10%	0.50	0.50
30	500,000	May-13	May-23	12.10%	0.30	0.30
100	500,000	May-13	May-23	12.10%	1.00	1.00
145	500,000	May-13	May-23	12.10%	1.45	1.45
600	500,000	May-13	May-23	12.10%	6.00	5.99
1,150	500,000	May-13	May-23	12.10%	11.50	11.47

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

23. Subordinated liabilities (Contd.)

Number of Debentures	Face Value (in ₹)	Month of Allotment	Month of Redemption	Interest rate	Amount	
					As at March 31, 2023	As at March 31, 2022
2,500	500,000	Sep-13	Sep-23	12.00%	24.97	24.88
200	500,000	Sep-15	Sep-25	12.10%	1.98	1.95
500	500,000	Oct-15	Oct-25	12.10%	4.95	4.93
300	500,000	Jun-16	Jun-26	12.10%	2.98	2.98
170	500,000	Jul-16	Jul-26	12.10%	1.69	1.69
1,000	1,000,000	Aug-16	Jul-26	12.10%	9.87	9.82
300	1,000,000	Sep-16	Sep-26	12.10%	2.96	2.96
190	1,000,000	Feb-17	Feb-27	11.50%	1.88	1.88
100	1,000,000	Mar-17	Mar-27	11.50%	0.98	0.98
100	1,000,000	Aug-17	Aug-27	11.00%	0.98	0.98
					78.74	**78.51**

Terms of maturity of redeemable subordinated debt instruments (Tier II capital) *

Number of Debentures	Face Value (in ₹)	Month of Allotment	Month of Redemption	Interest rate	Amount	
					As at March 31, 2023	As at March 31, 2022
100	1,000,000	Sep-12	Sep-22	11.50%	-	9.99
100	1,000,000	Sep-12	Sep-22	11.50%	-	9.99
50	1,000,000	Sep-12	Sep-22	11.50%	-	4.99
100	1,000,000	Dec-16	Sep-22	10.30%	-	9.96
30	1,000,000	Dec-16	Sep-22	10.30%	-	2.99
50	1,000,000	Jan-17	Oct-22	10.30%	-	4.98
50	1,000,000	Jan-17	Oct-22	10.30%	-	4.98
100	1,000,000	Jan-13	Jan-23	11.00%	-	9.97
480	1,000,000	Apr-13	Apr-23	10.70%	47.99	47.87
140	1,000,000	Sep-13	Sep-23	10.90%	13.97	13.92
50	1,000,000	Mar-18	Jun-25	10.20%	4.99	4.99
100	1,000,000	Dec-16	Dec-26	10.40%	9.78	9.72
250	1,000,000	Dec-16	Dec-26	10.40%	24.46	24.32
150	1,000,000	Jan-17	Jan-27	10.40%	14.75	14.68
250	1,000,000	Jan-17	Jan-27	10.40%	24.58	24.47
150	1,000,000	Mar-17	Mar-27	10.25%	14.93	14.90
100	1,000,000	May-17	May-27	10.10%	9.94	9.94
50	1,000,000	Mar-18	Mar-28	10.00%	4.96	4.96
					170.35	**227.62**

Terms of repayment of subordinated instruments from banks (unsecured) (Tier II capital) *

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
0 - 1 Years	10.20%	9.80%	16.61	66.46
1 - 3 Years	12.50%	9.80%	99.57	16.37
3 - 5 Years		12.50%	-	199.43
			116.18	**282.26**

* As per contractual tenure

The Company has made all payments of principal and interest as per the scheduled date.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

24. Lease liabilities*

	As at March 31, 2023	As at March 31, 2022
Lease liabilities	**89.58**	**64.59**

* Refer Note 45 for disclosure related to leases.

Terms of maturity of Lease liability

	As at March 31, 2023	As at March 31, 2022
0 - 1 Years	15.95	11.00
1 - 3 Years	37.98	21.97
3 - 5 Years	23.16	13.93
> 5 Years	12.49	17.69
	89.58	**64.59**

25. Other financial liabilities

	As at March 31, 2023	As at March 31, 2022
Interest accrued	55.19	71.85
Unpaid dividend *	0.23	0.23
Pending remittance on assignment	59.43	64.33
Employee expenses payable	25.23	43.48
Liability for expenses	79.82	53.22
Other payables	56.09	67.29
	275.99	**300.40**

* There has been no delay in transfer of amounts required to be transferred to Investor Education and Protection Fund.

26. Current tax liabilities (net)

	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax)	0.34	0.36
	0.34	**0.36**

27. Provisions

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	7.32	11.19
Provision - others	0.94	0.94
	8.26	**12.13**

28. Other non-financial liabilities

	As at March 31, 2023	As at March 31, 2022
Revenue received in advance	2.51	1.20
Advances and deposits from customers	74.32	59.88
Statutory dues	12.65	21.69
	89.48	**82.77**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

29. Equity

	As at March 31, 2023	As at March 31, 2022
Authorised		
1,265,000,000 (March 31, 2022: 1,265,000,000) Equity shares of ₹2/- each	253.00	253.00
58,300,000 (March 31, 2022: 58,300,000) Preference shares of ₹100/- each	583.00	583.00
	836.00	**836.00**
Issued, subscribed and paid-up		
Equity share capital		
767,947,592 (March 31, 2022: 764,923,539) Equity shares of ₹2/- each, fully paid up	153.59	152.98
	153.59	**152.98**

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Equity shares				
At the beginning of the year	764,923,539	152.98	269,616,712	53.92
Issued during the year	-	-	493,714,286	98.74
Issued against employee stock option	3,024,053	0.61	1,592,541	0.32
Issued, subscribed and paid up share capital	**767,947,592**	**153.59**	**764,923,539**	**152.98**

(b) Terms / rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹2/- each. Each holder of equity share is entitled to one vote per share.

The Company declares and pays dividend on equity shares in Indian ₹.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to preference shareholders. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

During the year, the Company has alloted equity shares of face value of ₹2 each to the eligible employees of the Company under Employee Stock Option Plan 2007 / Restricted Stock Option Plan 2014 / Employee Stock Option Plan 2021 pursuant to the ESOP Guidelines, as amended from time to time. Refer note no 47 for disclosures related to share based payments.

The Board of Directors at their meeting considered and recommended an equity dividend of 100% i.e. ₹2/- per equity share of ₹2/- each for the financial year 2022-23, including equity shares allotted post March 31, 2023 upto the record date, subject to approval of the shareholders. The estimated payout will be ₹153.59 Crore in respect of shares allotted till date.

(c) Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares:

The Company has not issued bonus shares or shares for consideration other than cash during the five year period immediately preceding the reporting date.

(d) Shares bought back

Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

29. Equity (Contd.)

(e) Shareholders holding more than 5% shares

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	%	No. of shares	%	No. of shares
Equity shares				
Rising Sun Holdings Private Limited	62.14%	477,184,690	61.50%	470,405,352

(f) Shareholding of Promoters

Shares held by promoters as at March 31, 2023			% Change during the year
Name of promoter	No of shares	% of total shares	
Rising Sun Holdings Private Limited *	477,184,690	62.14%	1.05%

Shares held by promoters as at March 31, 2022			% Change during the year**
Name of promoter	No of shares	% of total shares	
Rising Sun Holdings Private Limited *	470,405,352	61.50%	1.50%

*Parent Company

** % change during the year are computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue.

(g) For equity shares reserved for issue under options, please refer note no 47.

The Group maintains and actively managed capital base to cover risks inherent in the business and meets the Capital Adequacy Requirements (CRAR) of the Reserve Bank of India (RBI). The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI. The Group has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The funding requirements are met through equity, non-convertible debentures and other long-term/ short-term borrowings. The Group's policy is aimed at appropriate combination of short-term and long term borrowings. The Group 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.

30. Other equity

	As at March 31, 2023	As at March 31, 2022
Capital reserve	4.80	4.80
Securities premium	5,247.68	5,182.48
Statutory reserves under The RBI Act, 1934	515.30	398.30
Statutory reserves under The NHB Act, 1987	89.82	64.37
Capital redemption reserve	14.22	14.22
Share option outstanding	118.72	22.75
Retained earnings	704.76	196.47
Other Comprehensive Income	12.51	19.63
Cash flow hedge reserve	-	(0.05)
	6,707.81	**5,902.97**

Refer Statement of Changes in Equity for movement in reserves

(All amounts are in ₹ Crore unless otherwise stated)

30. Other equity (Contd.)

Capital redemption reserve

Capital Redemption Reserve is created to keep the capital intact when preference shares are redeemed or equity shares are bought back. It is utilised in accordance with the provisions of the Companies Act, 2013.

Employee share option outstanding

The Company instituted the Magma Employee Stock Option Plan (MESOP) in 2007, Magma Restricted Stock Option Plan 2014 (MRSOP) in 2014 and Employee Stock Option Plan 2021 in 2021 which were approved by the Board of Directors and the shareholders of the Company. The share option outstanding reserve is used to recognise the grant date fair value of option issued under aforesaid plans. Refer Note 47 for further details on employee stock options.

Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)

Statutory reserve represents the Reserve Fund created under section 45-IC of the Reserve Bank of India Act, 1934. Under section 45-IC, the Company is required to transfer a sum not less than 20% 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 Reserve Bank of India from time to time.

Statutory reserve (created pursuant to Section 29C of National Housing Bank Act, 1987)

Statutory reserve represents the Reserve Fund created under section 29C of the National Housing Bank Act, 1987. Under section 29C, the PHFL (subsidiary) is required to transfer a sum not less than 20% 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.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital reserve

Capital reserve has been created to set aside gains of capital nature from amalgamation and merger. It is utilised in accordance with the provisions of the Companies Act, 2013

Debt instruments through other comprehensive income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income and accumulated within equity. The group transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Retained earnings

Retained earnings represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves. It also includes impact of remeasurement of defined benefit plans.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

31. Interest income

	Year ended March 31, 2023		Year ended March 31, 2022	
	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	-	1,805.67	354.66	1,084.25
Interest on deposits with banks	-	8.86	-	22.23
Other interest income				
- On loans and margins	-	0.01	-	0.74
- On security deposit	-	0.65	-	0.47
	-	**1,815.19**	**354.66**	**1,107.69**
Total		**1,815.19**		**1,462.35**

32. Rental income

	Year ended March 31, 2023	Year ended March 31, 2022
Income from lease rentals		
- On operating lease assets	27.69	26.41
- On investment property	0.03	0.03
Total	**27.72**	**26.44**

33. Fees and commission income

	Year ended March 31, 2023	Year ended March 31, 2022
Collection and support services	7.05	5.54
Foreclosure charges	26.19	21.81
Insurance commission income	3.41	6.29
Others (cheque bouncing charges, valuation charges, etc.)	24.89	14.91
Total	**61.54**	**48.55**

34. Net gain on fair value changes *

	Year ended March 31, 2023	Year ended March 31, 2022
(A) Others		
- On investment	0.48	0.04
- On other financial assets	3.97	2.63
Total Net gain on fair value changes (A)	**4.45**	**2.67**
(B) Fair Value changes:		
Realised	2.91	0.04
Unrealised	1.54	2.63
Total Net gain on fair value changes (B)	**4.45**	**2.67**

* Fair value changes in this schedule are other than those arising on account of interest income/expense.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

35. Net gain/loss on derecognition of financial instruments

	Year ended March 31, 2023	Year ended March 31, 2022
Income from derecognition on account of direct assignment transactions	29.68	-
Gain/(Loss) on sale of non performing assets (net of reversal of provision of ₹82.89 Crore)	10.87	-

36. Other Income

	Year ended March 31, 2023	Year ended March 31, 2022
Sale of power	8.71	9.37
Net gain on derecognition of lease	3.23	-
Miscellaneous income	57.76	21.49
Total	**69.70**	**30.86**

37. Finance cost

	Year ended March 31, 2023	Year ended March 31, 2022
	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at Amortised Cost
Interest on security deposits	0.81	0.64
Interest on borrowings other than debt securities	461.84	339.90
Interest on debt securities	64.21	72.69
Interest on subordinated liabilities	49.68	63.83
Other interest expense*	8.67	3.98
Other borrowing costs (Includes non EIR Borrowing Expenses)	10.07	27.60
	595.28	**508.64**

* Refer Note 45 for disclosure related to leases.

38. Impairment on financial instruments

	Year ended March 31, 2023		Year ended March 31, 2022	
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost
Loans	-	(439.31)	(35.39)	(455.55)
Other assets	-	(0.13)	-	(20.45)
Bad debts written-off (Include settlement losses and net of recoveries) *	-	294.91	49.26	530.74
	-	**(144.53)**	**13.87**	**54.74**
Total		**(144.53)**		**68.61**

*Includes consideration received on sale of written-off assets ₹153.33 Crore (March 31, 2022 : ₹9.61 Crore).

39. Employee benefits expenses * ^

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages	331.53	359.99
Contribution to provident and other funds	21.11	22.45
Share based payments to employees	150.63	16.55
Staff welfare expenses	11.53	10.87
Total	**514.80**	**409.86**

* Refer Note 48 for related party disclosures

^ Refer Note 44 for disclosure related to provisions for employee benefits.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

40. Depreciation and amortisation expenses

	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property plant and equipment (including investment property)	38.15	34.18
Depreciation on right to use assets (refer note 45)*	17.95	10.13
Amortisation of intangible asset	5.31	5.18
Total	**61.41**	**49.49**

* Gross amount before allocable expenses is ₹18.24 Crore (March 31, 2022 ₹11.37 Crore)

41. Others expenses#

	Year ended March 31, 2023	Year ended March 31, 2022
Rent	1.51	1.05
Rates and taxes	0.26	0.25
Net loss on derecognition of property, plant and equipment	0.61	0.41
Electricity charges	7.03	3.75
Repairs and maintenance		
- Machinery	5.51	2.29
- Others	42.62	35.32
Communication expenses	9.70	7.28
Printing and stationery	2.67	2.11
Advertisement and publicity	29.40	14.12
Director Fees	1.66	2.34
Legal charges	9.12	9.29
Professional fees *	34.90	23.71
Insurance	0.64	0.52
Travelling and conveyance	13.95	12.26
CSR expenditure **	-	0.01
Outsource collection charges	5.76	16.16
Outsourced manpower cost	44.71	-
Credit guarantee fees	3.51	9.66
Miscellaneous expenses	13.28	4.72
Total	**226.84**	**145.25**

Refer Note 48 for related party disclosures

* **Payments to auditors**

	Year ended March 31, 2023	Year ended March 31, 2022
Statutory audit	1.12	1.08
Other services	0.18	0.19
Reimbursement of expenses	0.01	0.07
Total	**1.31**	**1.34**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

41. Others expenses (Contd.)

** Details of corporate social responsibility expenditure

A CSR committee has been formed by the Group as per the Companies Act, 2013. CSR expenses have been incurred through out the year on the activities as specified in Schedule VII of the said Act. The focus area of CSR initiatives undertaken by the Group are education, health and environment. The Group incurs CSR expenses directly.

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Amount required to be spent by the Group during the year	-	-
(b) Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	-	0.01
(c) Shortfall at the end of the year	-	-
(d) Previous years shortfall	-	-
(e) Reason for shortfall	Not applicable	Not applicable
(f) Nature of CSR activities		
i) M Scholar: Under this, scholarships are offered to meritorious students from marginalised families		
ii) Swayam: Under this, various projects are undertaken for the betterment of society.		

42. Exceptional Items

	Year ended March 31, 2023	Year ended March 31, 2022
Gain on disposal of shares of Joint Venture	238.39	-
One time provision for standard and NPA assets	(223.75)	-
Write off of Intangible assets	(7.25)	-
	7.39	**-**

During the year, the Company has sold its shareholding in its Joint Venture (JV) namely Magma HDI General Insurance Company Limited (Magma HDI) based on requisite regulatory approvals received on May 27, 2022. Accordingly, the resultant gain of ₹238.39 Crore has been classified and presented as an exceptional item in line with Ind AS 1 "Presentation of Financial Statements". The Company had created a one-time provision of ₹223.75 Crore in respect of existing assets-based finance portfolio on account of further anticipated slippages in future due to discontinuance of further loans in this segment. Further, intangible assets having book value of ₹7.25 Crore which have been replaced with a new system, were written off. The above items are presented as exceptional items on a net basis.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

43. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	601.38	-	601.38	354.71	-	354.71
Bank balances other than cash and cash equivalents	54.04	2.01	56.05	223.40	18.86	242.26
Derivative financial instruments	-	-	-	0.51	-	0.51
Receivables	20.66	0.01	20.67	14.03	-	14.03
Loans	7,119.92	8,098.61	15,218.53	5,211.33	9,639.37	14,850.70
Investments	289.33	21.58	310.91	-	0.00	0.00
Other financial assets	454.68	108.47	563.15	152.32	82.20	234.52
Total financial assets	**8,540.01**	**8,230.68**	**16,770.69**	**5,956.30**	**9,740.43**	**15,696.73**
Non-financial Assets						
Current tax assets (net)	-	114.39	114.39	-	115.77	115.77
Deferred tax assets (net)	-	47.68	47.68	-	197.03	197.03
Investment property	-	0.08	0.08	-	0.08	0.08
Property, plant and equipment	-	117.83	117.83	-	122.57	122.57
Intangible assets under development	-	4.56	4.56	-	0.46	0.46
Goodwill	-	14.30	14.30	-	14.30	14.30
Other intangible assets	-	14.25	14.25	-	19.30	19.30
Right to use assets	17.58	57.47	75.05	14.14	43.90	58.04
Other non-financial assets	29.59	10.72	40.31	19.17	16.64	35.81
Total non-financial assets	**47.17**	**381.28**	**428.45**	**33.31**	**530.05**	**563.36**
Assets held for sale	50.70	-	50.70	182.62	-	182.62
Assets directly associated with Discontinued Operations	1,241.46	4,729.31	5,970.77	-	-	-
Total assets	**9,879.34**	**13,341.27**	**23,220.61**	**6,172.23**	**10,270.48**	**16,442.71**
Financial Liabilities						
Derivative financial instruments	-	-	-	0.27	-	0.27
Trade payables	2.02	-	2.02	15.13	-	15.13
Debt securities	223.79	726.45	950.24	220.00	719.96	939.96
Borrowings (other than debt securities)	5,395.98	4,408.09	9,804.07	3,511.91	4,868.57	8,380.48
Subordinated liabilities	128.74	236.53	365.27	123.73	464.66	588.39
Lease Liability	15.95	73.63	89.58	11.00	53.59	64.59
Other financial liabilities	271.81	4.18	275.99	300.40	-	300.40
Total financial liabilities	**6,038.29**	**5,448.88**	**11,487.17**	**4,182.44**	**6,106.78**	**10,289.22**
Non-Financial Liabilities						
Current tax liabilities (Net)	0.34	-	0.34	0.36	-	0.36
Provisions	0.64	7.62	8.26	3.01	9.12	12.13
Other non-financial liabilities	12.65	76.83	89.48	82.06	0.71	82.77
Total non-financial liabilities	**13.63**	**84.45**	**98.08**	**85.43**	**9.83**	**95.26**
Liabilities directly associated with Discontinued Operations	1,293.16	3,469.04	4,762.20	-	-	-
Total liabilities	**7,345.08**	**9,002.37**	**16,347.45**	**4,267.87**	**6,116.61**	**10,384.48**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

44. Employee benefits

The Company operates the following post-employment plans -

i. Defined contribution plan

The contribution made to various statutory funds is recognised as expenses and included in Note 39 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of profit and loss. The detail is as follows

	Year ended March 31, 2023	Year ended March 31, 2022
Provident and Other Funds	16.84	23.78

ii. Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The scheme is fully funded with Life Insurance Corporation of India (LIC). This defined benefit plan expose the Company to actuarial risks, such as regulatory risk, credit risk, liquidity risk, etc. as defined below.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2023. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at March 31, 2023	As at March 31, 2022
Net defined benefit asset/(liability)	1.67	4.64

A. Funding

The scheme is fully funded with Life Insurance Corporation of India (LIC). The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section E below.

Expected contributions to gratuity plan for the year ending March 31, 2024 is ₹1.42 Crore.

B. Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	As at March 31, 2023			As at March 31, 2022		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	24.60	29.24	(4.64)	26.04	29.11	(3.07)
Included in profit or loss						
Current service cost	4.60	-	4.60	4.52	-	4.52
Interest cost (income)	1.48	(1.81)	(0.33)	1.76	(2.01)	(0.25)
	6.08	**(1.81)**	**4.27**	**6.28**	**(2.01)**	**4.27**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

44. Employee benefits (Contd.)

	As at March 31, 2023			As at March 31, 2022		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Included in Other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- demographic assumptions	0.19	-	0.19	-	-	-
- financial assumptions	(0.12)	-	(0.12)	(0.86)	-	(0.86)
- experience adjustment	(2.56)	-	(2.56)	1.39	-	1.39
– On plan assets	-	0.32	0.32	-	0.08	0.08
	(2.49)	**0.32**	**(2.17)**	**0.53**	**0.08**	**0.61**
Other						
Contributions paid by the employer	-	0.05	(0.05)	-	6.36	(6.36)
Benefits paid	(7.36)	(7.35)	(0.01)	(8.25)	(8.16)	(0.09)
	(7.36)	**(7.30)**	**(0.06)**	**(8.25)**	**(1.80)**	**(6.45)**
Adjustment for discontinued operations	**(3.41)**	**(4.34)**	**0.93**	**-**	**-**	**-**
Balance at the end of the year	**17.42**	**19.09**	**(1.67)**	**24.60**	**29.24**	**(4.64)**

C. Plan assets

	As at March 31, 2023	As at March 31, 2022
Funds managed by Life insurance Corporation of India (LIC)	100%	100%

On an annual basis, an asset-liability matching study is done whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

D. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.39%	6.89% - 7.28%
Future salary growth	5.00%	5.00%
Withdrawal rate:		
Upto 40 years	18.00%	4.20%
40 years to 54 years (per annum)	7.00%	1.80%
Above 54 years (per annum)	2.00%	2.20%
Expected rate of return on plan assets	7.28%	6.90%
Mortality	IALM (2012-14)	IALM (2012-14)

E. Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25% movement)	17.16	17.70	24.07	25.16
Future salary growth (0.5% movement)	18.04	16.84	25.77	23.52
Withdrawal rate (2% movement)	17.43	17.43	24.60	24.60
Mortality rate (1% movement)	17.43	17.43	24.61	24.61

(All amounts are in ₹ Crore unless otherwise stated)

44. Employee benefits (Contd.)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. Expected maturity analysis of the defined benefit plans in future years

	As at March 31, 2023	As at March 31, 2022
1 year	1.76	1.95
Between 2-5 years	7.72	6.19
Between 6-10 years	9.06	12.26
Over 10 years	6.77	12.48
Total	**25.31**	**32.88**

As at March 31, 2023, the weighted-average duration of the defined benefit obligation was 7.56 years (March 31, 2022: 15.72 years).

G. Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Market Risk (Interest Rate): Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Longevity Risk: The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.

Future salary Increase Risk: Actual Salary increase that are higher than the assumed salary escalation, will result in increase to the obligation at a rate that is higher than expected.

Demographic Risk: If actual withdrawal rates are higher than assumed withdrawal rates, the benefits will be paid earlier than expected. Similarly if the actual withdrawal rates are lower than assumed, the benefits will be paid later than expected. The impact of this will depend on the demography of the company and the financials assumptions.

Regulatory Risk: Any changes to the current Regulations by the Government, will increase (in most cases) or decrease the obligation which is not anticipated. Sometimes, the increase is many fold which will impact the financials quite significantly.

iii. Other long-term benefits

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of profit and loss for compensated absences is as under-

	Year ended March 31, 2023	Year ended March 31, 2022
Amount recognised in statement of profit and loss		
Compensated absences	2.87	5.61

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

45. Leases

The Company has adopted Ind AS 116 effective April 01, 2019, using the modified retrospective method. The Company has applied the Accounting Standard to its leases with the cumulative impact recognised on the date of initial application i.e. April 01, 2019. This has resulted in recognizing a right-of-use asset and a corresponding lease liability. The effect of the adoption is not significant to the profit for the period.

A. Lease in the capacity of Lessee

a) Nature: Leases considered here are taken for offices use, guesthouse and godown

b) **Particulars**	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Amount recognised in Statement of Profit or Loss		
1) Depreciation on right to use assets (gross) *	18.24	14.01
2) Interest expense on lease liability	8.63	5.88
3) Rent paid for leases which are not considered under Ind AS 116	0.62	0.84
4) Income from Subletting right of use assets	-	-
* Depreciation on right to use assets for March 22 includes ₹2.64 Crore for discontinued operations		
Other disclosures		
5) Total cash outflow for leases	14.38	18.24
6) Additions to right to use assets	71.76	39.80
7) Carrying amount of right to use assets	75.05	58.04
c) Bifurcation of rent paid during the year		
- Principal	5.76	12.36
- Interest	8.63	5.88
d) Movement in the carrying value of the right of use asset		
Opening balance	58.04	36.90
Depreciation charge for the year	(18.24)	(14.01)
Additions during the year	71.76	39.80
Adjustment/deletion	(20.79)	(4.65)
Adjustment for discontinued operations	(15.72)	-
Closing balance	**75.05**	**58.04**
e) Movement in the carrying value of the lease liabilities		
Opening balance	64.59	41.84
Interest expense	8.63	5.88
Lease payments	(14.38)	(18.24)
Additions during the year	71.42	39.80
Adjustment/deletion	(23.70)	(4.69)
Adjustment for discontinued operations	(16.98)	-
Closing balance	**89.58**	**64.59**
f) Maturity analysis of lease liability		
Within 12 months	15.95	11.00
After 12 months	73.63	53.59
	89.58	**64.59**

B. Lease in the capacity of Lessor

a) Nature : Operating and finance lease of Vehicles primarily to Corporate clients.

b) Company manages the risk associated with any rights it retains in underlying assets as per the terms of the respective lease contracts. There is a dedicated team which manages this portfolio.

c) Future lease payments

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

45. Leases (Contd.)

At year end, the future lease receivables under finance leases are as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1st Year	114.01	86.31
2nd Year	93.43	64.13
3rd Year	72.23	40.45
4th Year	34.66	19.47
5th Year	6.42	3.63
More than 5 years	-	-
	320.75	**213.99**

At year end, the future lease receivables under operating leases are as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1st Year	30.28	25.74
2nd Year	24.79	17.02
3rd Year	17.84	10.45
4th Year	8.83	4.87
5th Year	3.62	1.83
More than 5 years	-	-
	85.36	**59.91**

d) Reconciliation - Finance lease

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net investment in lease (carrying amount of Finance lease) (A)	264.41	177.27
Unearned finance income (B)	56.34	36.72
Total lease payments (A+B)	**320.75**	**213.99**

46. Earnings per equity share (EPS)

Earnings per equity share for continuing operations

Particulars	Units	Year ended March 31, 2023	Year ended March 31, 2022
a) (i) Weighted average number of equity shares for basic EPS	Nos	765,343,568	717,034,063
(ii) Effect of potential ordinary equity shares on employee stock options	Nos	7,678,953	8,998,302
(iii) Weighted average number of equity shares for diluted EPS	Nos	773,022,521	726,032,365
b) Net profit after tax			
(i) Net profit for equity shareholders for basic EPS	₹ in Crore	569.81	298.03
(ii) Net profit for equity shareholders for diluted EPS	₹ in Crore	569.81	298.03
c) (i) Earnings per share (Face value of ₹2 per share) – basic	₹	7.44	4.16
(ii) Earnings per share (Face value of ₹2 per share) – diluted	₹	7.37	4.10

Earnings per equity share for discontinued operations

Particulars	Units	Year ended March 31, 2023	Year ended March 31, 2022
a) (i) Weighted average number of equity shares for basic EPS	Nos	765,343,568	717,034,063
(ii) Effect of potential ordinary equity shares on employee stock options	Nos	7,678,953	8,998,302
(iii) Weighted average number of equity shares for diluted EPS	Nos	773,022,521	726,032,365
b) Net profit after tax			
(i) Net profit for equity shareholders for basic EPS	₹ in Crore	115.22	77.39
(ii) Net profit for equity shareholders for diluted EPS	₹ in Crore	115.22	77.39
c) (i) Earnings per share (Face value of ₹2 per share) – basic	₹	1.51	1.07
(ii) Earnings per share (Face value of ₹2 per share) – diluted	₹	1.49	1.07

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

46. Earnings per equity share (EPS) (Contd.)

Earnings per equity share for continuing and discontinued operations

Particulars			Units	Year ended March 31, 2023	Year ended March 31, 2022
a)	(i)	Weighted average number of equity shares for basic EPS	Nos	765,343,568	717,034,063
	(ii)	Effect of potential ordinary equity shares on employee stock options	Nos	7,678,953	8,998,302
	(iii)	Weighted average number of equity shares for diluted EPS	Nos	773,022,521	726,032,365
b)	Net profit after tax				
	(i)	Net profit for equity shareholders for basic EPS	₹ in Crore	685.03	375.42
	(ii)	Net profit for equity shareholders for diluted EPS	₹ in Crore	685.03	375.42
c)	(i)	Earnings per share (Face value of ₹2 per share) – basic	₹	8.95	5.23
	(ii)	Earnings per share (Face value of ₹2 per share) – diluted	₹	8.86	5.17

47. Share-based payments

A Description of share-based payment arrangements

The company instituted the Magma Employee Stock Option Plan (MESOP) in 2008 and Magma Restricted Stock Option Plan 2014 (MRSOP) in 2014, which were approved by the Board of Directors and the shareholders of the Company.

ESOP, 2007

Under ESOP 2007, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Company. The options generally vest in a graded manner and are exercisable within 3/4 years from the date of vesting. Following the sub-division of one equity share of the face value of ₹10/- each into five equity shares of the face value of ₹2/- each during the financial year ended March 31, 2011, the number of options increased from 1,000,000 to 5,000,000.

During the year, 25,569 options were lapsed. The Nomination and Remuneration Committee of the Company has allotted 2,35,568 options under ESOP 2007 to the eligible employees of the Company (each options entitles the option holder to one equity share of ₹2/- each).

RSOP, 2014

Under RSOP 2014, the Company provided for the creation and issue of 5,000,000 awards, that would eventually convert into equity shares of ₹2/- each in the hands of the Company's employees. The awards are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company and at the exercise price of the face value of ₹2/- each. The awards generally will vest in a graded manner and are exercisable within three years from the date of vesting. The shareholders of the Company on July 24, 2021 had amended the RSOP 2014 by increasing existing plan pool from 5,000,000 equity shares having face value of ₹2 ('Equity Shares') to 10,000,000 Equity Shares

During the year, 46,078 awards were lapsed and added in the pool. The Nomination and Remuneration Committee of the Company has allotted 26,69,485 awards under RSOP 2014 to the eligible employees of the Company (each award entitles the award holder to one equity share of ₹2/- each).

ESOP, 2021

The shareholders of the Company on July 24, 2021 had instituted ESOP Plan 2021 wherein the Company provided for the creation and issue of 15,000,000 options, that would eventually convert into equity shares of ₹2/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company and at the fair market value. The options generally will vest in a graded manner and are exercisable within 36 months from the date of vesting.

(All amounts are in ₹ Crore unless otherwise stated)

47. Share-based payments (Contd.)

During the year, 2,291,475 options were lapsed and added in the pool. The Nomination and Remuneration Committee of the Company has allotted 119,000 options under ESOP 2021 to the eligible employees of the Company (each award entitles the award holder to one equity share of ₹2/- each). During the year, the Nomination and Remuneration Committee of the Company has granted 7,463,650 options under ESOP 2021 to the eligible employees of the Company (each options entitles the option holder to one equity share of ₹2/- each).

B Measurement of Fair values

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option of Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) was ₹161.39 (March 31, 2022: ₹145.82).

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Units	March 31, 2023	March 31, 2022
Fair value at grant date	₹	14.41 - 250.82	14.41 - 250.82
Share price at grant date	₹	39.45 - 324.70	39.45 - 254.25
Exercise price	₹	2.00 - 307.89	2.00 - 256.03
Expected volatility (weighted average volatility)	%	44.00 - 55.43	40.86 - 55.43
Expected life (expected weighted average life)	years	3.04 - 5.01	3.05 - 4.50
Expected dividends	%	0.12 - 2.03	0.20 - 2.03
Risk-free interest rate (based on government bonds)	%	4.80 - 7.24	4.60 - 8.06

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

C Reconciliation of outstanding share options

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

ESOP, 2007

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	318,697	27.49	2,124,957	74.16
Add: Granted during the year	-	-	-	-
Less: Exercised during the year	235,568	31.15	1,408,231	36.71
Less: Lapsed/forfeited during the year	25,569	25.98	398,029	33.56
Outstanding options at the end of the year	**57,560**	**13.16**	**318,697**	**27.49**
Options vested and exercisable at the end of the year	37,560	19.11	80,340	23.23

The options outstanding at March 31, 2023 have an exercise price in the range of ₹2 to ₹39.45 (March 31, 2022: ₹2 to ₹39.45) and a weighted average remaining contractual life of 0.09 years (March 31, 2022: 0.7 years)

The weighted average share price at the date of exercise for share options exercised in 2022-23 was ₹274.93 (2021-22: ₹145.37).

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

47. Share-based payments (Contd.)

RSOP 2014

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	7,948,724	3.59	1,580,515	49.94
Add: Granted during the year	-	-	15,200,000	2.00
Less: Exercised during the year	2,669,485	4.19	184,310	38.21
Less: Lapsed/forfeited during the year	46,078	38.21	8,647,481	8.53
Outstanding options at the end of the year	**5,233,161**	**2.98**	**7,948,724**	**3.59**
Options vested and exercisable at the end of the year	24,274	38.21	72,502	38.21

The options outstanding at March 31, 2023 have an exercise price in the range of ₹2 to ₹38.21 (March 31, 2022: ₹2 to ₹38.21) and a weighted average remaining contractual life of 1.85 years (March 31, 2022: 1.87 years).

The weighted average share price at the date of exercise for share options exercised in 2022-23 was ₹288.08 (2021-22: ₹266.10).

ESOP 2021

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	5,938,800	193.78	-	-
Add: Granted during the year	7,463,650	260.10	8,087,800	187.57
Less: Exercised during the year	119,000	169.97	-	-
Less: Lapsed/forfeited during the year	2,291,475	214.71	2,149,000	170.42
Outstanding options at the end of the year	**10,991,975**	**234.71**	**5,938,800**	**193.78**
Options vested and exercisable at the end of the year	481,615	211.74	-	-

The options outstanding at March 31, 2023 have an exercise price in the range of ₹164.42 to ₹307.89 (March 31, 2022: ₹164.42 to ₹256.03) and a weighted average remaining contractual life of 3.05 years (March 31, 2022: 2.7 years).

The weighted average share price at the date of exercise for share options exercised in 2022-23 was ₹300.67 (2021-22: Nil).

(All amounts are in ₹ Crore unless otherwise stated)

47. Share-based payments (Contd.)

D Equity shares reserved for issue under options

	No. of options granted	Exercise price (₹)	Year ended March 31, 2023		Year ended March 31, 2022	
			No. of options	Amount	No. of options	Amount
Under ESOP 2007:						
Tranche XVI B	322,000	2.00	-	-	4,000	0.00
Tranche XXII	44,000	2.00	-	-	5,600	0.00
Tranche XXIV A	125,000	39.45	-	-	37,500	0.01
Tranche XXV	1,001,711	39.45	17,160	0.00	179,397	0.04
Tranche XXVI	102,000	2.00	19,200	0.00	37,600	0.01
Tranche XXVII	92,000	2.00	21,200	0.00	54,600	0.01
Under RSOP 2014:						
Tranche II	1,263,495	38.21	141,161	0.03	336,810	0.07
Tranche II (A)	17,020	38.21	-	-	11,914	0.00
Tranche V (A) & (B)	5,000,000	2.00	3,350,000	0.67	5,000,000	1.00
Tranche VI (A) & (B)	2,600,000	2.00	1,742,000	0.35	2,600,000	0.52
Under ESOP 2021:						
Tranche I	1,500,000	175.48	478,000	0.10	500,000	0.10
Tranche II	4,325,750	164.42	2,110,975	0.42	3,196,750	0.64
Tranche III	170,000	256.03	100,000	0.02	150,000	0.03
Tranche IV	2,092,050	238.55	1,926,600	0.39	2,092,050	0.42
Tranche V	3,941,400	251.28	3,045,650	0.61	-	-
Tranche VI	1,361,500	230.45	1,277,000	0.26	-	-
Tranche VII	311,250	229.29	311,250	0.06	-	-
Tranche VIII	1,437,000	307.89	1,330,000	0.27	-	-
Tranche IX	412,500	298.95	412,500	0.08	-	-

E Amount recognised in Statement of profit and loss

Year ended March 31, 2023: ₹150.63 Crore

Year ended March 31, 2022: ₹16.55 Crore

47. Share Based Payments by Subsidiary (Poonawalla Housing Finance Limited)

A Description of share-based payment arrangements

The Subsidiary 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 Subsidiary 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 Subsidiary Company had set up the Poonawalla Housing ESOP Trust on March 31, 2018. The ESOP Trust is managed by Independent Professionals as Trustees.

Pursuant to the resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting (EGM) held on March 31, 2018, the Company had approved the ESOP 2018. There were no fresh grants made during the year under ESOP 2018.

Further, pursuant to the resolution passed by the shareholders of the Company at the Annual General Meeting (AGM) held on August 18, 2021, the Company had approved the ESOP 2021. During the year, the Nomination and Remuneration Committee (NRC) has granted 72,70,000 options under ESOP 2021 to eligible employees. NRC at its meeting held on July 13, 2022 also approved the change in vesting schedule of options granted on May 7, 2022 under ESOP 2021.

Also, pursuant to the resolution passed by the shareholders of the Company at the EGM held on January 25, 2022, the Company had amended the Restricted Stock Option Plan - 2018 of the Company (PHRSO 2018). The Board of Directors at its meeting held on May, 2022 has approved the cancellation of 1,40,000 ungranted Options under the PHRSO 2018 based on the recommendation of NRC. 3,360,000 Options already granted under PHRSO

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

47. Share Based Payments by Subsidiary (Poonawalla Housing Finance Limited) (Contd.)

2018 to eligible employee shall remain operational with all its existing terms and conditions (as amended from time to time) until such options are exercised/ lapsed. Further, the NRC on July 13, 2022, approved the allotment of 493,333 equity shares to eligible employee pursuant to exercise of Restricted Stock Options granted under PHRSO 2018.

Particulars	ESOP 2018	PHRSO 2018	ESOP 2021
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.	The vesting conditions are linked to profitability.	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.
Vesting period	The vesting period for Tranche 4 to 6 is as follows: (a) 30% of the options shall vest on the expiry of one year from the date of the Grant. (b) 30% of the options shall vest on the expiry of two years from the date of the Grant. (c) 40% of the options shall vest on the expiry of three years from the date of the Grant.	Revised vesting criteria of RSO a) 1,480,000 to be deemed vested effective FY21-22 upon execution of necessary documents and resetting the AUM and RoE targets for FY'20 vesting. b) Balance 1,480,000 in three tranches annually by FY'23 subject to performance conditions on AUM and ROE. c) Enable catchup of unvested component in FY'23 if average actual RoE exceeds average target RoE by 1%	The vesting period for all three tranches i.e. Tranche 1 to 3 is as follows: (a) 33% of the options shall vest on the expiry of one year from the date of the Grant. (b) 33% of the options shall vest on the expiry of two years from the date of the Grant. (c) 34% of the options shall vest on the expiry of three years from the date of the Grant.

B Reconciliation of outstanding share options

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

ESOP, 2018

Particulars	Year ended March 31, 2023 No. of options	Year ended March 31, 2022 No. of options
Outstanding options at the beginning of the year	630,000	1,935,000
Granted during the year	-	-
Lapsed during the year	240,000	1,305,000
Outstanding options at the end of the year	390,000	630,000
Exercisable at the end of the year	292,000	250,500

The options outstanding at March 31, 2023 have exercise price of ₹36.66 (Tranche 4 and 5), ₹58.39 (Tranche 6) and weighted average remaining contractual life of 0.83 years (March 31, 2022: 1.27 years)

MHRSO, 2018

Particulars	Year ended March 31, 2023 No. of options	Year ended March 31, 2022 No. of options
Outstanding options at the beginning of the year	1,386,667	2,960,000
Granted during the year	-	400,000
Forfeited during the year	-	-
Exercised during the year	493,333	1,973,333
Expired/ lapsed during the year	-	-
Outstanding options at the end of the year	893,334	1,386,667
Exercisable at the end of the year	400,000	-

(All amounts are in ₹ Crore unless otherwise stated)

47. Share Based Payments by Subsidiary (Poonawalla Housing Finance Limited) (Contd.)

The options outstanding at March 31, 2023 have an exercise price of ₹10 (March 31, 2022: ₹10) and a weighted average remaining contractual life of 0.24 years (March 31, 2022: 0.76 years)

ESOP 2021

Particulars	Year ended March 31, 2023 No. of options	Year ended March 31, 2022 No. of options
Outstanding options at the beginning of the year	-	-
Granted during the year	72,70,000	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired/ lapsed during the year	14,55,000	-
Outstanding options at the end of the year	58,15,000	-
Exercisable at the end of the year	-	-

(i) The options outstanding at March 31, 2023 have an exercise price of ₹71.88 (March 31, 2022: NIL) and a weighted average remaining contractual life of 1.14 years (March 31, 2022: NIL)

(ii) There are no identified employees who were granted ESOP, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

C The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model"and the inputs used in the measurement of the grant-date fair values are as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Fair market value of option as on the date of grant	20.89 - 31.76	20.89 - 31.76
Exercise price	10.00 - 71.88	10.00 - 58.39
Expected volatility (%) of share price	41.76% - 47.65%	41.76% - 45.73%
Expected option life (weighted average)	up to 1 years	up to 1 years
Risk free interest rate (p.a.)	4.70% to 6.98%	4.70% to 6.43%

The stock based compensation expenses determined using fair value method and charged to statement of profit and loss account is ₹10.86 Crore (March 31, 2022: ₹0.40 Crore).

48. Related parties

(i) Name of related parties and description of relationship:

A Parent Company

Rising Sun Holdings Private Limited (w.e.f May 21, 2021) (RSHPL)

B Holding Company

Poonawalla Fincorp Limited

C Subsidiary Company ^

Poonawalla Housing Finance Limited (Formerly Magma Housing Finance Limited) (ceases to be wholly owned subsidiary company w.e.f November 29, 2021)

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

48. Related parties (Contd.)

D Fellow Subsidiary

Poonawalla Finance Private Limited (w.e.f May 21, 2021)

E Joint Venture

Jaguar Advisory Services Private Limited

F

Key Managerial Personnel ('KMP') and their Relatives	Nature of Relationship
Mr. Abhay Bhutada	Managing Director (w.e.f June 1, 2021 upto September 16, 2021, reappointed w.e.f February 12, 2022)
Mr. Sanjay Miranka	Group Chief Financial Officer (w.e.f July 2, 2021)
Mr. Vijay Deshwal	Group Chief Executive Officer (w.e.f June 21, 2021 upto March 4, 2022)
Mr. Mayank Poddar	Chairman Emeritus and Whole Time Director (upto November 7, 2020)
Mr. Sanjay Chamria	Executive Vice Chairman (upto November 2021) (Vice Chairman and Managing Director upto June 1, 2021)
Mr. Kailash Baheti	Chief Financial Officer (upto July 1, 2021)
Mrs. Shabnum Zaman	Company Secretary

G Directors

Mr. Adar Cyrus Poonawalla	Chairman and Non Executive Director (w.e.f June 1, 2021)
Mr. Prabhakar Dalal	Independent Director (w.e.f May 5, 2021)
Mr. Amar Sudhakar Deshpande	Non Executive Director (w.e.f June 3, 2021)
Mr. Sajid Fazalbhoy	Non Executive Director (w.e.f February 4, 2022) (Independent Director w.e.f May 5, 2021 upto February 3, 2022)
Mr. Atul Kumar Gupta	Independent Non Executive Director (w.e.f January 27, 2022)
Mr. G Jaganmohan Rao	Independent Non Executive Director (w.e.f January 15, 2022)
Mr. Sanjay Kumar	Independent Non Executive Director (w.e.f January 15, 2022)
Mr. Mayank Poddar	Non Executive Director (w.e.f November 8, 2020 upto June 07, 2021)
Mrs. Vijayalakshmi R Iyer	Independent Director (w.e.f January 31, 2019)
Mr. Sunil Rewachand Chandiramani	Independent Director (w.e.f December 10, 2019 upto June 3, 2021)
Mr. Bontha Prasada Rao	Independent Director (w.e.f December 10, 2019)

H Member of Promoter group

Magma HDI General Insurance Company Limited

Sanoti Properties LLP

I Member of Erstwhile Promoter group

Magma Consumer Finance Private Limited

Celica Developers Private Limited

J Relatives of Directors / KMP

Harshvardhan Chamria	upto November 23, 2021
Mayank Poddar (HUF)	upto June 7, 2021
Kalpana Poddar	upto June 7, 2021
Ashita Poddar	upto June 7, 2021
Bimla Devi Baheti	upto July 1, 2021
Shashi Baheti	upto July 1, 2021
Apoorva Baheti	upto July 1, 2021
Ankita Baheti	upto July 1, 2021
Kailash Baheti (HUF)	upto July 1, 2021
Sanjay Chamria (HUF)	upto November 23, 2021
Banwarilal Chamria and Others (HUF)	upto November 23, 2021

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

48. Related parties (Contd.)

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

Name of related party	Nature of transaction	Transaction for the year ended March 31, 2023	Outstanding amount as at March 31, 2023	Transaction for the year ended March 31, 2022	Outstanding amount as at March 31, 2022
A) **Parent Company** Rising Sun Holdings Private Limited	Share Capital	-	-	91.60	-
	Share Premium	-	-	3,114.40	-
	Dividend paid	18.82	-	-	-
B) **Fellow Subsidiary** Poonawalla Finance Private Limited	Purchase of property plant and equipment	0.24	-	3.61	-
	Leave and license agreement:				
	Electricity expenses	0.55	-	-	-
	Office maintenance charges	0.46	-	-	-
	Security deposit paid	3.63	3.63	-	-
C) **Member of Promoter group** 1 Magma HDI General Insurance Company Limited	Investment in equity shares	-	-	-	109.18
	Short-term loans and advances given	44.44	1.41	85.64	12.09
	Refund/adjustment of short-term loans and advances given	55.11	-	80.72	-
	Claims Received	0.09	-	0.23	-
	Insurance commission income	4.03	-	7.42	0.33
	Insurance premium paid	6.39	0.06	1.03	-
	Advance for mediclaim policy	7.71	7.90	7.34	7.34
	Subscription to public issue of NCD	-	75.00	-	75.00
	Interest accrued but not due on NCD	7.88	7.12	7.88	7.12
	Interest Paid on NCD	7.88	-	7.88	-
2 Sanoti Properties LLP	Sale of stake in MHDI	361.39	-	-	-
D) **Joint Venture** 1 Jaguar Advisory Services Private Limited	Investment in equity shares	-	0.02	-	0.02
E) **Member of Erstwhile Promoter group** 1 Celica Developers Private Limited	Repayment of Loan	-	-	24.45	-
	Interest income	-	-	2.70	-
2 Magma Consumer Finance Private Limited	Sale of car	-	-	0.23	-
	Interest accrued but not due on NCD	-	-	0.00	-
	Interest Paid on NCD	-	-	0.00	-
F) **Key management personnel** 1 Mr. Abhay Bhutada	Director's remuneration	5.00	-	2.17	-
	Share based payments	73.07	-	-	-
	Share Capital	0.50	-	-	-

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

48. Related parties (Contd.)

Name of related party	Nature of transaction	Transaction for the year ended March 31, 2023	Outstanding amount as at March 31, 2023	Transaction for the year ended March 31, 2022	Outstanding amount as at March 31, 2022
2 Mr. Sanjay Miranka	Salary	2.92	-	3.37	-
	Share based payments	0.25	-	-	-
	Share Capital	0.00	-	-	-
	Share Premium	0.38	-	-	-
3 Mr. Vijay Deshwal	Salary	-	-	7.41	-
4 Mr. Mayank Poddar	Share Capital	-	-	3.57	-
	Share Premium	-	-	121.43	-
5 Mr. Sanjay Chamria	Director's remuneration	-	-	1.84	-
	Share Capital	-	-	3.57	-
	Share Premium	-	-	121.43	-
6 Mr. Kailash Baheti	Salary	-	-	4.30	-
	Share Capital	-	-	0.04	-
	Share Premium	-	-	0.68	-
	Interest accrued but not due on NCD	-	-	0.00	-
7 Mrs. Shabnum Zaman	Salary	0.51	-	0.59	-
	Share based payments	0.19	-	-	-
	Share Capital	0.00	-	0.00	-
	Dividend paid	0.00	-	-	-
G) Directors 1 Mr. Adar Cyrus Poonawalla	Sitting fees	0.05	-	0.04	-
2 Mr. Prabhakar Dalal	Sitting fees	0.19	-	0.43	0.01
3 Mr. Amar Sudhakar Deshpande	Sitting fees	0.33	-	0.41	0.01
4 Mr. Sajid Fazalbhoy	Sitting fees	0.06	-	0.30	-
5 Mr. Atul Kumar Gupta	Sitting fees	0.09	-	0.04	-
6 Mr. G Jaganmohan Rao	Sitting fees	0.27	-	0.06	0.01
7 Mr. Sanjay Kumar	Sitting fees	0.24	-	0.06	0.01
8 Mr. Mayank Poddar	Sitting fees	-	-	0.10	-
9 Mr. Sunil Rewachand Chandiramani	Sitting fees	-	-	0.11	-
10 Mrs. Vijayalakshmi R Iyer	Sitting fees	0.14	-	0.37	0.01
11 Mr. Bontha Prasada Rao	Sitting fees	0.15	-	0.23	-
H) Relatives of Directors 1 Mr. Harshvardhan Chamria	Salary	-	-	0.37	-
	Sale of laptop	-	-	0.00	-
2 Mayank Poddar (HUF)	Rent expense	-	-	0.02	-
3 Kalpana Poddar	Rent expense	-	-	0.04	-
4 Ashita Poddar	Rent expense	-	-	0.02	-
5 Bimla Devi Baheti	Interest accrued but not due on NCD	-	-	0.00	-
6 Shashi Baheti	Interest accrued but not due on NCD	-	-	0.00	-
7 Apoorva Baheti	Interest accrued but not due on NCD	-	-	0.00	-
8 Ankita Baheti	Interest accrued but not due on NCD	-	-	0.00	-

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

48. Related parties (Contd.)

Name of related party	Nature of transaction	Transaction for the year ended March 31, 2023	Outstanding amount as at March 31, 2023	Transaction for the year ended March 31, 2022	Outstanding amount as at March 31, 2022
9 Kailash Baheti (HUF)	Interest accrued but not due on NCD	-	-	0.00	-
10 Sanjay Chamria (HUF)	Interest accrued but not due on NCD	-	-	0.02	-
	Interest Paid on NCD	-	-	0.03	-
11 Banwarilal Chamria and Others(HUF)	Interest accrued but not due on NCD	-	-	0.02	-
	Interest Paid on NCD	-	-	0.03	-

Related parties identified includes related parties as per section 2(76) of the Companies Act, 2013.

Transactions with related parties have been identified on the basis of related party transactions disclosed in financial statement of the respective subsidiary company.

^ On December 14, 2022, the Board of Directors of the Issuer approved the sale of its housing subsidiary Poonawalla Housing Finance Limited to TPG (Perseus SG Pte. Ltd., an entity affiliated with TPG Global, LLC), Shareholder's approval received for the said transaction on January 22, 2023 and RBI - HFC approval awaited for consummation of the transaction.

(iii) Compensation of key managerial personnel

	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefits	8.13	16.54
Post-employment defined benefit *	0.30	0.16
Share-based payments	73.51	2.97
	81.94	19.67

*Excludes provision for leave encashment and gratuity for key management personnel as these are determined for the Company as a whole.

Terms and conditions

All transactions with these related parties are priced on an arm's length basis. Outstanding amount as at the end of the year, in respect of loan and advances are unsecured and to be settled in cash and / or adjusted against the services.

49. Contingent Liabilities and Commitments

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

a) Contingent liabilities

	As at March 31, 2023	As at March 31, 2022
Claims against the Group not acknowledged as debt		
i) Income tax matters under dispute	3.94	5.91
ii) VAT matters under dispute	8.20	8.09
iii) Service tax matters under dispute	10.20	9.12
iv) Legal cases against the Group *	2.78	1.84

* The Group is also involved in other law suits, claims, investigations and proceedings, including collection and repossession related matters, which arise in the ordinary course of business. However, there are no significant claims on such cases. Future cash outflows in respect of the above, if any, is determinable only on receipt of judgement / decisions pending with the relevant authorities.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

49. Contingent Liabilities and Commitments (Contd.)

b) Commitments

		As at March 31, 2023	As at March 31, 2022
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	2.11	1.25
(ii)	Undisbursed housing/other loans	-	186.94

c) The amount included above represents best possible estimate arrived at on the basis of available information. The Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision has been created.

d) The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. As at year end, the Group does not have any long term contracts (including derivative contracts) for which there were material foreseeable losses.

e) The Group has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Group 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 consolidated financial statements.

50. Discontinued operations

During the year ended March 31, 2023, the Company has entered into a definitive share purchase agreement with Perseus SG Pte. Ltd., an entity affiliated to TPG Global LLC, to divest its entire holding in Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited) ("PHFL"), at a purchase consideration based on a per equity share price of ₹152.84 representing a total equity value ₹3900 Crore. This divestment has been approved by the Board of Directors in their meeting held on December 14, 2022 and by shareholders in their meeting held on January 23, 2023 and is subject to requisite regulatory approvals.

The Company has done accounting and classification of such investments in line with the requirements of Ind AS 105 "Non-current assets Held for Sale" .

Accordingly, the profit from operations, for the exposures of the Company to PHFL have been recognised and presented under 'Profit before tax from discontinued operation' in the consolidated statement of profit and loss. Similarly, assets and liabilities of discontinued operation has been disclosed separately in Balance Sheet.

a) Results of discontinued operations

Particulars	As at March 31, 2023	As at March 31, 2022
Revenue from operations		
Interest income	635.30	448.14
Fees and commission income	20.19	15.37
Net gain on fair value changes	-	0.86
Net gain on derecognition of financial instruments	48.13	-
Total revenue from operations	**703.62**	**464.37**
Other Income	12.43	5.78
Total Income	**716.05**	**470.15**
Expenses		
Finance costs	279.77	207.53
Net loss on fair value changes	0.53	-
Net loss on derecognition of financial instruments	-	5.47
Impairment on financial instruments	36.39	8.95
Employee benefits expenses	168.69	103.79

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

50. Discontinued operations (Contd.)

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation, amortisation and impairment	8.97	3.81
Other expenses	67.51	39.44
Total Expenses	**561.86**	**368.99**
Profit before tax from discontinued operations	**154.19**	**101.16**
Income tax on discontinued operation	38.97	23.77
Profit after tax from discontinued operations	**115.22**	**77.39**
Other comprehensive income from discontinued operations	0.14	5.77
Total comprehensive income from discontinued operations	**115.36**	**83.16**
Earnings per equity share (for discontinued operations)		
Basic EPS	1.51	1.07
Diluted EPS	1.49	1.07

b) Net cash flows attributable to discontinued operations

Particulars	As at March 31, 2023	As at March 31, 2022
Cash flows (used in) from operating activities	(884.11)	(1,009.48)
Cash flows (used in) from investing activities	(105.80)	(7.74)
Cash flows generated from financing activities	1,125.19	943.74
Net Cash flows generated/(used)	**135.28**	**(73.48)**

c) Assets and Liabilities of discontinued operations

Particulars	As at March 31, 2023
Cash and cash equivalents	154.81
Bank balances other than cash and cash equivalents	40.38
Derivative financial instruments	-
Loans	5,438.57
Investments	97.35
Other financial assets	143.96
Current tax assets (net)	0.99
Property, plant and equipment	15.01
Intangible assets	3.05
Intangible assets under development	1.28
Right of use assets	48.86
Other non-financial assets	26.51
Total Assets	**5,970.77**
Payables	21.28
Debt securities	283.49
Borrowings (Other than debt securities)	4,227.45
Subordinated liabilities	99.71
Lease liabilities	51.31
Other financial liabilities	43.24
Deffered tax liabilities (net)	15.55
Provisions	2.61
Other non-financial liabilities	17.55
Total Liabilities	**4,762.19**
Net Assets	**1,208.58**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

51. Interest in other entities

a. Subsidiaries

The group's subsidiaries at March 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the subsidiary company	Place of business/ country of incorporation	Ownership interest held by the group (in %)		Ownership interest held by the non-controlling interests (In %)		Principal activities
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	
Poonawalla Housing Finance Limited(PHFL)(Formerly Magma Housing Finance Limited)	India	99.03	99.22	0.97	0.78	Housing Finance

b. Interests in joint ventures

The joint ventures listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The below joint ventures are by the virtue of contractual agreement.

Name of the company	Place of business/ country of incorporation	Relationship	Accounting method	Ownership interest held by the group (in %)		Carrying value		Principal activities
				As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture	Equity method	48.89	48.89	50.70	50.70	Manpower and Advisory Services
Magma HDI General Insurance Company Limited (MHDI)	India	Joint venture	Equity method	-	29.32	-	129.86	Insurance Services

Both the joint venture companies are unlisted and hence no quoted price is available. Accordingly fair values for the same are not disclosed.

(i) Summarised financial information for joint ventures

Particulars	Jaguar Advisory Services Private Limited (JASPL)	
	As at March 31, 2023	As at March 31, 2022
Current assets	-	0.18
Non-current assets	-	97.51
Current liabilities	-	-
Non-current liabilities	-	-
Net assets	**-**	**97.69**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

51. Interest in other entities (Contd.)

(ii) Reconciliation to carrying amounts

Particulars	Jaguar Advisory Services Private Limited (JASPL)		Magma HDI General Insurance Company Limited (MHDI)	
	As at March 31, 2023*	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Closing net assets	97.69	97.69	-	401.78
Group's share (in ₹ Crore)	50.70	50.70	-	131.60
Goodwill and other adjustments	-	-	-	(1.74)
Carrying amount	**50.70**	**50.70**	**-**	**129.86**

(iii) Summarised statement of profit and loss

Particulars	Jaguar Advisory Services Private Limited (JASPL)		Magma HDI General Insurance Company Limited (MHDI)	
	As at March 31, 2023*	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Total revenue	-	0.02	-	2,100.20
Other income	-	0.01	-	91.01
Finance cost	-	0.00	-	0.05
Depreciation and amortisation	-	-	-	11.29
Other operating expense	-	0.04	-	2,196.15
Share of profit of equity-accounted investee	-	(1.76)	-	-
Income tax expense/(income)	-	(0.41)	-	(4.17)
Profit for the year	**-**	**(1.36)**	**-**	**(12.11)**
Other comprehensive income/(loss)	-	(0.66)	-	(32.72)
Total comprehensive income/(loss)	**-**	**(2.02)**	**-**	**(44.83)**

52. Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 is given below:

(a) Financial information of subsidiaries (Poonawalla Housing Finance Limited) for the year ended March 31, 2023 and March 31, 2022:

	As at March 31, 2023	As at March 31, 2022
Share capital	252.29	251.79
Other equity	956.29	830.00
Total assets	5,970.77	4,386.99
Total liabilities	4,762.19	3,305.20
Investments	97.35	-
Total income	716.05	470.16
Profit before taxation	154.19	101.16
Provision for taxation	38.97	23.78
Profit after taxation	115.22	77.39
Dividend (including tax thereon)	-	-
% of shareholding	99.03	99.22

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

52. Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 is given below: (Contd.)

(b) Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to joint ventures:

As at March 31, 2023

	Name of joint ventures		Jaguar Advisory Services Private Limited	Magma HDI General Insurance Company Limited
1	Shares of joint ventures held by the Company on the year end			
	No. of shares	Nos.	11,000.00	-
	Amount of investment in joint ventures	₹ in Crore	50.70	-
	Extend of holding	%	48.89%	
2	Description of how there is significant influence		Holding more than 20% of the paid up capital	-
3	Net worth attributable to shareholding as per latest audited balance sheet	₹ in Crore	50.68	-
4	Profit/(loss) for the year#		-	-
	i. Considered in consolidation	₹ in Crore	-	-
	ii. Not considered in consolidation	₹ in Crore	-	-

As at March 31, 2022

	Name of joint ventures		Jaguar Advisory Services Private Limited	Magma HDI General Insurance Company Limited
1	Shares of joint ventures held by the Company on the year end			
	No. of shares	Nos.	11,000.00	39,898,281.00
	Amount of investment in joint ventures	₹ in Crore	50.70	129.86
	Extend of holding	%	48.89%	29.32%
2	Description of how there is significant influence		Holding more than 20% of the paid up capital	Holding more than 20% of the paid up capital
3	Net worth attributable to shareholding as per latest audited balance sheet	₹ in Crore	50.68	20.68
4	Profit/(loss) for the year#			
	i. Considered in consolidation	₹ in Crore	0.45	1.05
	ii. Not considered in consolidation	₹ in Crore	(1.81)	(13.16)

#Excludes other comprehensive income

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

52. Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 is given below: (Contd.)

(c) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

As at March 31, 2023

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Holding								
Poonawalla Fincorp Limited	93.48	6,424.70	85.39	584.94	(25.37)	1.36	86.26	586.30
Subsidiary								
-Indian								
Poonawalla Housing Finance Limited (PHFL) **	17.58	1,208.58	16.81	115.22	(2.61)	0.14	16.97	115.36
Joint Ventures(as per the equity method)								
-Indian								
Jaguar Advisory Services Private Limited (JASPL) *	0.74	50.68	-	-	-	-	-	-
Total Eliminations/ Consolidation Adjustments	(11.80)	(810.79)	(2.21)	(15.13)	127.98	(6.86)	(3.23)	(21.99)
	100.00	**6,873.17**	**100.00**	**685.03**	**100.00**	**(5.36)**	**100.00**	**679.67**

Company has accepted binding offer for sale of its shareholding in joint ventures (JVs) namely Jaguar Advisory Services Private Limited (JASPL) which has been approved by the Board of Directors and Shareholders in their respective meetings held on November 2, 2021 and December 13, 2021. The sale is subject to requisite regulatory approvals.

As at March 31, 2022

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Poonawalla Fincorp Limited	94.33	5,714.51	78.10	293.20	17.95	1.64	76.67	294.84
Subsidiary								
-Indian								
Poonawalla Housing Finance Limited (PHFL)	17.86	1,081.79	20.61	77.39	63.33	5.77	21.63	83.16
Joint Ventures(as per the equity method)								
-Indian								
Magma HDI General Insurance Company Limited (MHDI) *	0.34	20.68	0.28	1.05	2.20	0.20	0.32	1.25
Jaguar Advisory Services Private Limited (JASPL)	0.83	50.68	0.12	0.45	16.53	1.51	0.51	1.96
Total Eliminations/ Consolidation Adjustments	(13.36)	(809.43)	0.90	3.33	-	0.00	0.86	3.32
	100.00	**6,058.23**	**100.00**	**375.42**	**100.00**	**9.11**	**100.00**	**384.53**

* Interest in Joint Venture has been classified as assets held for sale as per Ind AS 105 and accordingly, the equity method accounting has been discontinued with after December 13, 2021. Accordingly, profit for financial year ended March 31, 2023 has not been disclosed.

** Refer Note 19

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

53. Transfers of financial assets

In the ordinary course of business, the Group enters into transactions that result in the transfer of financial assets. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised or derecognised as per the conditions specified in Ind AS.

The Group transfers financial assets that are not derecognised in their entirety are primarily through securitisation transactions, in which loans to customers are transferred to securitisation special purpose vehicles.

A. Transferred financial assets that are not derecognised in their entirety

Securitisation

Certain loans to customers are sold by the Group to securitisation special purpose vehicles, which in turn issue Pass Through Certificates ('PTC') to investors collateralised by the purchased assets. In securitisation transactions entered, the Company transfers loans to an unconsolidated securitisation vehicle, however it retains credit risk (principally by providing credit enhancement). The Group retains substantial risks and rewards of such loan transferred and accordingly, does not derecognise the loans transferred in its entirety and recognises an associated liability for the consideration received.

The following table sets out the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

	As at March 31, 2023	As at March 31, 2022
Assets		
Securitisation	131.81	863.49
Carrying amount of assets	**131.81**	**863.49**
Associated liabilities		
Loans from PTC Investors	109.96	696.79
Carrying amount of associated liabilities	**109.96**	**696.79**
For those liabilities that have recourse only to the transferred financial assets		
Assets		
Securitisation	131.81	863.24
Fair value of assets	**131.81**	**863.24**
Associated liabilities		
Loans from PTC Investors	110.09	709.24
Fair value of associated liabilities	**110.09**	**709.24**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

54.1 Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Particulars	As at March 31, 2023				
	Others	FVTPL	FVTOCI	Amortised cost	Total
Financial assets:					
Cash and cash equivalents	-	-	-	601.38	601.38
Bank balance other than cash and cash equivalents	-	-	-	56.05	56.05
Receivables	-	-	-	20.67	20.67
Loans	-	-	-	15,218.53	15,218.53
Investments	-	-	268.37	42.54	310.91
Other financial assets	-	199.23	-	363.92	563.15
	-	**199.23**	**268.37**	**16,303.09**	**16,770.69**
Financial liabilities:					
Trade payables	-	-	-	2.02	2.02
Debt securities	-	-	-	950.24	950.24
Borrowings (other than debt securities)	-	-	-	9,804.07	9,804.07
Subordinated liabilities	-	-	-	365.27	365.27
Lease Liability	-	-	-	89.58	89.58
Other financial liabilities	-	-	-	275.99	275.99
	-	**-**	**-**	**11,487.17**	**11,487.17**

Particulars	As at March 31, 2022				
	Others	FVTPL	FVTOCI	Amortised cost	Total
Financial assets:					
Cash and cash equivalents	-	-	-	354.71	354.71
Bank balance other than cash and cash equivalents	-	-	-	242.26	242.26
Derivative financial instruments	-	-	0.51	-	0.51
Receivables	-	-	-	14.03	14.03
Loans	-	-	-	14,850.70	14,850.70
Investments	-	-	-	0.01	0.01
Other financial assets	-	27.98	-	206.54	234.52
	-	**27.98**	**0.51**	**15,668.25**	**15,696.74**
Financial liabilities:					
Derivative financial instruments	-	-	0.27	-	0.27
Trade payables	-	-	-	15.13	15.13
Debt securities	-	-	-	939.96	939.96
Borrowings (other than debt securities)	-	-	-	8,380.48	8,380.48
Subordinated liabilities	-	-	-	588.39	588.39
Lease Liability	-	-	-	64.59	64.59
Other financial liabilities	-	-	-	300.40	300.40
	-	**-**	**0.27**	**10,288.95**	**10,289.22**

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

54.1 Financial instruments - fair value and risk management (Contd.)

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	-	-
Investments	268.37	-	-	268.37
Other financial assets	-	199.23	-	199.23
	268.37	**199.23**	**-**	**467.60**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2023	Amortised cost	Fair Value
Financial assets:		
Cash and cash equivalents	601.38	601.38
Bank balance other than cash and cash equivalents	56.05	56.05
Receivables	20.67	20.67
Loans	15,218.53	15,166.92
Investments	42.54	42.54
Other financial assets	363.92	363.92
	16,303.09	**16,251.48**
Financial liabilities:		
Trade Payables	2.02	2.02
Debt securities	950.24	957.61
Borrowings (other than debt securities)	9,804.07	9,804.60
Subordinated liabilities	365.27	388.12
Lease Liability	89.58	89.58
Other financial liabilities	275.99	275.99
	11,487.17	**11,517.92**

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	-	0.51	-	0.51
Other financial assets	-	27.98	-	27.98
	-	**28.49**	**-**	**28.49**
Financial liabilities:				
Derivative financial instruments	-	0.27	-	0.27
	-	**0.27**	**-**	**0.27**

(All amounts are in ₹ Crore unless otherwise stated)

54.1 Financial instruments - fair value and risk management (Contd.)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2022	Amortised cost	Fair value
Financial assets:		
Cash and cash equivalents	354.71	354.71
Bank balances other than cash and cash equivalents	242.26	242.30
Trade receivables	14.03	14.03
Loans	14,850.70	14,889.84
Investments	0.01	0.01
Other financial assets	206.54	206.54
	15,668.25	**15,707.43**
Financial liabilities:		
Trade Payables	15.13	15.13
Debt securities	939.96	984.28
Borrowings (other than debt securities)	8,380.48	8,388.20
Subordinated liabilities	588.39	622.81
Lease liability	64.59	64.59
Other financial liabilities	300.40	300.40
	10,288.95	**10,375.41**

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximate their fair value. These financial instruments include cash in hand, balances with other banks, receivables, trade payables and certain other financial assets and liabilities, with maturities less than a year from the balance sheet date. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

C. Valuation framework

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximise the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based in observable market data, the instruments is included in Level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Bank develops Level 3 inputs based on the best information available in the circumstances.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

54.1 Financial instruments - fair value and risk management (Contd.)

Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortised 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 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.
Financial assets measured at FVTPL	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable
Investment	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable
Derivative instruments	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates that reflects the credit risk of various parties.	Not applicable	Not applicable

D. Movement in Level 3 financial instruments measured at fair value

Particulars	As at April 1, 2022	Purchase / origination	Sales / run-off	Transfer into Level 3	Interest income	Other Compre-hensive Income	As at March 31, 2023
Financial instruments at FVOCI	-	-	-	-	-	-	-

Particulars	As at April 1, 2021	Purchase / origination	Sales / run-off	Transfer into Level 3	Interest income	Other Compre-hensive Income	As at March 31, 2022
Financial instruments at FVOCI*	4,785.20	3,996.00	2,215.60	(3,141.55)	790.59	10.59	-

* The above numbers are gross carrying amount. Refer Note 55

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

54.2 Fair value measurements of discontinued operations

a Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category as follows:

Particulars	As at March 31, 2023
(i) Financial assets measured at amortised cost	
Cash and cash equivalents	154.81
Other bank balances	40.38
Loans	5,438.57
Investments	97.35
Other financial assets	98.67
(ii) Financial assets measured at fair value through profit and loss	
Other financial assets (Security receipts)	45.29
Total	**5,875.07**
(i) Financial liabilities measured at amortised cost	
Trade payables	6.26
Other payables	15.02
Debt securities	283.49
Borrowings (other than debt securities)	4,227.45
Subordinated liabilities	99.71
Lease liabilities	51.31
Other financial liabilities	43.24
Total	**4,726.48**

b Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the Statement of profit and loss and other comprehensive income are grouped into three levels of a fair value hierarchy. These three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

b.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

As at March 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income				
Loans	-	-	-	-
Derivative financial instruments	-	-	-	-
Financial assets at fair value through profit and loss				
Other financial assets - Security receipts	-	45.29	-	45.29
Liabilities				
Derivative financial instruments	-	-	-	-

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

54.2 Fair value measurements of discontinued operations (Contd.)

b.2 Fair value of financial instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

Particulars	As at March 31, 2023	
	Carrying value	Fair value
Financial assets		
Cash and cash equivalents	154.81	154.81
Other bank balances	40.38	39.20
Loans	5,438.57	5,473.39
Investments	97.35	97.38
Other financial assets	98.67	98.67
Total	**5,829.78**	**5,863.45**
Financial liabilities		
Trade payables	6.26	6.26
Other payables	15.02	15.02
Debt securities	283.49	282.81
Borrowings (other than debt securities)	4,227.45	4,227.45
Subordinated liabilities	99.71	99.71
Lease liabilities	51.31	51.31
Other financial liabilities	43.24	43.24
Total	**4,726.48**	**4,725.80**

The following methods and assumptions were used to estimate the fair values:

b.3 Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortised cost	Discounted cash flows : The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates	Not applicable	Not applicable
	For Investments Net Asset Value based method has been considered		
Financial assets measured at FVTPL	Net Asset Value based method	Not applicable	Not applicable
Financial assets and liabilities measured at FVOCI	Discounted cash flows: The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates	The discount rate is the average lending rate at which the loans are disbursed	There is an inverse correlation. Higher the discount rate i.e. average lending rate for the disbursed loans, lower the fair value of the assets.
	Marked to market positions for derivative financials instruments valuation techniques	Marked to market basis the input received from respective institution	There is a 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 April 1, 2022	Disbursed	Receipts	Transfer into Level 3	Transfer from Level 3	Net Interest income	Other Comprehensive Income	As at March 31, 2023
Loans	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

(All amounts are in ₹ Crore unless otherwise stated)

55.1 Financial risk management

The Company assumes credit risk, market risk, operational risk, liquidity risk, compliance risk, and reputational risk in the normal course of its business. This exposes the Company to a substantial level of inherent financial risk.

i 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 has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management involves 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 analyse 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.

ii 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. Evidence that a financial asset is credit-impaired includes the following observable data:

- a breach of contract such as a default or past due event;
- when a borrower becomes more than 90 days past due in its contractual payments;

The Risk Management Committee has established credit policies for various lending products 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 background verification, financial statements, income tax returns, GST details, credit bureau information, industry information, etc (as applicable).

b) Probability of default (PD)

Analysis of historical data regarding days past due (DPD) or delinquency of loans 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 analysed by type of product or borrower as well as by DPD. The Company employs statistical methods to analyse the data collected and generate estimates of the PD of exposures.

In case of newly launched products, where the Company does not have sufficient historical data to estimate PD, it uses industry level aggregate data obtained from credit bureaus, or third-party data providers or performance of an existing product which closely resembles the new product. Expected loss has been calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default has been calculated for 3 scenarios: upside (16% probability), downside (16%) and base (68%). These weightages have been decided on best practices and expert judgement. Weight

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

55.1 Financial risk management (Contd.)

of downside has been decreased from 32% to 16% and that of upside increased from 0% to 16% due to resumption of normalcy post Covid 19. The same is reviewed from time to time.

c) Definition of default

The Company considers a financial instrument defaulted, and therefore Stage 3 (credit-impaired), for ECL calculations in all cases when the borrower becomes more than 90 Days Past Due from its contractual payments or has been classified as NPA as per regulatory classification. The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk (SICR) on an ongoing basis throughout each reporting period. To assess whether there is SICR 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. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower

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. For newly launched products, where historical collection data is not available or insufficient, the Company either uses the collection performance of an existing product which closely resembles the new product or industry level aggregate data obtained from credit bureaus/third-party data providers, or regulatory guidance available if any.

f) Discounting

ECL is computed by estimating timing of expected credit shortfalls associated with defaults and discounting them using effective interest rate.

g) Significant increase in credit risk

The Group 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 Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 1 month overdue, the credit risk is deemed to have increased significantly since initial recognition.

The Group has applied a three-stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortised 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:

(All amounts are in ₹ Crore unless otherwise stated)

55.1 Financial risk management (Contd.)

(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 recognised.

(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 recognised.

(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 recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost.

h) 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 90 days past due, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually more than 30 days and upto 90 days past due 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 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 Group relies on a broad range of forward looking information as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Models and accordingly, Group have used consumer price index as the relevant ME variable. Overtime, new ME variable may emerge to have a better corelation and may replace ME being used now.

Further, Stage 1 and Stage 2 assets includes loans where assets are considered as Sub-standard for limited purpose of regulatory disclosures as per RBI notification no. RBI/2021-2022/125 DOR.STR. REC.68/21.04.048/2021-22 dated Nov 12, 2021. The assets have been provided for as per Ind AS requirement.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

55.1 Financial risk management (Contd.)

Policy on write off of loan assets

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 Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit or loss on actual realisation from customer.

The following table provides information about the exposure to credit risk and expected credit loss for assets on finance.

Loans measured at amortised cost (Including trade advance)

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at March 31, 2023				
Current (not past due)	13,493.75	0.58%	78.11	No
Upto 1 month overdue	632.00	3.82%	24.15	No
More than 1 month and upto 2 months overdue	659.85	7.20%	47.48	No
More than 2 month and upto 3 months overdue	207.83	13.21%	27.46	No
More than 3 months overdue	225.10	46.19%	103.97	Yes
	15,218.53	**1.85%**	**281.17**	
As at March 31, 2022				
Current (not past due)	12,739.47	1.11%	141.26	No
Upto 1 month overdue	861.22	5.07%	43.69	No
More than 1 month and upto 2 months overdue	796.34	12.21%	97.25	No
More than 2 month and upto 3 months overdue	693.00	18.35%	127.16	No
More than 3 months overdue	413.04	58.89%	243.25	Yes
	15,503.07	**4.21%**	**652.61**	

Expected credit loss on trade receivables and other financial assets

Trade receivables primarily includes receivables against sale of power, support services and operating lease. These receivables are of short term nature and there has been no impairment allowance on the same. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Other financial asset are measured at FVTPL and hence the credit risk is already factored in the fair value.

Cash and cash equivalents and bank balance other than cash and cash equivalents

The Group holds cash and cash equivalents and bank balance of ₹657.43 Crore at March 31, 2023 (March 31, 2022: ₹596.97 Crore). The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows:

(i) Movements in the gross carrying amount in respect of loans, i.e. asset on finance

Loans measured at amortised cost (Including trade advance)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on April 1, 2021	6,274.26	1,141.67	352.70
Transfer to Stage 1	167.19	(153.39)	(13.80)
Transfer to Stage 2	(814.20)	828.75	(14.55)
Transfer to Stage 3	(231.21)	(107.23)	338.44
Transfer from Fair value through OCI to Amortised cost	6,737.13	511.47	129.28
New financial assets originated or purchased	4,160.67	113.64	14.60
Financial assets that have been derecognised / repaid	(2,639.41)	(558.11)	(204.97)
Write offs	(53.74)	(287.46)	(188.66)
Gross carrying amount on March 31, 2022	**13,600.69**	**1,489.34**	**413.04**

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

55.1 Financial risk management (Contd.)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Transfer to Stage 1	53.02	(45.84)	(7.19)
Transfer to Stage 2	(399.33)	404.88	(5.55)
Transfer to Stage 3	(105.27)	(46.76)	152.03
New financial assets originated or purchased	10,550.69	310.49	31.51
Financial assets that have been derecognised / repaid	(5,146.25)	(576.51)	(131.66)
Write offs	(280.74)	(318.67)	(186.24)
Adjustment for discontinued operations	(3,854.97)	(349.25)	(40.84)
Gross carrying amount on March 31, 2023	**14,417.84**	**867.68**	**225.10**

Loans at fair value through OCI

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on April 1, 2021	4,208.33	464.77	112.09
Transfer to Stage 1	81.41	(72.29)	(9.12)
Transfer to Stage 2	(273.46)	280.06	(6.60)
Transfer to Stage 3	(37.25)	(55.74)	92.99
Transfer from Amortised cost to Fair value through OCI	3,986.50	8.51	0.99
New financial assets originated or purchased	(1,231.61)	(68.97)	(19.26)
Financial assets that have been derecognised / repaid	3.21	(44.87)	(41.81)
Write offs	(6,737.13)	(511.47)	(129.28)
Gross carrying amount on March 31, 2022	**-**	**-**	**-**
Transfer to Stage 1	-	-	-
Transfer to Stage 2	-	-	-
Transfer to Stage 3	-	-	-
Transfer from Amortised cost to Fair value through OCI	-	-	-
New financial assets originated or purchased	-	-	-
Financial assets that have been derecognised / repaid	-	-	-
Write offs	-	-	-
Gross carrying amount on March 31, 2023	**-**	**-**	**-**

(ii) Movements in the allowance for impairment in respect of loans, i.e. asset on finance

The movement in the allowance for impairment in respect of asset on finance is as follows:

Loans measured at amortised cost (Including trade advance)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Gross carrying amount on 1 April 2021	335.41	319.21	249.78
Transfer to Stage 1	21.78	(17.19)	(4.59)
Transfer to Stage 2	(22.92)	27.96	(5.04)
Transfer to Stage 3	(5.81)	(13.31)	19.12
Transfer from Fair value through OCI to Amortised cost	64.11	85.52	69.21
New financial assets originated or purchased	62.32	11.76	7.44
Financial assets that have been derecognised / repaid	(39.55)	51.98	120.53
Write offs	(9.50)	(61.43)	(129.91)
Transfer from Fair value through OCI to Amortised cost	(220.89)	(180.09)	(83.30)

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

55.1 Financial risk management (Contd.)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Gross carrying amount on March 31, 2022	**184.95**	**224.41**	**243.24**
Transfer to Stage 1	1.20	(1.09)	(0.11)
Transfer to Stage 2	(36.07)	36.78	(0.71)
Transfer to Stage 3	(52.09)	(20.61)	72.70
Loan assets originated or purchased	60.89	19.78	12.10
Loan assets that have been derecognised / repaid (excluding write offs)	(32.61)	(96.01)	(89.76)
Write offs	(11.57)	(43.27)	(118.21)
Adjustment for discontinued operations	(12.44)	(45.05)	(15.29)
Gross carrying amount on March 31, 2023	**102.26**	**74.94**	**103.96**

Loans at fair value through OCI

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Gross carrying amount on 1 April 2021	83.97	133.60	68.85
Transfer to Stage 1	10.51	(8.27)	(2.24)
Transfer to Stage 2	(21.29)	23.56	(2.27)
Transfer to Stage 3	(6.00)	(13.72)	19.72
Covid 19 wave 2 additional provision	(56.43)	(60.29)	(20.11)
New financial assets originated or purchased	44.06	1.69	0.93
Financial assets that have been derecognised/repaid	19.07	33.14	29.38
Write offs	(9.79)	(24.20)	(25.04)
Transfer from Fair value through OCI to Amortised cost	(64.10)	(85.51)	(69.22)
Gross carrying amount on March 31, 2022	**-**	**-**	**-**
Transfer to Stage 1	-	-	-
Transfer to Stage 2	-	-	-
Transfer to Stage 3	-	-	-
Covid 19 wave 2 additional provision	-	-	-
Transfer from Amortised cost to Fair value through OCI	-	-	-
New financial assets originated or purchased	-	-	-
Financial assets that have been derecognised/repaid	-	-	-
Write offs	-	-	-
Gross carrying amount on March 31, 2023	**-**	**-**	**-**

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Upon renegotiation, such accounts are classified as Stage 2 or Stage 3 depending upon nature and status of account at the time of renegotiation. Such accounts are upgraded only upon observation of satisfactory repayments of one year from the date of renegotiation.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

55.1 Financial risk management (Contd.)

Exposure to modified financial assets not resulting in de-recognition:

Particulars	As at March 31, 2023	As at March 31, 2022
Gross carrying amount	122.38	721.90
Loss allowance	17.73	142.71
Net carrying amount	104.65	579.19

i) Concentration risk

Pursuant to the guidelines of the RBI, credit exposure 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 category.

Loans to customers (carrying value)	As at March 31, 2023	As at March 31, 2022
Asset backed Finance (ABF)	4,965.14	7,226.10
Loan against property (LAP)	2,454.15	5,183.67
Personal and Professional Loan (PL and LTP)	3,645.89	890.17
Small and medium enterprise (SME)	4,445.44	2,202.96
Total	**15,510.62**	**15,502.90**

Loans to customers (%)	As at March 31, 2023	As at March 31, 2022
Asset backed Finance (ABF)	32.01%	46.61%
Loan against property (LAP)	15.82%	33.44%
Personal and Professional Loan (PL and LTP)	23.51%	5.74%
Small and medium enterprise (SME)	28.66%	14.21%
Total	**100.00%**	**100.00%**

Fair value of collateral relating to credit impaired financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Collateral value of underlying assets	452.05	767.75
Gross carrying amount	225.10	413.04
Loss allowance	103.97	243.25

iii Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

55.1 Financial risk management (Contd.)

The Group has obtained fund and non-fund based working capital lines from various banks. Further, the Group has access to funds from debt markets through commercial paper, non-convertible debentures and other debt instruments including term loans. Cash Credit / WCDL limits are renewed on annual basis and are therefore revolving in nature. The Group also manages liquidity by raising funds through Securitisation / assignment transactions.

Exposure to liquidity risk

The following are the remaining gross and undiscounted contractual maturities of financial labilities (including interest portion) at the reporting date.

As at March 31, 2023	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities						
Trade payables	2.02	2.02	2.02	-	-	-
Debt securities	950.24	1,105.00	301.53	797.03	0.99	5.45
Borrowings (other than debt securities)	9,804.07	10,927.89	5,862.11	3,194.84	1,614.06	256.88
Subordinated liability	365.27	576.56	168.86	166.05	241.65	-
Lease liability	89.58	124.54	27.79	53.29	28.90	14.56
Other financial liability	275.99	275.99	271.81	4.18	-	-

As at March 31, 2022	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities						
Trade payables	15.13	15.13	15.13	-	-	-
Debt securities	939.96	1,107.14	305.90	794.30	0.98	5.96
Borrowings (other than debt securities)	8,380.48	9,274.55	4,286.78	3,183.85	1,803.92	-
Subordinated liability	588.39	814.14	187.46	221.18	387.87	17.63
Lease liability	64.59	80.98	15.67	28.69	25.52	11.10
Other financial liability	300.40	300.40	300.40	-	-	-
Derivative financial liabilities	0.27	0.27	0.27	-	-	-

iv. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, which will affect the Group'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 optimising 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 Group – primarily ₹. In cases where the borrowings is denominated in foreign currency, the Group uses derivatives to manage market risks.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

55.1 Financial risk management (Contd.)

Interest rate risk

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 Group's cash flows as well as costs. The Group is subject to variable interest rates on some of its interest bearing financial assets/ liabilities. The Group 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.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed rate instruments		
Financial assets	14,316.54	11,146.53
Financial liabilities	5,477.04	4,712.50
Variable rate instruments		
Financial assets	2,454.15	4,550.20
Financial liabilities	6,010.13	5,576.72

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. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss	
	100 basis points increase	100 basis points decrease
As at March 31, 2023		
Variable rate instruments	(35.56)	35.56
As at March 31, 2022		
Variable rate instruments	(10.27)	10.27

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.

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 formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

As at March 31, 2023, there were legal cases pending against the Group aggregating ₹2.78 Crore (March 31, 2022: ₹1.84 Crore). Based on the opinion of the Company's legal advisors, the management believes that no substantial 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 and Monitoring tools and Control Self- Assessment (RCSA), Key Risk Indicators (KRIs)
4. Standardised reporting templates, reporting structure and frequency
5. Regular workshops and training for enhancing awareness and risk culture

The Company has adopted the globally accepted 3-lines of defense approach to 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.

In FY23, the Operational Risk (OR) team has helped to identify, assess, monitor and mitigate risks across the organization. RCSA exercises, Internal Finance Control (‘IFC’) testing and KRI monitoring have been conducted for key business units / support functions, and action plans have been developed to plug process gaps. Branch review process has been rolled out during the year to check process adherence at branches, identify gaps and ensure suitable mitigation plan is put in place to enhance overall control environment. The OR team helps senior management monitor risks through quarterly reporting of OR information to the Operational Risk Management Committee (ORMC) and the RMC.

55.2 Financial risk management of discontinued operations

The Company assumes credit risk, operational risk, market risk, compliance risk and reputational risk in the normal course of it business. This exposes the Company to a substantial level of inherent financial risk.

Risk management framework

The Company’s board of directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board of directors have established the risk management committee, which is responsible for developing and monitoring the Company’s risk management policies.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring, managing and reporting of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the

(All amounts are in ₹ Crore unless otherwise stated)

55.2 Financial risk management of discontinued operations (Contd.)

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 more than 90 days past due in its contractual payments;

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc.

b) Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analyzed by jurisdictions or region and type of product or borrower as well as by DPD. The Company employs statistical models to analyze the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

c) Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes more than 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 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

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

55.2 Financial risk management of discontinued operations (Contd.)

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 amortised 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 recognised.

(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 recognised.

(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 recognised and interest revenue is calculated by applying the effective interest rate to the amortised 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 for more than 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL stage based

(All amounts are in ₹ Crore unless otherwise stated)

55.2 Financial risk management of discontinued operations (Contd.)

on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information such as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Model. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

The following table provides information about the exposure to credit risk and expected credit loss for loans:

Loans measured at amortised cost

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at March 31, 2023				
Current (not past due)(Stage 1)	5,150.47	0.31%	15.90	No
1-30 days past due(Stage 1)	168.20	3.22%	5.41	No
31-60 days past due(Stage 2)	113.60	10.55%	11.99	No
61-90 days past due(Stage 2)	28.50	18.39%	5.24	No
More than 90 days past due(Stage 3)	37.08	55.93%	20.74	Yes
	5,497.85	**1.08%**	**59.28**	

Expected credit loss on other financial assets

Other financial assets primarily includes excess interest spread receivable and security receipts. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Security receipts are measured at FVTPL and hence the credit risk is already factored in the fair value.

Cash and cash equivalents and other Bank Balance

The Company has cash and cash equivalents and bank balance of ₹195.19 Crore at March 31, 2023 (March 31, 2022: ₹61.48 Crore). These are held with bank and financial institution counterparties with acceptable credit ratings to reduce the credit risk.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows:

(h) Movements in the gross carrying amount in respect of loans and other financial assets

(i) Loans measured at amortised cost

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on March 31, 2022	3,859.56	349.26	40.84
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	159.14	(156.76)	(2.38)
Transfer to Stage 2	(63.67)	64.87	(1.20)
Transfer to Stage 3	(19.50)	(11.38)	30.88
Loans assets originated or purchased	2,313.96	5.83	1.35

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

55.2 Financial risk management of discontinued operations (Contd.)

Net Financial assets that have been derecognised/repaid (excluding write offs)	(920.35)	(97.82)	(32.27)
Write offs (net of recoveries)	(10.47)	(11.90)	(0.14)
Gross carrying amount on March 31, 2023	**5,318.67**	**142.10**	**37.08**

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 amortised 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)	Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and credit-impaired (Stage 3)
Loss allowance on March 31, 2022	12.45	45.05	15.29
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	13.79	(13.67)	(0.12)
Transfer to Stage 2	(8.09)	8.23	(0.14)
Transfer to Stage 3	(7.30)	(10.26)	17.56
Loans assets originated or purchased	2.24	0.71	0.48
Loans assets that have been derecognised/repaid (excluding write offs)	18.68	(0.93)	(12.19)
Write offs (net of recoveries)	(10.46)	(11.90)	(0.14)
Loss allowance on March 31, 2023	**21.31**	**17.23**	**20.74**

B Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows:

March 31, 2023	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	288.14	-	-	288.14
Borrowings (other than debt securities)	916.00	1,793.18	2,217.04	4,926.22
Subordinated liabilities	12.53	124.97	-	137.50
Payables	21.28	-	-	21.28
Other financial liabilities	43.24	-	-	43.24
Lease liabilities	9.23	17.09	24.99	51.31
Total	**1,290.42**	**1,935.24**	**2,242.03**	**5,467.69**

(All amounts are in ₹ Crore unless otherwise stated)

55.2 Financial risk management of discontinued operations (Contd.)

C Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company – primarily INR. In addition, interest on borrowings is denominated in the currency of the borrowing.

D Interest rate risk

Exposure to interest rate risk:

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	As at March 31, 2023
Fixed rate instruments	
Financial assets	996.20
Financial liabilities	644.72
Variable rate instruments	
Financial assets	4,878.87
Financial liabilities	4,081.76

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 basis points increase	100 basis points decrease
March 31, 2023		
Variable rate instruments	7.97	(7.97)
Cash flow sensitivity (net)	**7.97**	**(7.97)**

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
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

56. Change in liabilities arising from financing activities

Particulars	As at April 1, 2022	Loan Taken	Loan Paid	Non Cash Changes*	Adjustment for discontinued operations	As at March 31, 2023
Debt securities	939.96	500.00	(211.53)	1.47	(279.66)	950.24
Borrowings (other than debt securities)	8,380.48	4,600.00	(379.15)	6.53	(2,803.79)	9,804.07
Subordinated liabilities	588.39	-	(124.71)	1.16	(99.57)	365.27
Total Liabilities from financing activities	**9,908.83**	**5,100.00**	**(715.39)**	**9.16**	**(3,183.02)**	**11,119.58**

Particulars	As at April 1, 2021	Loan Taken	Loan Paid	Non Cash Changes*	Adjustment for discontinued operations	As at March 31, 2023
Debt securities	1,265.02	-	(327.50)	2.44	-	939.96
Borrowings (other than debt securities)	8,334.59	4,733.29	(4,703.61)	16.21	-	8,380.48
Subordinated liabilities	833.44	-	(246.67)	1.62	-	588.39
Total Liabilities from financing activities	**10,433.05**	**4,733.29**	**(5,277.78)**	**20.27**	**-**	**9,908.83**

* Represents adjustments on account of EIR and other adjustments as required under Ind AS.

57. Revenue from contracts with customers

(a) Below table provides disaggregation of the Company's revenue from contracts with customers:

	Year ended March 31, 2023	Year ended March 31, 2022
Type of service		
Fees and commission income	61.54	48.55
Other income	69.70	30.86
Total	**131.24**	**79.41**
Geographical markets		
India	131.24	79.41
Outside India (Country wise, if significant)	-	-
Total	**131.24**	**79.41**
Timing of recognition of revenue		
Performance obligation satisfied at a point in time	131.24	79.41
Performance obligation satisfied over period of time	-	-
Total	**131.24**	**79.41**
(b) Trade receivables	20.39	13.88
	20.39	**13.88**

No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended March 31, 2023 and March 31, 2022.

58. Additional information

a) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

b) The quarterly information statement filed by the Group with banks or financial institutions are in agreement with the books of accounts.

c) The Group has not been declared as Wilful defaulter by any Banks, Financial institution or Other lenders.

d) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

Summary of significant accounting policies and other explanatory information
for the year ended March 31, 2023 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

58. Additional information (Contd.)

e) The provision related to number of layers as prescribed under section 2(87) of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to Group.

f) The Group have not advanced or given loan or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries except loans or advances given in normal course of business.

g) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall 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 except loans or advances given in normal course of business.

h) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

i) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

j) Relationship with Struck off Companies :

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

59. Operating segments

The Executive Committee (Excom) of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, “Operating Segments.” The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the CODM. The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108

There are no operations outside India and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended March 31, 2023 or March 31, 2022.

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

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423

Place: Pune
Date: April 26, 2023

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

Amar Deshpande
Director
(DIN: 07425556)

Abhay Bhutada
Managing Director
(DIN: 03330542)

Shabnum Zaman
Company Secretary
Membership No.: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 26, 2023

Place: Pune
Date: April 26, 2023

Corporate **Information**

CIN: L51504PN1978PLC209007

Board of Directors

Mr. Adar Cyrus Poonawalla
Chairman, Non Executive Director

Mr. Abhay Bhutada
Managing Director

Mr. Amar Deshpande
Non Executive Director

Mr. Atul Kumar Gupta
Non Executive Director

Mr. Sajid Fazalbhoy
Non Executive Director

Mr. Bontha Prasada Rao
Independent Director

Mr. G. Jaganmohan Rao
Independent Director

Mr. Prabhakar Dalal
Independent Director

Mr. Sanjay Kumar
Independent Director

Mrs. Vijayalakshmi R Iyer
Independent Director

Chief Financial Officer

Mr. Sanjay Miranka

Company Secretary

Mrs. Shabnum Zaman

Bankers & Financial Institutions

- Axis Bank Limited
- Bank of Maharashtra
- Bank of Baroda
- Canara Bank
- HDFC Bank Limited
- Indian Bank
- ICICI Bank Limited
- IDBI Bank Limited
- Indian Overseas Bank
- IDFC First Bank Limited
- Punjab National Bank
- State Bank of India
- Small Industries Development Bank of India (SIDBI)
- Union Bank of India
- UCO Bank

Statutory Auditors

Walker Chandiok & Co LLP
Chartered Accountants,

11th Floor, Tower II, One International Center, SB Marg,
Prabhadevi (W), Mumbai – 400 013

Kirtane & Pandit LLP
Chartered Accountants,
(w.e.f conclusion of AGM on July 25, 2023)

5th Floor, Wing A, Gopal House, S.No 127/1B/1, Plot A1,
Opp. Harshal Hall, Kothrud, Pune- 411 038

Secretarial Auditor

M/s. SIUT & Co LLP
Company Secretaries,
(For the Financial Year 2023 - 24)

MSR Capital, Office no. 15, 2nd Floor,
Morwadi Court Road, Pimpri, Pune - 411 018

M/s. MKB & Associates
Company Secretaries,
(Upto Financial Year 2022-23)

Shantiniketan, 5th Floor, Room No. 511,
8, Camac Street, Kolkata - 700 017

Registered & Corporate Office

201 and 202, 2nd floor, AP81, Koregaon Park Annex,
Mundhwa, Pune – 411 036, Maharashtra

Tel: (020) 67808090
E-mail: info@poonawallafincorp.com
Website: www.poonawallafincorp.com

Registrar and Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083

Tel:. (022) 49186000
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

KFin Technologies Limited
(Retail Non-Convertible Debentures)

Selenium Tower - B,
Plot No. 31-32, Financial District Nanakramguda,
Serilingampally, Hyderabad, Rangareddi,
Telangana - 500 032, India

Tel: (040) 6716 2222
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

Glossary

Term	Description
ABF	Asset Backed Finance
AGM	Annual General Meeting
ALM	Asset Liability Management
AUM	Assets under management
BBPS	Bharat Bill Payment System
BL	Business Loan
BRSR	Business Responsibility and Sustainability Report
CA	Chartered Accountant
CC	Cash credit
CDSL	Central Depository Services (India) Limited
CGTMSE	Credit guarantee fund trust for micro and small enterprise
CODM	Chief Operating Decision Maker
CS	Company Secretary
CSR	Corporate Social Responsibility
DPD	Days past due
EAD	Exposure at default
ECL	Expected Credit Loss
ECLGS	Emergency Credit Loan Guarantee Scheme
EMI	Equated Monthly Installment
ERP	Enterprise Resource Planning
ERT	Emergency Response Team
ESOP	Employee stock option plan
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
FY	Financial Year
HL	Home Loan
HQLA	High quality liquid assets
HR	Human Resources
IC	Internal Committee
ICAAP	Internal Capital Adequacy Assessment Process
IEPF	Investor Education Protection Fund
IT	Information Technology
JASPL	Jaguar Advisory Services Private Limited
JV	Joint Venture
KMP	Key Managerial Personnel
KYC	Know your Customer
LAP	Loan against Property
LCR	Liquidity coverage ratio
LGD	Loss given default
LTP	Loan to Professionals
Magma HDI/MHDI	Magma HDI General Insurance Company Limited
MCA	Ministry of Corporate Affairs
MRR	Minimum retention requirement
MSMEs	Micro, Small, and Medium Enterprises
NBFC	Non Banking Financial Company
NCD	Non convertible debentures

Glossary

Term	Description
NCGTC	National Credit Guarantee Trustee Company
NGRBC	National Guidelines on Responsible Business Conduct
NPS	Net Promoter Score
NRC	Nomination and Remuneration Committee
NSDL	National Securities Depository Limited
OCI	Other comprehensive income
PAN	Permanent Account Number
PD	Probability of default
POSH	Prevention of Sexual Harassment
PFL	Poonawalla Fincorp Limited
PHFL	Poonawalla Housing Finance Limited
PL	Personal Loan
PoC	Pre-Owned Cars
PPE	Property, plant and equipment
PPOP	Pre-Provision Operating Profit
PTC	Pass through certificates
PUC	Projected unit credit
RBI	Reserve Bank of India
RPT	Related Party Transaction
RoC	Registrar of Companies, Maharashtra
RoE	Return on equity
RSHPL	Rising Sun Holdings Private Limited
RTA	Registrars and Share Transfer Agents
RSO	Restricted stock options
RSOP	Restricted stock option plan
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SAs	Standards on Auditing
SCF	Supply Chain Finance
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SICR	Significant increase in credit risk
SIDBI	Small Industries Development Bank of India
SME	Small and Medium Enterprise
SPVs	Special Purpose Vehicle
SS	Secretarial Standard
Stock Exchange(s)	BSE Limited and National Stock Exchange of India Limited
Sub-debt	Subordinated debt
Tier I Capital	As defined under RBI regulations for NBFCs
Tier II Capital	As defined under RBI regulations for NBFCs
WCDL	Working capital demand loan

POONAWALLA FINCORP LIMITED

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