SMFG Grihashakti

Nayi Asha. Naya Vishwas.

Opening Doors to New Hope

Annual Report 2022-23

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Opening Doors to New Hope

In India's Tier 2+ towns and rural heartland, a gentle breeze carries dreams on its wings, that have long yearned for a place to call home. Nestled amidst the verdant landscapes, there exists a symbol of aspiration and change – SMFG India Home Finance Co. Ltd. (*Formerly Fullerton India Home Finance Co. Ltd.*) (SMHFC), a home finance company that has unlocked the doors to new hope and made homeownership an attainable reality for all.

The Company has expanded its footprint with a mission that transcends mere business objectives. They understand that a home is more than brick and mortar; it is an abode where families flourish, dreams find solace, and hope takes flight.

For the years, the elusive concept of affordable housing seemed like a distant mirage to the toiling masses of semi-urban and rural India. But SMHFC emerged as a ray of sunshine, dispelling the shadows of doubt and uncertainty. Their vision encapsulates the belief that every person, regardless of their background deserves the security and pride of homeownership.

Through innovative financing solutions, they have opened doors to a brighter future for thousands. It stands firm as a bridge between aspiration and reality, extending a helping hand to transform dreams into tangible addresses.

Bricks carry tales of perseverance, mortar binds dreams together, and each doorstep resonates with the harmonious symphony of fulfilled hopes. For this home finance company, the purpose goes beyond just financing houses; it is about instilling a new hope, kindling a new confidence, and nurturing the roots of a better, brighter tomorrow for India.

Revitalising Identity, Renewing Commitment

The Company has nurtured the brand name 'Fullerton', which originated from its parent company in Singapore for a number of years. In June 2023, as part of the name change, the Company underwent a comprehensive rebranding. Taking inspiration from its new parent company, Sumitomo Mitsui Financial Group (SMFG) in Japan, the main brand transitioned from 'Fullerton Grihashakti' to 'SMFG Grihashakti'. The fresh logo and tagline 'Nayi Asha. Naya Vishwas.' (New Hope. New Confidence.) symbolises the aspirations of customers and the Company's commitment to fulfilling them, serving as a catalyst for their advancement.

The new SMFG Grihashakti brand embodies a renewed sense of hope and confidence for customers seeking affordable housing solutions. While 'Orange' served as the foundation, 'Green' is the path to the future. Amidst the rebranding, the core business values and dedication to customers and communities remain steadfast.

Fullerton Grihashakti
Iraada hai toh Raasta hai

SMFG Grihashakti
Nayi Asha. Naya Vishwas.

Who We Are

AT A GLANCE

Established in December 2015, SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.*) (SMHFC) has been leaving a remarkable imprint on India's housing finance landscape. The Company takes great satisfaction in presenting a comprehensive selection of home finance products designed to meet the needs of various customer segments residing in different regions with a specific emphasis on Tier 2+ locations.

The services offered encompass home finance solutions catering to individuals with salaried, self-employed, and business backgrounds. Clients are offered a wide range of choices, including loans tailored for purchasing new homes, renovating existing properties, constructing new houses, and expanding their current dwellings. The product lineup also comprises loans against property (LAP), financing for developing commercial properties and plots, as well as acquisition financing.

The integration with Sumitomo Mitsui Financial Group (SMFG) marks a significant milestone in the Company's journey. The transition breathes new life into the organisation, as it draws upon the vast expertise, rich heritage, and 400-year legacy of the SMFG Group.

Leveraging the collective experience and financial prowess of the SMFG Group, SMHFC is better equipped to serve its customers with even more innovative and tailored solutions.

The fusion of knowledge and resources opens the doors to cutting-edge technologies, improved processes, and a deeper understanding of customer needs.

Through this transformation, SMHFC envisions fostering a stronger sense of trust and reliability among its customers. The association with a renowned financial giant enhances the Company's credibility and reaffirms its commitment to delivering excellence in the realm of home finance.

As SMHFC embarks on this new chapter under the SMFG umbrella, it remains steadfast in its dedication to empowering dreams of homeownership and contributing positively to the growth and prosperity of the Indian housing market. With a refreshed outlook and the collective strength of SMFG, the Company is poised to make a lasting impact, creating a brighter future for its customers and stakeholders alike.

15 Presence in States and Union Territories

14,000+ New Customers Added

2015 Launched Operations in India

Vision

Be the Company of choice in financial services for our customers, employees, communities, and stakeholders, recognised for innovation and high ethical standards.

Mission

- We are a responsible financial services partner
- We drive financial inclusion
- We foster innovation in everything we do
- We deliver product and solutions for customer delight
- We believe in our people and partners in their success
- We are committed to enriching the communities we serve
- We provide long term and sustainable shareholder value balancing risk and reward

Values

- Agility
- Collaboration
- Innovation
- Diversity
- Integrity
- Excellence

FY 2022-23 Progress

KEY PERFORMANCE HIGHLIGHTS

Assets Under Management

₹6,427 cr

44% YoY

Total Income

₹686 cr

36% YoY

Profit Before Tax

₹53.6 cr

130% YoY

Profit After Tax

₹40 cr

135% YoY

Disbursals

₹3,055 cr

137% YoY

Return on Equity

5.7%

v/s 2.6% in FY 2021-22

Capital Adequacy Ratio

22.3%

Net NPA

2.3%

v/s 3.0% in FY 2021-22

Customers

38,000+

58% YoY

Employee Headcount

2,106

151% YoY

Number of Branches

125

52% YoY

Fulfilling Dreams of Homeownership

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

It gives me great pleasure to present to you the Annual Report for FY 2022-23, the first under our new name – SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.)* (SMHFC). It gives me great pleasure to reflect on a year marked by our transformative journey, significant accomplishments, and growth.
We are a wholly-owned subsidiary of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* (SMHFC).

The Indian housing market presents a significant opportunity for housing finance companies (HFCs). With an increasing middle-class population, increase in per capita income and rapid urbanisation, the demand for housing has been steadily increasing. The affordable housing space in the Indian economy holds immense potential for socio-economic development. The government's emphasis on affordable housing schemes and initiatives like 'Housing for All' has further propelled this demand.

We expect the demand to continue despite 250 basis points of repo rate rise since May 2021. We are tapping into this opportunity by offering a diverse range of housing financing options with a special focus on the affordable segment. By leveraging technology, we have simplified the loan application and approval process, making it more accessible for potential homebuyers.

Change in Brand Identity

This year, we underwent a transformation from 'Fullerton Grihashakti' to 'SMFG Grihashakti' and redefined our brand identity, aligned to Japan's Sumitomo Mitsui Financial Group (SMFG), our parent company, to stay abreast of the changing landscape of the housing finance industry. The introduction of a fresh logo and the tagline 'Nayi Asha. Naya Vishwas.' (New Hope. New Confidence.) represents our commitment to innovation, customer-centricity, and progress.

This strategic shift was well-received by our stakeholders and reflects our dedication to staying relevant in a dynamic market. Under the new SMFG Grihashakti brand, we embody a renewed sense of hope and confidence, striving to offer affordable housing solutions that positively impact the lives of our valued customers.

With access to the collective experience and financial prowess of the SMFG Group, SMHFC is now better equipped than ever to serve our customers with innovative and tailored solutions. This fusion of knowledge and resources opens the doors to cutting-edge technologies, improved processes, and a deeper understanding of our customers' needs.

Strong Financial Performance

I am proud to report that your Company demonstrated robust financial performance in FY 2022-23. Despite challenging economic conditions, we achieved steady growth and improved profitability. Our prudent risk management practices and focus on operational excellence have contributed to this success.

SMHFC's standalone Assets Under Management (AUM) have crossed **₹6,427 crores from ₹4,456 crores**, marking a growth of 44% over FY 2021-22. Total income grew by 36% from ₹504 crores in FY 2021-22 to **₹686 crores** in FY 2022-23. Our Profit Before Tax (PBT) was **₹53.6 crores** in FY 2022-23, up 130% over the previous year.

Our distribution is growing strong. During FY 2022-23, your Company added 43 new physical branches to reach to a total of 125 branches. In the next two years, SMHFC is planning to add another 100 branches to reach 225 branches.

₹6,427 cr
Assets Under Management
44%

₹686 cr
Total Income
36%

₹53 cr+
Profit Before Tax
130%

Workforce Contribution

The success of our business is firmly reliant on the capabilities of our employees. Our renewed focus on building strong leadership and deep bench strength has resulted in scripting a successful and strongly augmented performance in FY 2022-23. The leadership's expertise and commitment to excellence was instrumental in driving such exceptional growth and customer experience. SMHFC remains committed to nurturing a culture of diversity, inclusion and continuous learning that empowers our employees to thrive.

> I take immense pride in our consistent recognition as a certified 'Great Place to Work' and among the 'Companies with Great Managers'. These accolades testify to our unwavering commitment to our core values: Integrity, Collaboration, Innovation, Diversity, Excellence, and Agility.

Technology-driven Growth

At SMFG Grihashakti, we embraced technology-driven business concepts to craft unique solutions to cater to the diverse home finance needs of our customers. Our technology-first approach allowed us to retain existing customers and expand market share.

Under our cloud-first strategy, we formulated a robust digital strategy, established an enterprise architecture function, and modernised legacy systems. We focused on infrastructure renewal, undertaking hardware and software upgrades.

Additionally, building an agile culture was a notable achievement in the past year. Over 50 staff members now whole-heartedly support Agile principles. The strategic hiring of seasoned technical executives further solidified our technological prowess.

With digitisation as a priority, we remain steadfast in safeguarding cyber security and resilience. These initiatives underscore our commitment to being at the forefront of technological development, guaranteeing an improved experience for all stakeholders.

Soaring Towards the Future

The Company remains committed to its objective of serving the affordable home segment and focusing on growing its market share in the low-income housing mortgage market.

The industrial and economic growth is not restricted to the Metro and Tier 1 cities. There is heightened economic activity in the Tier 2, 3 and 4 towns with increase in housing demand. Your Company has a deep understanding of the Tier 2-4 markets and increasing our distribution and business in these markets will be one of our biggest focus areas.

Owning a home can instil a profound sense of pride and accomplishment as it represents a significant milestone in one's life, a symbol of hard work, and financial responsibility. SMFG Grihashakti endeavours to fulfil this dream of customers in the affordable housing space.

In conclusion, I express my gratitude to our esteemed shareholders, dedicated employees, valued customers, and all other stakeholders for their unwavering support and trust. Together, we have achieved remarkable milestones, and I am confident that our collective efforts will lead us to even greater heights in the years to come.

Thank you for being an integral part of our journey.

Shantanu Mitra
Chairman & Non-Executive Director

Capitalising on Promising Opportunities

MESSAGE FROM THE MD AND CEO

Dear Shareholders,

I am very happy to present the Annual Report for FY 2022-23. Embodied in our new brand SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.)* (SMHFC) and new tagline, 'Nayi Asha. Naya Vishwas', is our relentless spirit of progress and unwavering confidence. During the year, we soared to new heights, maximising opportunities, and pushing boundaries in a dynamic and evolving business environment.

Looking back, we see a vibrant canvas of resilience, innovation, and robust growth. It was a year that marked SMHFC's unequivocal commitment to our employees, customers, and stakeholders. It underlined the power of optimism and reinforced our confidence in the strength and the character of our organisation.

Strategic Focus, Steady Growth

Our numbers are a testimony to the progress we have made. Our strategic focus on the affordable housing finance space and unwavering commitment to our customers have led to a significant increase in assets under management (AUM), surpassing ₹6,400 crores against ₹4,456 crores in the previous year. Our focus on expansion of our branch network in under-penetrated geographies as well as our strategic shift towards direct sourcing was pivotal in this remarkable achievement.

We are proud to announce a Profit Before Tax (PBT) of ₹53 crores for FY 2022-23, an impressive leap forward from the previous year's figure of ₹23 crores. A markedly improved collection performance and sound risk management also contributed significantly to this turnaround.

With a firm focus on our strategic goals, we have progressively ramped up our disbursals in-sync with the upsurge in the economic activities. As a result, our gross income for FY 2022-23 stands at ₹686 crores, reflecting the success of our measures. We have also witnessed a robust growth in our disbursals which stood at ₹3,055 crores, a 137% jump over ₹1,287 crores in FY 2021-22. The robust growth during the financial year was driven by penetration in core markets and widening the distribution coverage across the country.

₹6,427 cr
Assets Under Management

₹3,055 cr
Disbursals

₹53 cr+
Profit Before Tax

Customer-centric Success

One of our core goals was to empower our customers through our comprehensive home finance services. Staying true to this commitment, we have significantly expanded our presence across the nation. Our branch network grew from 82 to 125, spreading across 15 States and Union Territories (UTs). We have more than doubled our workforce, increasing from 839 to 2,106 dedicated professionals. Their collective efforts have played a crucial role in navigating our Company towards consistent growth.

Over the year, we acquired a significant number of new customers, adding over 14,000 new clients to our customer base. This reflects our Company’s ability to deliver quality services and build our business by retaining the trust of our clients. The composition of our AUM is well-balanced with home loans accounting for 60%, Loan Against Property (LAP) and Developer Finance contributing for 34% and 6%, respectively. We have managed our strategic focus effectively and maintained a healthy blend of both salaried as well as self-employed customers.

2,106
Strong Workforce

14,000+
New Customers

125
Branches Nationwide

Thriving through Innovation

As we surge ahead, we remain optimistic about capitalising on the anticipated growth in the affordable housing finance space. Our robust strategies align with the promising opportunities offered by favourable asset quality trends and rising property valuations. Leveraging our strengths, our influential parentage, seasoned leadership, extensive network, expertise in handling new-to-credit (NTC) borrowers, and strong liquidity position, we are poised to further expand our AUM.

Taking our services a notch higher, we have expanded our footprint, extending our reach to more customers across the country. We have pioneered the use of technology in our operations, introducing our customised Grihashakti Sales App to facilitate a seamless and user-friendly interface for our customers. The positive feedback we receive from our customers drives us in our journey of continuous innovation and improvement.

Embracing the Future

We are poised to capitalise on the rapid growth expected in the home finance sector. The government's emphasis on affordable housing, rising property valuations, and promising trends in asset quality position us ideally to leverage these opportunities. At SMHFC, our ambition is to make the dreams of millions of first-time homeowners come true. Our experience navigating through different economic cycles has equipped us to adapt and thrive in the ever-changing financial landscape.

> We are poised to capitalise on the rapid growth expected in the home finance sector. The government’s emphasis on affordable housing, rising property valuations, and promising trends in asset quality position us ideally to leverage these opportunities.

Our ascent this year was a testament to the indomitable spirit of our employees, who are the pillars of our organisation. Their dedication, creativity, and tenacity have paved the way for our growth trajectory. Ensuring their safety, well-being, and growth remains at the heart of our mission.

I am also thankful to the shareholders of our parent entity, Sumitomo Mitsui Financial Group (SMFG) and Fullerton Financial Holdings Pte. Ltd. (FFH), my esteemed colleagues on the Board, our lenders, investors and customers for their unwavering support and faith in SMHFC.

Let us move ahead into a future filled with opportunities. Together, we will scale new heights.

Sincerely,

Deepak Patkar
Managing Director & Chief Executive Officer

BOARD OF DIRECTORS

With diverse expertise and visionary leadership, the Board of Directors (BoD) drive the Company's mission to empower first-time homeowners and shape a brighter future for all.

Shantanu Mitra

Chairman, Non-Executive Director

Mr. Shantanu Mitra is the Chairman, Non-Executive Director of SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.)* and also Chief Executive Officer and Managing Director of SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*

Shantanu has over 40 years of experience in financial services, with over 20 years at Standard Chartered Bank and Citibank where he had stints in India, Singapore and Thailand. His last role in Standard Chartered Bank was Senior Regional Risk Officer, India, Middle East and Africa, based in Mumbai.

His previous experience with SMFG India Credit included a stint from 2010 to 2017, initially as Head of Consumer Risk for the parent company Fullerton Financial Holdings, Singapore and subsequently a very successful tenure as CEO & MD with SMFG India Credit.

He has extensive experience in Risk Management, spanning many geographies in Emerging Markets including Asia, Africa and the Middle East. Mr. Mitra holds a BSc in Statistics from the University of Calcutta, India and is a Member at Institute of Chartered Accountants, England and Wales. Since his previous retirement from SMFG India Credit, Shantanu has served in various Board and Advisory capacities including, Non-Executive Director at DBS Bank, India; and Operating Partner with Global PE firm, Advent International including as Advisor in their portfolio companies.

Deepak Patkar

Managing Director &
Chief Executive Officer

Mr. Deepak Patkar is the Managing Director & Chief Executive Officer of SMFG India Home Finance Co. Ltd. (*Formerly Fullerton India Home Finance Co. Ltd.*).

Deepak has over 25 years of experience in various leadership roles spanning Risk management, Audit, Quality Assurance, Sales and Distribution and Collections. In his previous stint at SMFG India Credit Co. Ltd. (*Formerly Fullerton India Credit Co. Ltd.)* as Chief Risk Officer, Deepak had established a strong balanced culture of business enablement with prudent risk measures, strongly backed by analytics, high governance and control standards. Prior to joining SMFG India Credit, Deepak has served in leadership roles across companies such as Magma Fincorp Ltd., Citibank, HCL Infosystems and Cable Corporation of India.

He is an electrical engineer with a Masters in Management from Jamnalal Bajaj Institute, Mumbai.

Ajay Pareek
Non-Executive Director

Mr. Ajay Pareek is the Non-Executive Director of SMFG India Home Finance Co. Ltd. (F*ormerly Fullerton India Home Finance Co. Ltd.*) and also Chief Business Officer of SMFG India Credit Co. Ltd. (F*ormerly Fullerton India Credit Co. Ltd.).*

Ajay has more than 26 years of experience in the financial services sector and 15+ years with SMFG India Credit. He had a very successful stint of over 13 years as the Head of Urban Business at SMFG India Credit. During his tenure, he was responsible for designing the product strategy, setting up the secured and the unsecured businesses, expanding the branch network, and made significant contributions towards tapping the potential of emerging markets, third-party products, and more. He has also worked with Aditya Birla Finance Ltd., Jana Small Finance Bank, CitiFinancial Consumer Finance India Ltd. and A. F. Fergusons and Co. In his career, he has been responsible for business planning, sales and distribution, launching new products and processes including third party products, credit underwriting, collections, product strategy, customer service, branding and marketing and setting-up and running large distribution networks across multiple products.

He is a Chartered Accountant and a Harvard SELPI alumnus.

Radhakrishnan Menon
Independent Director

Mr. Radhakrishnan B. Menon is an Independent Director on the Board of SMFG India Home Finance Co. Ltd. (*Formerly Fullerton India Home Finance Co. Ltd.).* He held senior leadership roles in HR in India with best-in-class global organisations such as General Electric (GE), Cadbury, Bausch & Lomb and had an early career stint with Hindustan Lever. He has had a wide range of experiences across diverse businesses, categories, cultures and geographies including a tenure with GE Plastics Europe in Netherlands.

In September 2007, he founded LBW (Leadership in Business Worldwide) Consulting Pvt. Ltd., a distinctive Leadership Development consulting firm. Prior to that, he was the Executive Director-HR & Corporate Communications for Cadbury Indian Subcontinent. Since 2007 till 2015 he continued as Independent Director on the Board of Cadbury which later became Mondelez India. He has also served on the Boards of other reputed organisations.

Presently, as MD of LBW, he continues to actively consult, coach and advise diverse organisations in the areas of Organisation & Leadership Development, Executive Coaching and Strategic HR across India and overseas in UK, Hong Kong, Middle East and South Asia. He holds a Master's Degree in Personnel Management & Industrial Relations from the Tata Institute of Social Sciences, Mumbai. He is a Professional Certified Coach (PCC) of International Coach Federation (ICF). He has co-authored the book "Coaching in Asia - the First Decade".

Sudha Pillai
Independent Director

Ms. Sudha Pillai, a 1972 batch IAS officer held a number of senior positions in the Government of India and the State Government of Kerala for 40 years. She handled the Industry and Finance portfolios for nearly twenty years. In the Centre, she worked in the Ministries of Industry, Corporate Affairs, Labour and Employment. She contributed notably to reforms in Industrial and Foreign Direct Investment policies as also in formulating the National Skill Development Policy.

In Kerala, as Principal Secretary Finance she worked to achieve enhanced development outcomes, coupled with efficient fiscal management. Earlier as CMD, Kerala Finance Corporation, she dealt with project financing to SMEs. Her last assignment was as Member Secretary (in the rank of Minister of State), Planning Commission, Government of India. She is currently on the Boards of many other companies. She holds Master's degree in Public Administration from Kennedy School of Government, Harvard University.

Dakshita Das
Independent Director

Ms. Dakshita Das is an experienced bureaucrat having served as an Indian Railway Accounts Service (IRAS) Officer, and as MD & CEO at National Housing Bank.

Ms. Das has over 35 years of experience in the Government as a Civil Servant, including more than 11 years in the Ministry of Finance with a career spanning Infrastructure Financing, Public Finance and the Financial Sector including Insurance and Debt Recovery. She is presently the Chair of the Working Group constituted by the Ministry of Women and Child Development, Ministry of Corporate Affairs Nominee on the Disciplinary Committee of the Institute of Chartered Accountants, and Insolvency and Bankruptcy Board of India-Appellate member of the IPA.

She has handled the preparation of over 15 budgets for the central government including the Union budget, budgets for States under President's rule and the Indian Railways budget. As MD and CEO of the National Housing Bank, she ensured deepening of supervision thereby ensuring that the financial health of the companies was not compromised at the risk and cost of the borrower. During her tenure, she undertook steps to ensure adequate availability of liquidity and tightened regulations for systemically important companies.

Within the Department of Economic Affairs (MoF), Ms. Das was responsible for arranging draw-down of funds against all Loan and Grant Agreements with various multi-lateral and bilateral agencies. As part of the Department of Financial Services, Ms. Das handled the charges of insurance and debt recovery, undertaking key initiatives such as the first stage disinvestment of LIC.

Ms. Das has deep understanding of the FS sector and has been on several boards as a government nominee such as Bank of India, NIIF Infrastructure Finance, GIC Re and Actuary Council of India. She is also an eminent speaker on various distinguished panels about policy and other related matters.

Ms. Das holds an M.Phil., Vietnam Studies, Jawaharlal Nehru University 1983, and B.A., History, Lady Shri Ram College for Women, University of Delhi.

Empowering Dreams, Inspiring Hope

LEADERSHIP TEAM

An exceptional leadership team, guiding the Company with expertise, vision, and dedication. Together, they drive it towards new heights, empowering dreams of homeownership.

Deepak Patkar
Managing Director & Chief Executive Officer

Deepak Patkar is the Managing Director & Chief Executive Officer of SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.) ('SMFG Grihashakti').*

Deepak has over 25 years of experience in various leadership roles spanning Risk management, Audit, Quality Assurance, Sales and Distribution and Collections. In his previous stint at SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.),* as Chief Risk Officer, Deepak had established a strong balanced culture of business enablement with prudent risk measures, strongly backed by analytics, high governance and control standards.

Prior to joining SMFG India Credit, Deepak has served in leadership roles across companies such as Magma Fincorp Ltd., Citibank, HCL Infosystems and Cable Corporation of India.

He is an electrical engineer with a Masters in Management from Jamnalal Bajaj Institute, Mumbai.

Vishwas Shrungarpure
Chief Business Officer

Vishwas Shrungarpure is the Chief Business Officer of SMFG Grihashakti. Vishwas has been a part of organisations such as Poonawala Fincorp, ICICI Home Finance, GE Money Housing Finance, Tata Capital Housing Finance, Capri Global, Easy Home Finance and Maharishi Housing Finance. He has worked across functions of Sales & Marketing, Product & Policy, Credit and Collections.

In a distinguished career spanning 24+ years, he has a rich experience in Housing Finance, Project Construction Finance and Retail Mortgage business spanning across geographies. His repertoire includes effectively leading large teams right from setting and scaling up businesses and strategic transformation.

Vishwas has completed his B.E. (Mechanical) from NIT, Bhopal and MBA in Finance from Institute of Management Studies DAVV, Indore.

Ashok Patil
Chief Risk Officer

Ashok Patil is the Chief Risk Officer of SMFG Grihashakti. He has over 20 years of experience in Policy formulation, Risk Analytics, Portfolio Management, Credit Underwriting and Collection Strategy across diverse Retail (Secured/Unsecured), SME & Rural lending portfolios.

In his career, he has been credited with an expertise in the implementation and management of customer acquisition process across digital and traditional channels through automated credit decisioning by using statistical score models, multi bureau strategy and decision engines.

Prior to SMFG Grihashakti, Mr. Ashok served as the Head of Risk Policy for SMFG India Credit and has been associated with reputed financial institutions including DCB Bank, IDFC First Bank and Standard Chartered Bank.

He is a Chartered Accountant with a Bachelor's Degree in Commerce.

Prakash G. M.
Head of Credit Underwriting

Prakash G. M. is the Head of Credit Underwriting at SMFG Grihashakti. He has over two decades of experience in Credit & Risk Management, Product & Policy, Credit Administration, Collections, Portfolio Management and Operations. Prakash is well known as a strategist with proven skills in implementing risk policies and managing enterprise-wide risks with effective mechanisms to mitigate them.

Prior to joining SMFG Grihashakti, he had worked with companies like Credit Access Grameen Ltd., Poonawalla Housing Finance Ltd., Karvy Financial Services Ltd., ICICI Bank Ltd., SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*, CitiFinancial Consumer Finance India Ltd., and Oracle USA Inc.

He holds an MBA degree as well as a postgraduate degree in Strategic Management and a Bachelors' degree in Business Management.

Anand Wagh
Head of Collections

Anand Wagh is the Head of Collections at SMFG Grihashakti. He has more than 25 years of experience across multiple roles including Account Acquisition & Servicing, Operations, Credit Control, Credit Risk and Collections for products and functions across industries.

In his previous stints, Mr. Anand has been associated with Magma Fincorp, Shriram City Union, HSBC, Citibank and more.

He is an expert in the areas of Collections Management, Technology Transformation, Strategy Management, Call Centre Management, leading layered teams and distributed Infrastructure.

Anand has an MBA from the Jamnalal Bajaj Institute of Management Studies. He also holds Bachelor's degrees in Commerce and Law from Mumbai University.

Anne Williams
Head of Human Resources

Anne Williams is the Head of Human Resources at SMFG Grihashakti. Anne is an accomplished and high performing leader with an experience of over 27 years in the BFSI industry.

Over her career, she has been recognised for being a valued business partner and change agent in diverse environments backed by a proven track record in managing variety of HR essentials, leading organisational effectiveness and organisational development, designing HR Systems, Policies and SOPs. Her main areas of expertise include HR business partnership, talent acquisition and management, and HR governance, systems and operations.

She is adept at implementing best-in-class processes, policies and communication standards with startups and organisations undergoing change. She has been associated with SMFG India Credit for over 15 years in a variety of roles including the Head of HR Operations and Compensation. In her past stints, she had worked with Indiabulls and CitiFinancial.

Anne holds degrees in Human Resource Management from XLRI Jamshedpur and IMT Ghaziabad.

Ashish Chaudhary
Chief Financial Officer

Ashish Chaudhary is the Chief Financial Officer of SMFG Grihashakti. He has been associated with SMFG India Credit since 2018 before moving to SMFG Grihashakti. He has over 14 years of rich experience in Financial Reporting, Treasury, Commodity Risk, Audit And Regulatory Reporting in the BFSI industry.

During his previous stint with SMFG India Credit, he was instrumental in handling Financial Reporting And Control, Treasury Reporting And Analysis And Regulatory Reporting, passionately building the finance function and driving the business results. In his previous stints, he has been associated with reputed organisations such as ICICI Bank and HUL.

Ashish is a Chartered Accountant and holds a Management Development Programme degree from IIM Ahmedabad.

Rachit Gupta
Head of Treasury

Rachit Gupta is the Head of Treasury at SMFG Grihashakti. Rachit is a seasoned Treasury, Banking, Capital Markets and Strategic Finance professional with a rich experience of over 20 years in both public and private sector. During his previous stint with SMFG India Credit, he has led various initiatives in Treasury and Finance across spheres, size, complexity and geography. He has effectively managed domestic/ international fund raising, securitisation, investments, ALM, liquidity and currency risk management including investor and other strategic relationships.

He has also played a pivotal role with esteemed institutions such as PFC Ltd. and Edelweiss Financial Services.

Mr. Rachit is a Chartered Accountant and also holds a Business Management degree from Institute of Management Technology, Ghaziabad.

Dinesh Talsania
Chief Technology Officer

Dinesh Talsania is the Chief Technology Officer of SMFG Grihashakti. He has more than 27 years of rich and diversified experience across various roles including Operational Risk Management, IT Risk and Security Management, Business Continuity Management, IT Governance, IT Security and Risk Assessment, Software Development, Project Management and more.

Dinesh has been associated with the group for over six years, and in his last role was the Head of Operational Risk Management with SMFG India Credit. He has previously been associated with ICICI Bank, ING Vyasa Bank and RNS Bank.

Mr. Dinesh is a Certified Information Security Auditor (CISA), an ISO 27001 Lead Implementer, and a Certified Information Security Manager (CISM). He also holds diplomas in Civil Engineering and Computer Applications.

Rajib Dutta
Chief Compliance Officer

Rajib Dutta is the Chief Compliance Officer of SMFG Grihashakti. Rajib is responsible for Regulatory Compliance, Regulatory Interactions and Relationship Building, Dissemination & Implementation of Regulatory Guidelines across the organisation and for vetting various policies and processes to ensure coverage of regulatory guidelines at SMFG Grihashakti.

He has over 14 years of experience in managing RBI and NHB Compliances, Risk Management, Business Compliance, Regulatory Reporting, Internal Audit, and Governance. Prior to joining SMFG Grihashakti, he had been associated with Edelweiss Financial Service, Piramal Capital and Housing Finance, and Manappuram Finance.

Rajib is a Chartered Accountant and holds a Bachelors' degree in Commerce from Calcutta University.

Jitendra Maheshwari
Company Secretary

Jitendra Maheshwari is the Company Secretary for SMFG Grihashakti. Jitendra is responsible for the overall Risk & Corporate Governance, Regulatory interactions, and controlling the quality of information flow to Risk Oversight Committee. He has over 23 years of experience in compliance and corporate governance, implementation of compliance RCSA Framework, handling regulatory audits, and managing relationships with governing bodies like RBI, NHB and Govt. ministries. Prior to joining SMFG Grihashakti, he had been associated with organisations such as Magma Fincorp, ECL Finance Limited, India Infoline Finance Limited, Usha Martin Group and Vinar System Private Limited.

Jitendra holds a certification from the Wharton School and Habitat for Humanity on International Housing Finance as well as certifications for Forensic Audit. He is a certified Company Secretary and Cost and Works Accountant from ICSI and ICAI respectively.

From Dreams to Reality

BUSINESS SEGMENTS

SMHFC provides a wide range of custom solutions tailored to meet the individual needs of its clients. The Company provides knowledgeable services to meet every housing demand from first-time homeowners to those looking to repair or invest.

SMFG Grihashakti comprehends the universal aspiration of realising the dream of homeownership. Whether it involves acquiring a new residence or a residential plot, the Company is your ideal partner throughout this endeavour. In addition to providing new home loans, it extends financial support for home improvement, construction, and expansion. Its services also encompass loan against property (LAP) along with loans designed for commercial properties and plots.

Home Loan

Home loans serve as the gateway to realising aspirations, opening doors to new hope and possibilities. SMFG Grihashakti takes pride in offering home loans packed with an array of features, empowering customers to acquire their dream homes. With attractive interest rates and flexible tenures, their home loans are available for under construction, new, and resale properties.

Types of Home Loans

SMFG Grihashakti home loans come in various forms to suit diverse needs. Home construction loans fund building a new home from scratch, while home extension loans facilitate expanding your current dwelling. Home improvement loans aid in renovating or enhancing property. Home loan balance transfers allow customers to shift their existing loan to a new lender for better terms and benefits.

Happy Homeowners

Owning a home brings in a sense of satisfaction and pride. The representative from SMFG Grihashakti provided good service and made our walkthrough in loan process easy. Our favourite part in the entire home is the living room, which we have decorated well with special care.

– Mr. and Mrs. Vijaya Bhaskar Besta, Secunderabad

Non-Housing Loan

The Company also provides specialised non-housing loans for commercial property purchases, enabling growth in business. Additionally, customers can also benefit from a LAP, leveraging valuable assets for financial security and flexibility.

Commercial Property Purchase Loan

SMFG Grihashakti assists customers in acquiring the perfect space for their business. From property selection to complete loan payment, it supports customers throughout the process. Loans are available for both new and resale properties.

Loan Against Property

Customers can secure their financial needs by availing a loan against their residential, commercial, or industrial property. With SMFG Grihashakti, they can access funds for various purposes.

Diversified Portfolio Distribution

60%
Home Loans

34%
Loan Against Property

6%
Developer Finance

Note: All data as of March 31, 2023.

Competitive Advantage

Strong Parentage

Drawing on its rich Japanese heritage, a legacy spanning 400 years, and its position as one of the world's leading financial institutions, firmly rooted and committed to the long haul. Continuous flow of capital and an AAA-rated status assures stability and reliability.

Strong Geographical Footprint

Significant presence in tier 2+ towns reflects a robust geographic diversification, establishing a substantial and well-connected network of 125 distribution points and approximately 1,000 active channel partners.

Experienced Management Team

Extensive experience with industry veterans comprising both the Board and Senior Leadership, ensuring a wealth of expertise and knowledge at the helm.

Strong Risk Governance Framework

Robust risk governance framework, incorporating multi-layered controls within an agile structure. The credit risk framework serves as a strong first line of defence. Digitised processes and early warning indicators enhance risk management.

Experience in Handling New-to-Credit Customers

Specialised skills in assisting new-to-credit borrowers from the informal segment. Regional teams, including underwriting, collateral management, and valuation policy experts, ensure tailored solutions. A resilient portfolio has thrived through various market cycles including demonetisation, RERA, GST, and liquidity crises.

Comfortable Liquidity Position

Secure liquidity position, supported by a diversified lender base, minimal dependence on short-term funding, and a well-handled asset-liability management (ALM) approach.

Nurturing Talent, Fueling Innovation

EMPOWERING PEOPLE

The Company's achievements rely on the competence and capabilities of its workforce. Their contributions have played a pivotal role in fulfilling the dreams of its customers. The management is committed to nurturing their strengths, enabling effectiveness, and prioritising their holistic well-being.

SMFG Grihashakti derives immense satisfaction from its consistent acknowledgement as a certified 'Great Place to Work' and inclusion in the list of 'Companies with Great Managers'. These accolades stem from its unwavering commitment to its core values – Integrity, Collaboration, Innovation, Diversity, Excellence, and Agility.

Building for the Future

The Company's top priority is to match its hiring practices with its corporate strategy. Focus is placed on determining its future needs and hiring talent who is the perfect fit for the relevant jobs as part of its capacity-building plan. It has engaged highly competent people to keep up with its quick expansion, recruiting over 1,267 workers across various departments in FY 2022–23.

1,267 New hires across the organisation

It also takes pride in the fact that it is a top employer at several prestigious universities in India, including the Indian Institute of Management (IIMs), the Indian Institute of Technology (IITs), the Indian Statistical Institute (ISI) in Kolkata, the Institute of Rural Management (IRMA), and others.

Matching Talent to Vision

SMHFC's Employee Development Framework (EDF) emphasises essential skills for current and future roles and readiness for new opportunities. A dedicated in-house learning team, 'Gurukul', ensures its successful implementation.

Build an Enduring Organisation

- **Providing regular training and development programmes**
- **Focusing on employee capability development programmes**
- **Building a strong leadership pipeline**
- **Embracing innovation and staying ahead of the curve**
- **Building a strong brand and reputation**

Celebrations, Reward and Recognition

The Company's R&R programme, FIRE, recently renamed as STAR (Sumitomo Mitsui Talent Appreciation and Recognition) gives sincere appreciation to employees who go above and beyond while also making sure that these individuals are acknowledged and rewarded for their contributions.

During the course of the year, 260 employees were honoured. Additionally, 160 employees who have been with the company for 3, 5, 10, or 15 years were recognised.

Tech-Powering Dreams

FOCUS ON TECHNOLOGY

Relentless pursuit of innovation to enhance customer experiences and streamline processes has tech-powered dreams of home ownership across the nation. Today, innovative digital solutions and data-driven insights have revolutionised the home finance landscape.

SMFG Grihashakti uses technology-driven business concepts to create one-of-a-kind solutions and assist its customers with needy home finance solutions. Being technology-first has allowed it to keep existing customers and increase its market share.

Cloud-first Innovation

SMHFC conducted a comprehensive technology review in the previous year, which led to the formulation of a digital strategy. It collaborated with a prominent technology partner and implemented a top-notch cloud-based collections system and reimagined customer and sales journeys set to unfold in the upcoming financial year.

Committed to this multi-year endeavour, SMHFC established an enterprise architecture function to guide technology decisions while modernising legacy systems. Aligning organisational goals with technology solutions, the Company seeks a simplified, cloud-first setup through gradual steps. Concurrently, it focused on infrastructure renewal, undertaking hardware and software upgrades.

Building an Agile Culture

The Company has seen notable improvements in developing its digital culture in the last year. Senior leaders and more than 50 other staff went through rigorous Agile training and are now fully supporting its tenets. The hiring of seasoned technical executives, which laid a solid foundation for the envisioned technological landscape was a crucial move.

The Company continues to be steadfast in protecting cyber security and resilience while giving digitisation activities priority. These programmes demonstrate its commitment to being at the cutting-edge of technological development and guaranteeing an improved experience for all stakeholders.

50+

Employees trained in Agile methodologies

Corporate Information

CIN: U65922TN2010PLC076972

Board of Directors

- **Mr. Shantanu Mitra**
  DIN: 03019468
  Chairman, Non-Executive, Non-Independent Director
- **Mr. Deepak Patkar**
  DIN: 09731775
  Managing Director and CEO
  Appointed w.e.f. 2 February 2023
- **Mr. Ajay Pareek**
  DIN: 08134389
  Non-Executive, Non-Independent Director
- **Ms. Sudha Pillai**
  DIN: 02263950
  Non-Executive, Independent Director
- **Mr. Radhakrishnan B. Menon**
  DIN: 01473781
  Non-Executive, Independent Director
- **Ms. Dakshita Das**
  DIN: 07662681
  Non-Executive, Independent Director
  Appointed w.e.f. 20 January 2023

Chief Financial Officer

- **Mr. Ashish Chaudhary**

Company Secretary

- **Mr. Jitendra Maheshwari**

Statutory Auditor

- **M P Chitale and Co.**
  Chartered Accountants

  Firm Registration No: 101851W
  Hamam House, Ambalal Doshi Marg, Fort,
  Mumbai – 400001

Secretarial Auditors

- **M/s. Vinod Kothari and Company**
  Practising Company Secretaries

  Firm Registration No.: P1996WB042300
  403-406, 175 Shreyas Chambers, D. N. Road,
  Fort, Mumbai – 400001.

Bankers

» Axis Bank Limited
» Bank of Baroda
» Canara Bank
» DCB Bank Limited
» HDFC Bank Limited
» International Finance Corporation
» ICICI Bank
» Indian Overseas Bank
» Karnataka Bank
» Kotak Mahindra Bank
» Standard Chartered Bank
» State Bank of India
» The Federal Bank Limited
» The Hongkong and Shanghai Banking Corporation
» Union Bank of India

Rating Agencies

CARE Ratings

CRISIL Ratings Ltd

Registrar and Share Transfer Agent

Link Intime India Private Limited
C-101, 1st floor, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai – 400083.

Registered Office

Megh Towers, Third Floor, New No. 165, Old No. 307,
Poonamallee High Road, Maduravoyal, Chennai – 600095.
E-mail Id: secretarial@grihashakti.com
Website: www.grihashakti.com

Corporate Office

Inspire BKC, Unit No. 503 and 504, 5th floor, Main Road,
G Block, Bandra Kurla Complex, Bandra (East),
Mumbai – 400051.

Statutory Reports

Financial Statements

Directors' Report

Dear Shareholders,

Your directors have the pleasure of presenting the 13th Annual Report of SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)* ('SMHFC') along with the audited financial statement for the financial year ended 31 March, 2023.

1. Background

Your Company, SMHFC, is a wholly-owned subsidiary of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* ('SMICC') and is registered with the National Housing Bank ('NHB') as a non-deposit taking Housing Finance Company.

2. Financial Highlights

The summarised financial results of the Company are given below:

(₹ in Crores)

Particulars	FY 2022	FY 2023
Gross Income	504	686
Less:		
Finance Cost	273	359
Depreciation, Amortisation	7	12
Operating Expenses	134	230
Profit/(Loss) before Impairment	**90**	**85**
Impairment on financial instruments	67	32
Profit/(Loss) before Tax	**23**	**53**
Less : Provision for Tax	6	13
Net Profit/(Loss) after Tax	**17**	**40**
Add : Balance brought forward from previous year	(60)	(46)
Less: Transfer to Reserve Fund under Section 29C(i) of the NHB Act, 1987	(3)	(8)
Surplus carried to Balance Sheet	(46)	(14)

Note: Previous year's figures have been regrouped based on current year's classification

3. Financial performance and overview

Your Company posted total income ₹686 crores for the financial year ended 31 March 2023, as against ₹504 crores registering a growth of 36% over previous year.

The profit after tax of the Company increased to ₹40 crores in financial year 2023 as against ₹17 crores in the previous year.

The Company's Asset Under Management ('AUM') increased by 44% in the financial year 2023 and stood at ₹6,427 crores as against ₹4,456 crores in the financial year 2022. The Company disbursed loans worth ₹3,055 crores as against ₹1,287 crores in the financial year 2022. The robust growth during the financial year was driven by penetration in core markets and widening the distribution coverage across the country.

Your Company has maintained optimum Asset Liability Management ('ALM') position throughout the year, with continued focus on diversification of borrowing resources and conservative liquidity management.

Borrowings increased by 37% from ₹3,660 crores as at 31 March, 2022 to ₹5,038 crores as at 31 March, 2023. The Company has maintained prudent borrowing mix to optimise its funding cost. The Company also mobilised funds through sale of pool of assets via direct assignment of ₹276 crores, during the financial year 2023. During the financial year 2023, the Company received its first ever refinance sanction from National Housing Bank ('NHB') for a value of ₹50 crores.

4. State of Company's affairs and future outlook

A detailed overview of the state of affairs, performance of the Company and future outlook is provided in the 'Management discussion and analysis' section, enclosed as **Annexure I** to this report.

5. Change of Name

In November 2021, Sumitomo Mitsui Financial Group ('SMFG') completed the acquisition of 74.9% of paid-up share capital of erstwhile Fullerton India Credit Company Limited ('FICCL'), parent company of the Company, from Angelica Investments Pte. Ltd. ('Angelica') and Fullerton Financial Holdings Pte. Ltd. ('FFH'). To indicate association with SMFG, the Company and its parent entity had applied for change of their names. Consequently, the name of the Company has been changed from 'Fullerton India Home Finance Company Limited' to 'SMFG India Home Finance Company Limited' with effect from 15 May, 2023, subsequent to the receipt of necessary approvals and a fresh Certificate of Incorporation from the Ministry of Corporate Affairs, Registrar of Companies, Chennai. The Company has also received a fresh Certificate of Registration dated 19 May, 2023 from the Reserve Bank of India pursuant to change of name.

6. Debt position

The total incremental borrowings during the year under review, stood at ₹2,442 crores (₹1,092 crores repaid during the year). During the year, the Company did not issue any commercial papers (₹NIL crores repaid during the year). The Company raised ₹962 crores through issuance of secured and unsecured non-convertible debentures (₹140 crores repaid during the year for secured and unsecured non-convertible debentures) to various mutual funds, high net-worth individuals and financial institutions, on private placement basis. The Company availed long-term and short-term bank loans worth ₹1480 crores (repaid ₹952 crores during the year) from banks (including working capital demand loans). No interest payment or principal repayment of the Term Loans was due and unpaid as on 31 March, 2023 and no interest/principal on debentures was due and unpaid as on 31 March, 2023.

7. Transfer to Reserves

During the year, the Company transferred ₹8 crores to Reserve Fund created as per the norms laid down under Section 29C of the NHB Act, 1987.

8. Share Capital

Authorised Share Capital

During the year under review, the Authorised Share Capital of the Company remained unchanged at ₹1500,00,00,000/- (Rupees One Thousand Five Hundred Crores only) divided into 150,00,00,000 (One Hundred and Fifty Crores only) equity shares of ₹10/- (Rupees Ten only) each.

Issue of Equity Shares

During the year, your Company received a capital infusion of ₹99,99,99,924/- from SMICC. Your Company allotted 1,04,49,320 Equity Shares of ₹10/- each for cash, at a premium of ₹85.70 per Equity share, aggregating to ₹99,99,99,924/-.

Post allotment of Equity Shares as aforesaid, the paid-up equity share capital of the Company as on 31 March, 2023 stands ₹318,48,25,130/- comprising of 318,482,513 equity shares of the face value of ₹10/- each fully paid up. All the shares of the Company are in dematerialised form as on 31 March, 2023. SMICC and its nominees hold the entire paid-up share capital of the Company.

9. Capital Adequacy Ratio

The regulatory Capital Adequacy Ratio ('CAR') (as per INDAS) of the Company was 22.3% as on 31 March, 2023, as against CAR of 24.3% as on 31 March, 2022 which is within the regulatory requirement.

10. Dividend

Your Directors do not recommend any dividend on equity shares of the Company for the financial year ended 31 March, 2023, to conserve resources.

11. Change(s) in the nature of business

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

12. Unclaimed, unpaid debentures

In accordance with the applicable provisions of the RBI Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions 2021, there were no instances of any non-convertible debentures which have not been claimed by the investors or not paid by the Company after the date on which the non-convertible debentures became due for redemption. Hence, the total amount in respect of such debentures remaining unclaimed or unpaid beyond due date is Nil.

13. Risk Management

Risk management is an integral part of the Company's business strategy. The Risk Management process is governed by the comprehensive Risk Management Framework which lays down guidelines for risk identification, assessment and monitoring as an ongoing process that is supported by a robust risk reporting framework. Risk Management Framework of the Company covers Credit Risk, Market Risk, Operational Risk, Fraud Risk, Compliance Risk and other risks.

The risk management framework operates through five key principles viz.

- Independent governance and risk management oversight;
- An overarching risk appetite framework, that establishes, monitors, and implements timely interventions through clearly established boundaries considering financial returns, solvency, earning volatility, market and liquidity risk, credit risk, operational risk, information security risk, legal and compliance risk;
- Establishment of forward-looking risk assessment with pre-emptive credit and liquidity interventions, to ensure early action in the event of emerging market adversity;
- Maintenance of well-documented credit risk policies and credit programmes with performance guardrails;
- Extensive use of credit bureau as an integral part of the decision-making processes.

The Board of Directors ('the Board') of the Company has constituted Risk Oversight Committee ('ROC') which oversees the risk management framework of the Company through regular and proactive intervention by senior management personnel. The ROC is compliant with the applicable provisions of RBI Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 and Framework for Scale Based Regulation for Non-Banking Financial Companies issued by the RBI and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR, 2015').

The Committee oversees the processes of risk assessment and minimisation, monitors risk management plans and carries out such other functions as may be directed by the Board. Please refer to the report on Corporate Governance for the terms of reference of the ROC.

The specific objectives of the ROC of the Company include:

- Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate overall risks associated with the business of the Company;
- Provide direction in building strong risk management framework in the Company and inculcate risk culture within the organisation;
- Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems; Oversee risk assessment and minimisation procedures; and
- Monitor adherence to various risk parameters by operating departments.

You are requested to refer to the 'Management Discussion and Analysis' section, enclosed as Annexure I to this report, for more details on the matter.

14. Internal Financial Controls

As required under Section 134(5) of the Companies Act, 2013 ('the Act'), the Company undertook an evaluation of internal financial controls, in accordance with the criteria established under the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission. The identified process maps, key controls, risk registers and control matrices were tested by an independent third party for existence and effectiveness of control based on samples; remedial action have been taken or agreed upon where control weaknesses were identified. Based on the results of the said tests, the Directors and management team believes that adequate internal financial controls exist and are operating effectively. The statutory auditors of the Company have also reviewed on the existence and operating effectiveness of the internal financial controls relating to the financial reporting as at 31 March, 2023.

15. Human Resources

The Company's employee strength stood at 2106 as at 31 March, 2023. All employees have gone through induction training to equip them with the necessary organisational knowhow to deliver their roles. The debt recovery team has periodically undergone mandatory training as prescribed by the National Housing Bank and conducted by Indian Institute of Banking & Finance.

16. Compliance

The Company had complied and continues to comply with all applicable provisions of the Companies Act, 2013, the National Housing Bank Act, 1987, the RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and other applicable rules/ regulations/ guidelines issued by various regulatory and/or statutory authorities, as amended, from time to time.

Further, RBI had notified Scale Based Regulation ('SBR'), a revised regulatory framework for NBFCs which came in effect from October 01, 2022. As per the new regulatory structure, the Company is classified as NBFC- Middle layer (NBFC-ML). The Company has complied with the applicable provisions thereof and shall continue to ensure compliance with all the requirements applicable to NBFC-ML under SBR within the prescribed timelines.

17. Directors and Key Managerial Personnel

The Board lays down the strategic objectives of the Company and guides the management in meeting its goal of aligning the interests of various stakeholders.

Change in Directors

The following changes have taken place in the Board during the FY 2022-23:

Mr. Pavan Kaushal, Non-Executive, Non-Independent Director (DIN: 07117387), resigned from the Board of the Company with effect from the close of business hours of 31 May, 2022, pursuant to his superannuation from the services of SMICC, the parent company of the Company.

Ms. Sunita Sharma, Non-Executive, Independent Director (DIN:02949529), was appointed on the Board of the Company with effect from 26 April, 2022. Her appointment was regularised at the Annual General Meeting of the Company held on 20 September, 2022. However, she resigned from the Board of the Company with effect from 24 November, 2022, considering her other professional commitments. There were no other material reasons.

The Board, on the recommendation of Nomination and Remuneration Committee ('NRC'), appointed Mr. Deepak Patkar as CEO for a period of 5 years with effect from 7 September, 2022. The NRC further recommended the appointment of Mr. Patkar as Managing Director & CEO subject to shareholders' and RBI's approval. The Board of Directors, post receipt of approval from the RBI, appointed Mr. Deepak Patkar as the Managing Director & CEO (DIN:09731775) of the Company for a period effective from i.e. 2 February, 2023 up to 6 September, 2027. His appointment as a Director of the Company was regularised through an Extra-Ordinary General

Meeting ('EGM') held on 2 February, 2023. During his tenure, Mr. Patkar shall not be liable to retire by rotation.

Ms. Dakshita Das, Non-Executive, Independent Director (DIN: 07662681) was appointed on the Board of the Company as an Additional Director w.e.f. 20 January, 2023. Her appointment was regularised at the EGM held on 2 February, 2023, where she was appointed as an Independent Director of the Company for a period of 3 consecutive years, with effect from 20 January, 2023 up to 19 January, 2026 (both days inclusive). During her tenure, she shall not be liable to retire by rotation.

With the appointment of CEO, the Interim Operations Management Committee ('IOMC'), which was constituted to manage the day to day affairs of the Company in absence of CEO/MD/WTD, was dissolved with effect from 7 September, 2022.

Retirement by Rotation

In accordance with Section 152 of the Act and the Articles of Association of the Company, Mr. Ajay Pareek, Non-Executive, Non-Independent Director (DIN: 08134389) is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for reappointment. The Board recommends his reappointment for the approval of the Members of the Company.

The shareholders of the Company may refer to the Notice convening the 13th Annual General Meeting for brief profile of Mr. Ajay Pareek.

Declaration from Independent Directors

The Company has received declarations from Independent Directors that they meet the criteria for independence as provided in Section 149(6) of the Act and Regulation 16 (1) (b) of the SEBI LODR and that they are independent of the management.

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 LODR, 2015 and that they are independent of the management.

The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite expertise and experience required to fulfil their duties as Independent Directors.

In terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered with the databank maintained by the Indian Institute of Corporate Affairs ('IICA'). The Independent Directors are also required to undertake online proficiency self-assessment test conducted by the IICA within a period of 2 (two) years from the date of inclusion of their names in the data bank, unless they meet the criteria specified for exemption. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

All Independent Directors of the Company except Mr. Radhakrishnan B. Menon have confirmed that they were exempted from the requirement to undertake the online proficiency self-assessment test. Mr. Radhakrishnan B. Menon has cleared the online proficiency self-assessment test.

Change in Key Managerial Personnel

The Company had appointed Mr. Deepak Patkar as the Managing Director & CEO (DIN: 09731775) for a period effective from 2 February, 2023 up to 6 September, 2027. His appointment as a Director of the Company was regularised in the EGM held on 2 February, 2023. There are no other changes in the Key Managerial Personnel of the Company during the year under review.

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

Key Managerial Personnel	Designation
Mr. Deepak Patkar (with effect from 2 February, 2023)	Managing Director & CEO
Mr. Ashish Chaudhary	Chief Financial Officer
Mr. Jitendra Maheshwari	Company Secretary & Compliance Officer

18. Number of Meetings of Board of Directors

The Board of Directors of the Company, met five times during the year:

i. 11 May 2022;

ii. 27 July 2022;

iii. 7 September 2022;

iv. 10 November 2022 and

v. 2 February 2023

The time gap between two board meeting was less than 120 days and at least one meeting was held every quarter.

19. Board evaluation

In accordance with the provisions of the Act, read with Schedule IV, the Independent Directors met separately to review the performance of Non-Independent Directors and Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors and the Board as a whole and to assess the quality, quantity and timeliness of flow of information between the Board and the Management.

The Board completed the annual evaluation of its own performance, the individual Directors (including the

Chairman) as well as the working of all Board Committees. The Board was assisted by the Nomination and Remuneration Committee ('NRC'). The performance evaluation was carried out by seeking inputs from all the Directors.

20. Audit Committee

The Audit Committee presently comprises of Ms. Sudha Pillai who serves as the Chairperson of the Committee, Mr. Shantanu Mitra and Ms. Dakshita Das as other members. The terms of reference of the Audit Committee is mentioned in the Report on Corporate Governance, enclosed as **Annexure II** to this report. All the recommendations made by the Audit Committee during the year were accepted by the Board.

21. Nomination and Remuneration Committee

The NRC presently comprises of Ms. Sudha Pillai who serves as the Chairperson of the Committee, Mr. Shantanu Mitra and Mr. Radhakrishnan B. Menon as other members. The terms of reference of the NRC is mentioned in Report on Corporate Governance, enclosed as **Annexure II** to this report.

The Company has laid out clear guidelines approved by the Board for 'fit and proper' criteria for appointment of directors in accordance with the Act. Further, as per the Terms of Reference of the NRC, Policy on remuneration of directors, key managerial personnel and other employees have been put in place, incorporating principles of fairness, pay for performance, a sufficient balance in rewarding short and long term objectives reflected in the pay mix of fixed and variable pay, meeting the financial viability of the Company.

The Policy on remuneration of directors, key managerial personnel and other employees has been uploaded on the website of the Company at https://www.grihashakti.com/images/CG/SMFG-Grihashakti-remuneration-policy.pdf

22. Details of subsidiaries, associates and Joint ventures

The Company does not have any subsidiary, associate or joint venture company as on the date of this Report. Accordingly, Form AOC-1 is not required to be attached to the financial statements.

23. Statutory Auditors

Your Company had appointed M/s. M P Chitale & Co., Chartered Accountants (ICAI Firm Registration No. 101851W) as its statutory auditors to hold office as such for a period of three years, from the conclusion of 11th Annual General Meeting until the conclusion of the 14th Annual General Meeting of the Company, in terms of the 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)' dated 27 April, 2021. The said appointment was approved by the shareholders at the 11th Annual General Meeting held on 6 September, 2021.

In terms of Sections 139 and 141 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s. M P Chitale & Co., have certified that they are eligible to continue as Statutory Auditors of the Company.

There were no qualifications, reservation or adverse remark or disclaimer, made by the statutory auditors in their report.

24. Secretarial Auditors

During the year under review, M/s. Vinod Kothari & Company, Practicing Company Secretaries (Unique Code: P1996WB042300) continued to function as the Secretarial Auditors of the Company. They had conducted secretarial audit in accordance with provisions of Section 204 of the Act. and issued a Secretarial Audit Report. Copy of the said report is attached as **Annexure IV** to this report. The said report does not contain any qualification or reservation or any adverse remarks or disclaimer and is self-explanatory.

25. Vigil Mechanism

The Company has put in place whistle-blower policy ('Policy') as a part of the vigil mechanism pursuant to the requirements of the Section 177(9) of the Act and regulation 22 of the SEBI LODR for reporting of genuine act(s) of wrongdoing, violations or breaches by any stakeholder against Director(s) of the Company / employee(s) including outsourced staff, person having a business relationship with the Company. The Policy, approved by the Board and displayed on the website of the Company, provides an opportunity to report concerns about any actual or suspected unethical behaviour, fraud or violation of the Company's Code of Conduct by any employee or representative of the Company. Policy provides safeguards against victimisation of stakeholders, who report their concerns as per the mechanism provided in the Policy and covers processes for receiving, analysing, investigating, taking corrective action and reporting of the concerns raised.

This Policy has been communicated to the employees of the Company and has also been uploaded on the website of the Company at https://www.grihashakti.com/images/CG/SMFG-Grihashakti-Whistle-Blower-Policy.pdf.

All the Whistle Blower complaints are received either through the mail box enabled for Whistle Blower or by any other mode are perused, investigated into and appropriate actions are initiated. An update on whistle-blower complaints received, investigated and corrective action taken, is presented to the Audit Committee, on a quarterly basis. During the year under review, the Company received 2 whistle-blower complaints. The complaints were disposed off in accordance with mechanism laid down in the Policy.

26. Secretarial Standards

Your Company has followed the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

27. Maintenance of Cost Records

Being a housing finance company, maintenance of cost records and requirement of cost audit prescribed under Section 148(1) of the Act, are not applicable to the Company.

28. Material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report

There have been no such material changes and commitments affecting the financial position of the Company that have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

29. Details of significant and material orders passed by the regulators/courts/ tribunals impacting the going concern status and the Company's operations in future

During the year under review, there were no significant and material orders passed by the Regulators/Courts/Tribunals impacting the going concern status of the Company and its operations in future.

30. Particulars of loans/ advances/ investments outstanding during the financial year

The disclosures relating to particulars of loans/advances/investments outstanding as per Regulation 53(f) of the SEBI LODR, 2015 are as under:

Sr. No.	Particulars	Amount Outstanding as at 31 March 2023	Maximum amount outstanding during the year March 2023	Amount Outstanding as at 31 March 2022	Maximum amount outstanding during the year March 2022
a.	Loans and advances in the nature of loans to subsidiary	NA	NA	NA	NA
b.	Loans and advances in the nature of loans to Associate	NA	NA	NA	NA
c.	Loans and advances in the nature of loans to firms/ companies in which Directors are interested	Nil	Nil	Nil	Nil
d.	Investments by the loanee (borrower) in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	Nil	Nil	Nil	Nil

As on reporting date, the Company has outstanding committed line of credit of ₹250 crores at an arm's length price from its parent company, SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*. These lines are shown as off-balance sheet item under Note no. 35.2 of the financial statement.

Apart from the capital infusion of ₹99,99,99,924/-, income/ expenses as per resource sharing agreement and committed line of credit from SMICC, there were no other transactions done by the Company with any person or entity belonging to the Promoter/ Promoter Group, which hold(s) 10% or more shareholding in the Company. The details of transactions with related parties has been disclosed under note no. 35 of the financial statements.

31. Deposits

In accordance with the National Housing Bank Act, 1987, your Company is a non-deposit taking Housing Finance Company and had declared that it has not and shall not accept deposit as per the terms and conditions of the registration provided by National Housing Bank.

32. Annual Return

Pursuant to Section 92(3) read with Section 134(3) (a) of the Companies Act, 2013 the Annual Return as on 31 March, 2023 is available on the Company's website on https://www.grihashakti.com/investors/disclosure-under-regulation-62-of-lodr.aspx.

33. Details of Loans, Guarantees and Investments

The provisions of Section 186 of the Companies Act, 2013 pertaining to giving of loans, guarantees, providing security in connection with a loan and acquisition of securities of any body-corporate are not applicable to the Company as the Company is a Housing Finance Company. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been made in this Board's Report.

The details of investments made by the Company are given in note no. 4 of the financial statements.

34. Particulars of contracts or arrangements with related parties

All Related Party Transactions (RPTs) that were entered during the financial year were in the ordinary course of business of the Company and were on arm's length basis. There were no materially significant related party transactions entered in by the Company with Promoters, Directors, Key Managerial Personnel or other persons which may have potential conflict with the interest of the Company. All Related Party Transactions were placed before the Audit Committee of the Board for approval / ratification / review, wherever applicable and the particulars of such transactions are disclosed in the notes to the financial statements. Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions to be reported under Section 188(1) of the Act and Form AOC-2 is not applicable to the Company.

Your Directors draw attention of the Members to Note 35 to the financial statement which sets out related party disclosures.

The policy on related party transactions, as approved by the Board is available on the website of the Company at https://www.grihashakti.com/images/CG/SMHFC-policy-on-party-related-transaction.pdf as well as annexed with the directors report as **Annexure V**.

35. Corporate Governance

The Company has been identified as a High Value Debt Listed Entity ('HVDLE'), with effect from 7 September, 2021 and as such is required to comply with the relevant provisions of the SEBI LODR, 2015 relating to corporate governance, on a 'comply or explain' basis, till 31 March, 2023. SEBI vide SEBI (LODR) (Second Amendment) Regulation, 2023 dated 14 June, 2023 has extended the timeline for 'comply or explain' period for the HVDLE till 31 March, 2024 and on a mandatory basis thereafter.

However, the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI LODR, 2015 as on 31 March, 2023. A detailed report on Corporate Governance and copy of the Certification of the Chief Executive Officer and Chief Financial Officer of the Company are provided as **Annexure II and III** to this report. A certificate from Practicing Company Secretary regarding compliance of conditions of corporate governance is provided as **Annexure B** to the Report on Corporate Governance.

36. Management Discussion and Analysis

In accordance with the applicable provisions of the Para 4.7 of Annex XIV of RBI Master Direction on Housing Finance Company (Reserve Ban identification) Directions, 2021, a detailed review of the operations, financial performance, risk management, outlook, among others, is provided under the section 'Management Discussion and Analysis' enclosed as **Annexure I** to this report.

37. Fraud reporting

The Company reports occurrence of frauds to the Reserve Bank of India every quarter in terms of the RBI regulations. The details of frauds occurred during the quarter are placed before the Board/Audit Committee meeting on a quarterly basis. There were no frauds reported in the financial year 2022-23.

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the Audit Committee under Section 143(12) read with 143(14) 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 Directors' Report.

38. Revision of financial statements or Directors' Report

There have been no revisions in the financial statements or Directors' Report as approved by the shareholders of the Company and published in the annual report.

39. Details of debenture trustees

The details of the entity which acted as the debenture trustee for the debenture holders of the Company during the year are as under:

Sr. No.	Trustee	Contact details
1	Catalyst Trusteeship Limited	GDA House, Plot No. 85, Bhusari Colony, Paud Road, Pune – 411038 Phone: 020 – 25280081 Extension: 107 Fax: 020 – 25280275

40. Credit rating

The credit ratings' details of the Company as on 31 March, 2023 as follows:

Rating Agency	Facility	Type	Rating
CRISIL	LT	NCD/BL/SD	CRISIL AAA with stable outlook
	ST	CP	CRISIL A1+
CARE	LT	NCD/BL/SD	CARE AAA with stable outlook
	ST	CP	CARE A1+

- LT - Long-term
- ST - Short-term
- NCD - Non-convertible debentures
- SD - Subordinate debt
- CP - Commercial paper
- BL - Bank lines

The ratings mentioned above were reaffirmed by the rating agencies (CRISIL and CARE) during the FY 2023.

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

41. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The provisions relating to conservation of energy and technology absorption do not apply as the Company is a Housing Finance Company.

However, the Company adopts usage of information technology along with its parent company and is prudent in utilising non-renewable resources.

Also, same strategy of providing IGBT Based UPS with SMF batteries will be undertaken for 50 additional branches of the Company which are planning for roll out in FY 23-24. SMF batteries doesn't emit Hydrogen Gas like normal Tubular Batteries does and is also maintenance free. We have standardised our branch fit out patterns and in all new roll outs, we will deploy energy efficient(Inverter) Air conditioners and the office layout being partition free will increase HVAC efficiency and reduce overall electricity usage. This will further reduce the carbon footprints.

During the year under review, the foreign exchange earnings was Nil and outflow was ₹0.07 crores.

42. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the rules thereunder ('POSH Act'), the Company has framed a policy on Prevention of Sexual Harassment at Workplace ('Policy'). The Company has complied with the provisions relating to constitution of internal committee under the POSH Act. During the year under review, no cases had been reported under the provisions and guidelines of this Policy.

43. Corporate Social Responsibility (CSR)

The Corporate Social Responsibility Committee presently comprises of Ms. Sudha Pillai who serves as the Chairperson of the Committee, Mr. Ajay Pareek and Mr. Radhakrishnan B. Menon as other members and its terms of reference are given in Corporate Governance report. The Company's CSR Report, including overview of CSR projects are enclosed as **Annexure VI** to this report.

The CSR policy highlights the key focus sector, implementation process of CSR activities, roles and responsibilities of the CSR committee and the monitoring and evaluation process followed.

The CSR Policy can also be accessed at https://www.grihashakti.com/images/CG/SMHFC-csr-policy.pdf

44. Directors' Responsibility Statement

As per the provisions of Section 134(3)(c) read with Section 134(5) of the Act, your Directors confirm that:

i. in the preparation of the annual accounts for the year ended 31 March, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

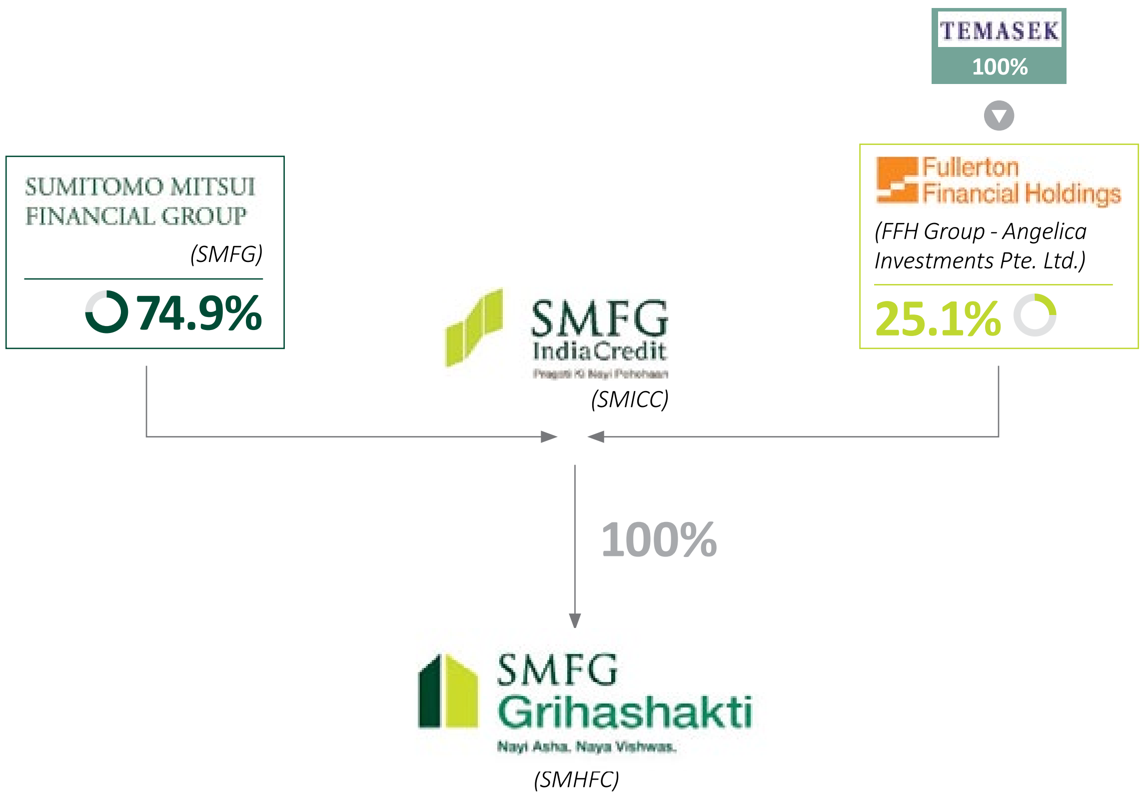
iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the Directors had prepared the annual accounts on a going concern basis;

v. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

vi. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

45. Diagrammatic representation of group structure



46. General

i. During the year, there was no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

ii. During the year, there was no instance of onetime settlement with any Bank or Financial Institution.

47. Acknowledgement

Your directors would like to place on record, their gratitude for the cooperation and guidance received from all the statutory bodies, especially the National Housing Bank.

Your directors also thank the shareholders, clients, vendors, investors and other stakeholders for placing their faith in the Company and contributing to its growth.

We would also like to appreciate the hard work put in by all our employees, and we look forward to their continuing patronage, going forward.

On behalf of the Board of Directors

Shantanu Mitra
Chairman
DIN: 03019468

Place: Mumbai
Date: 11 July, 2023

SMFG Grihashakti

Nayi Asha. Naya Vishwas.

Annexure I to Directors' Report

Management Discussion and Analysis

Economic Overview and Outlook

Global Economy

Global economic activity had a broad-based and sharper-than-expected slowdown, with inflation higher than in decades, but things seem to be improving. The U.N. research forecasts global economic growth of 2.3% in 2023 and 2.5% in 2024. In the United States, resilient household spending has raised the growth prediction to 1.1% in 2023. Lower petrol costs and strong consumer spending will boost the EU's economy by 0.9%. After COVID-19 restrictions were relaxed, China is expected to grow 5.3% this year. The least developed countries will grow by 4.1% in 2023 and 5.2% in 2024.

Labour markets in the U.S., Europe, and other developed economies have remained resilient, supporting substantial household expenditure. Wages are rising due to labour shortages and low unemployment. Many affluent nations have record-high employment rates and closed gender inequalities since the outbreak.

Energy costs and inflation have slowed in developed and emerging nations. Consumer confidence rose internationally and in most examined economies, but the tone is still pessimistic.

Most surveyed economies have stable and low unemployment: 3.5% in the US, 3.7% in the U.K., 6.5% in Eurozone, and 8.1% in Brazil.

Resilient labour markets, rising wages, and slowing inflation support household spending in developed economies.

Indian Economy

The FY 2022 Union Budget brought relief. It strengthened the Nation First Vow of doubling farmer income, improving infrastructure, making India healthier, better governance, increasing opportunities for youth, universal education, women empowerment, and inclusive growth.

Private consumption and investment on the back of government policies to improve transport infrastructure, logistics, and business ecosystem boosted India's GDP by 7.2% (YoY) in FY 2023. According to Asian Development Outlook April 2023, supporting government policies, good macroeconomic fundamentals, fewer bank nonperforming loans, and significant corporate deleveraging would boost bank lending and investment growth in FY 2024.

India has seen a significant decline in extreme poverty in the last two decades. The fraction of the population living in extreme poverty—below $2.15 per person per day (2017 PPP)—halved between 2011 and 2019 *(World Bank Poverty and Inequality Portal and Macro Poverty Outlook, Spring 2023)*.

India's GDP grew 7.2% in FY 2023. Domestic demand, investment, and private consumption drove growth, especially among higher-income earners. Fiscal consolidation reduced government consumption, changing the domestic market. Despite 6.2% forecasted growth *(Fitch report)* due to global economic slowdown in FY 2024, India still remains one of the fastest growing major economy.

Favourable policies, strong fundamentals, and reduced NPLs will boost bank lending and investment in FY 2024.

Real Estate and Housing Finance Industry in India

The housing sector plays a vital role in contributing to India's GDP, encompassing various sub-sectors such as construction, real estate, housing finance, and related industries. According to the CII Anarock Report 2023, the Indian real estate market will reach $1 trillion by 2030. This growth is expected to be driven by the continuous increase in GDP per capita, rising disposable incomes, and ongoing urbanisation.

The real estate market is also optimistic about the government's commitment to Green Growth and the allocation of ₹79,000 crores for the Pradhan Mantri Awas Yojana (PMAY), which is expected to boost the affordable housing segment.

India Ratings and Research (Ind-Ra) maintains a neutral outlook for housing finance companies (HFCs) in FY 2024. While affordability challenges arise from rising interest rates and property prices, the demand for home ownership and upscaling of houses continues to drive growth. HFCs face competitive pressures and seek diversification into non-housing sectors. Affordable housing financers are expected to experience strong loan growth. Funding for HFCs relies heavily on the banking channel due to expensive capital market borrowings. Asset quality improves in FY 2023, with a marginal uptick expected in FY 2024 due to inflation and interest rate impacts. Overall, credit cost remains stable.

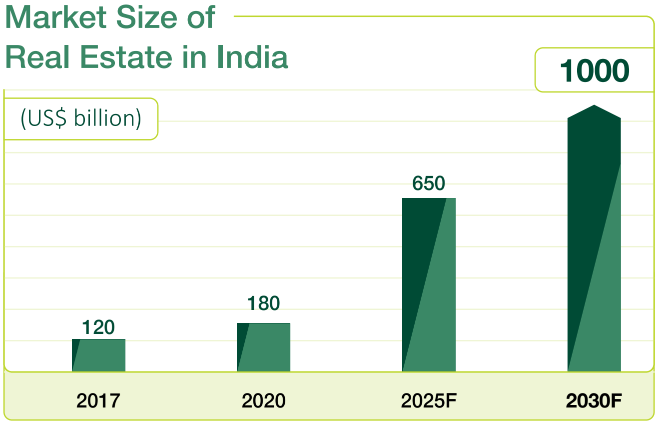
₹80 Lakh Cr

Expected size of Indian real estate market by 2030

Opportunities

The real estate sector in India is anticipated to make a substantial contribution of around 13% to the country's GDP by 2025, with the market projected to reach $1 trillion by 2030. This growth is primarily driven by the affordable housing and urban housing segments, which are experiencing a significant surge in demand.

Market Size of Real Estate in India



The following factors are fueling the year-on-year (YoY) growth of the home loan market in India:

- **Rapid Urbanisation:** According to U.N. predictions, India's urbanisation rate will reach 50% by 2050, with 600 million Indians living in cities by 2030. Rising household incomes and urbanisation have raised the demand for residential buildings. The 2015 Pradhan Mantri Awas Yojana (PMAY) programme to address a housing shortage has expedited this. Urbanisation, nuclear families, and low home penetration in rural and semi-rural areas provide HFC growth opportunities.

- **Revival of the Real Estate Market:** Recovery is inevitable this time, despite the Pandemic's glacial pace. Due to government efforts to revive and grow the business, The Indian real estate industry is anticipated to grow to $1 trillion by 2030 from $200 billion in 2021, accounting for 13% of G.D.P. by 2025. Retail, hospitality, and commercial real estate are rising swiftly, providing India's burgeoning infrastructural demands. Housing finance has a multi-year growth opportunity from residential real estate's comeback.
- **Housing for All:** The Indian government is progressively working towards "Housing for All," emphasising affordable housing. Due to the pandemic, consumers were afraid to make significant purchases. Now, with government subsidies for EWS, LIG, MIG segment of society, the demand for affordable housing is on the rise. The PMAY (U) scheme has completed 75.3 lakh dwellings and invested ₹8.19 lakh crores, of which ₹2.02 lakh crores has been contributed by the central government.
- **Adoption of Green and Sustainable Building Practices:** Green construction methods can help India build affordable housing. Green buildings are energy-efficient, lowering residents' operating costs. With more awareness and focus on sustainable lifestyle coupled with green initiative being energy and cost efficient on long term, demand for green buildings is on the rise.

Threats

- **Rising Borrowing Rate:** Rising inflation could affect housing finance. Along with the borrowers who are facing the worst interest rate environment in years, investors and affordable housing clients have been left astonished by the repo rate hikes by the RBI. The change is meant to limit inflation but may affect affordable housing finance.
- **Growing Competition:** The affordable housing industry is underpenetrated, but HFCs may face competition from banks and other financiers to obtain market share in Tier 2 and lower segments.
- **Disruption by Innovative/Developing Technologies:** Financiers are using Artificial Intelligence (AI) for many lending parameters, including risk supervision, portfolio management, marketing, collections, employee recruitment, and more. As businesses use digital channels, the risk of doing business with a stranger on the other side of the device rises.
- **Affordable Housing Environmental/Social Risks:** Affordable housing finance risks include inappropriate development location, poor building design with lesser natural disaster resistance, improper construction, and unresolved land difficulties.

Affordable Housing Finance

Urbanisation, nuclear families, favourable demographics, and low housing penetration offer the home finance business a multi-year growth opportunity. After COVID-19, the home market was corrected, stamp duty was temporarily reduced in several significant states, a stable and broad-based economic resurgence generated income, and the government focused on stalled projects.

Anarock's Consumer Sentiment Survey shows affordable housing demand has plummeted in 2022. 39% of property buyers in the top seven Indian cities wanted residences under ₹40 lakhs. In 2022, only 26% of homebuyers sought inexpensive properties.

The headline GNPA/stage 3 statistics may remain elevated because it will be difficult for these borrowers to clear their total overdue and move out of the NPA tagging, but the overall 90+ and should stay range-bound.

India's Affordable Housing Market was valued at $1824.35 million in 2022 and is expected to expand by 19.80% through 2028. More than 40% of the population is predicted to dwell in urban India by 2030 (33% currently), requiring 25 million mid-range and cheap homes.

ICRA estimates that AHFC's total loan book was ₹83,052 crores on December 31, 2022, up 25% YoY (17% in FY 2022) due to improving operating environment and strong demand. As of December 31, 2022, AHFC's comprised 6% of the home financing business. However, the underpenetrated market and government push for "housing for all" should continue to boost expansion.

Business Update

The Company is now an integral part of Sumitomo Mitsui Financial Group (SMFG). Pursuant to this change, Fullerton India Home Finance Company Limited has been renamed as SMFG India Home Finance Company Limited ('SMHFC'). This transformation has revitalised the company by leveraging the extensive experience and legacy of the SMFG group. The change is also conveyed through our new tagline, 'Nayi Asha. Naya Vishwas,' which translates to 'New Hope. New Confidence.'

In the last financial year, the Company enhanced its distribution network from 82 branches to 125 branches, and is now present across 15 States and Union Territories. As of 31 March, 2023, the total assets under management stand at ₹6,427 crores.

SMHFC has significantly increased its channel network with emphasis on the Parivar Dost network, commonly referred as 'connectors' across the industry. We are proud to highlight that we are a family of 1000+ partners who contribute to the growth of the company.

Human capital is the backbone of any organisation. In FY 2023, SMHFC has invested significantly towards talent acquisition. From 839 employees as of March 2022, we are a team of 2106 employees as on March 2023.

The collection model is primarily operated through our in-house team. Additional collection support and geographic coverage are required in select high-volume locations with high intensity levels. The strong in-house Strategy team drives collection strategy, priority tagging, bucket categorisation, and is supported by a robust governance framework, and strong legal support. Additionally, advanced algorithms have been developed to segment the portfolio into different risk segments (based on bounce and off-us) to enable differential collections treatment per customer risk profile and timely action.

₹6,427 Cr

Total assets under management

Product-wise Update

SMHFC boasts a robust customer base of 38,000+ customers, with an additional 14,000+ customers added in the fiscal year. This achievement of ₹6,427 crores in Assets Under Management (AUM) places SMHFC among the few Affordable Housing Finance Companies (AHFCs) to reach such scale. Home loans constitute 60% of the total AUM, while Loan against Property and Developer Finance shares make up 34% and 6%, respectively.

Strategically, in this segment, the Company has shifted towards granularity in ticket sizes. The Company maintains a healthy mix of both salaried and self-employed customers. In the Loan Against Property (LAP) business, the Company continues to focus on the affordable segment, with an average ticket size of around ₹15-16 lakhs and a clear understanding of the purpose of funds.

Furthermore, SMHFC has made significant progress in revitalising its Developer Financing business, doubling disbursements compared to the previous fiscal year.

Our Unique Selling Points

Strong Parentage

- AAA-rated
- Steady infusion of capital

Experienced Management Team

- Industry veterans form part of the Board and Leadership team

Strong Footprint in Tier II and III Towns

- Geographically diversified
- Sizeable play basis network of 125 branches
- ~800 active channel partners

Expertise in Handling New-to-Credit/ Borrowers from the Informal Segment

- Region-specific specialty teams on board – underwriting, collateral management, valuation policy
- Sturdy portfolio across market cycles – demonetisation, RERA, GST, liquidity crisis, COVID-19

Strong Risk Governance Framework

- Pro-active monitoring based on the external environment, customer data, and bureau trends
- Robust delinquency management – from early warning signals to effective SARFAESI implementation

Comfortable Liquidity Position

- Diversified lender base, low reliance on short-term funding, well-managed ALM

Future Outlook

India has demonstrated remarkable resilience in navigating global headwinds and is now poised for growth despite uncertainties. The country's proactive approach has positioned it well to overcome any challenges that may arise on its path to progress. The Reserve Bank of India (RBI) has expressed immense confidence in the Indian economy, affirming that India will not slow down and will maintain the momentum achieved in 2022-23. The outlook remains optimistic for India, regardless of the prevailing circumstances.

Moving forward, SMHFC aims to sustain its growth trajectory achieved in FY 2023 by focusing on expanding its presence in Tier 2+ locations, building a strong in-house sales team, and leveraging analytics in its operations.

The Affordable Housing Finance Companies (AHFCs) sector is expected to experience a growth rate of 17-20% in FY 2024, driven by a favourable demographic profile, government emphasis on housing and affordability, and a supportive regulatory environment. Additionally, lenders are increasing their exposure to loans against property due to positive trends in asset quality, property valuations reaching pre-crisis levels, increased balance transfer lending for top-up loans, and a secured product base.

In the Developer Finance segment, SMHFC is committed to growth, with a focus on affordable and budget housing as well as end-user segment projects. The company plans to expand its presence in Tier 1 peripheries and Tier 2 cities to capitalise on these opportunities.

Technology

In the rapidly evolving competitive scenario, technology can be a key enabler for business to be successful. As the country increasingly digitises the way we conduct business, both opportunities and risks persist in equal measure in this domain. As a housing finance company, we recognise the need to accelerate digitisation to meet evolving business demands. In line with this, we have taken significant steps to enhance our digital capabilities.

Augmenting Digitisation

Last year, SMHFC had undertaken a Technology review to arrive at a digital strategy. In consultation with a leading technology partner, we went live with one of the best-in-class, cloud-based collections systems and have also redesigned our customer and sales journeys, which we hope will come to fruition in the new financial year. We expect this to be a multi-year journey for us and we are fully committed to see it through.

We have set up our Enterprise Architecture function to critically guide all the new technology decisions we aim to take, while also reviewing and setting up a path to modernise the legacy technology setup. We want to undertake this journey while closely aligning organisational goals, business capabilities and processes with technology solutions. Along with a holistic Enterprise Architecture view, we are aiming at simplifying our systems to arrive at a simpler, modern, cloud-first setup in measured steps. We are also focused on renewing our infrastructure and have been aggressively upgrading hardware and software in our technology landscape.

Instilling agility in a digital culture

In the current year, we made significant strides in enhancing the digital culture of our organisation. We trained more than 50 employees in Agile methodologies, up to the most senior levels, and are committed to following the Agile way of working.

Most importantly, the group made great progress in getting technology leadership in place with many senior resources joining us in key roles, providing us a stable foundation on which to build our envisaged technology landscape. While focusing more and more on digitisation, we have also kept the importance of cyber security and resilience in focus. These initiatives demonstrate our commitment to staying at the forefront of technological advancements and ensuring an enhanced experience for our stakeholders.

Internal Controls

SMHFC has established internal control systems appropriate for the nature of its business and the scale of its operations. These systems ensure that transactions are correctly authorised, recorded, and reported. The Company ensures adherence to all internal control policies and procedures and compliance with all regulatory guidelines regarding the business, risk, branches, and support functions. The Audit Committee reviews the adequacy of these systems.

The Internal Auditors' significant audit observations and follow-up actions were duly reported and discussed by the Audit Committee. During the year under review, the 'Internal Control Framework' was evaluated from a design and effectiveness of controls perspective by an Independent Risk Advisory Consultant. It was found to be compliant with the requirements relating to Internal Financial Controls as mandated under the Companies Act, 2013.

Risk Management

Risk Management Framework

The organisation has an independent risk management function with direct oversight by Board-nominated risk committees. The objective of the function is to balance the trade-off between risk and return and to ensure that the Company operates within the boundaries of the Board approved Risk Appetite Statement. Risk management framework comprises well-defined policies and processes encompassing identification, measurement, and management of risks across the lifecycle of the customer.

Risk Identification & Measurement

The Company recognises risk identification as a critical function in risk management and mitigation. To identify risks promptly, the Company uses a comprehensive Enterprise level Risk framework with multi-layered controls. The company follows a "Three Lines of Defence" philosophy whereby clear-cut policies and established risk tolerance levels ensure that operational and business units act as the first line of defence. Robust risk governance framework enables risk management units (Credit risk, Operational risk, Fraud risk, Internal Control Unit, InfoSec, and Compliance) to act as second line of defence while Internal Audit function operates as the third line of defence. Further risk oversight is maintained via Board and the Risk Oversight Committee, external auditors, and regulators.

The company has further strengthened its risk identification & measurement process by rolling out Board-approved ICAAP policy whereby the objective is to identify and accurately assess the significance of all material risks and ensuring capital adequacy under normal as well as stress scenarios. Adequate risk provisioning is also ensured for Standard as well as non-performing assets on a regular basis throughout the year under the INDAS framework via forward-looking ECL estimation models.

Usage of Analytics is at the heart of our business, ensuring that all key decisions across the customer lifecycle and all key functions are backed by data-based analysis. Customer acquisition and identification of target segment is supported by an optimal mix of analytical and statistical models, rule engine-based credit underwriting, and a robust operational and fraud risk management framework. Portfolio actions throughout the customer lifecycle in the form of cross-sell, top-ups, collections are also supported by new-age models enabling higher effectiveness of such actions.

Risk Appetite Framework

A clear understanding of our desired risk appetite is central to SMHFC's risk management approach. The Board of Directors approved a risk appetite framework that covers various types of risks that the organisation faces and clearly defines risk acceptance boundaries.

This time-tested framework directs the Company's future growth path, considering financial returns, solvency, earnings volatility, market and liquidity risk, credit risk, operational risk, information security risks, and legal and compliance risks for monitoring and timely actions. The metrics/thresholds shift in response to external/internal environment changes. Resources are allocated to the appropriate segments to optimise the entity's risk profile.

Product Policy, Governance, and Monitoring Framework

Every product at the Company is governed by a detailed policy framework outlined in the Product Approval Document (PAD), which is updated and approved annually by the Board. The document covers business strategy, critical customer selection criteria, product portfolio monitoring matrices, profitability, and provisioning norms. The Risk Oversight Committee (ROC) of the Board recommends these PADs for Board approval based on the MD & CEO and CRO recommendation. The Board approves the PADs.

Within the scope of the PAD, in-country product level policy documents are developed that specify target market norms, customer selection and credit acceptance criteria, credit approval methodology, verification, and remedial portfolio management policies. The policies' impact is evaluated regularly to ensure that they continue to adequately protect the Company from credit risk resulting from changes in macroeconomics, industry/segment, and other consumer behavioural characteristics.

A 'Test and Control' construct is used to expand risk parameters associated with a customer segment, exposure, or assessment methodology that are not explicitly covered by the PAD. This enables close monitoring and impact analysis of each policy's efficacy before its adoption.

The Company has a robust portfolio management framework in place. Through this framework, various exposure caps at portfolio and segment level are monitored. Each product is also monitored based on defined performance triggers and timely actions are initiated in case of any divergence.

Risk Governance

The Board is the apex governance body on all risk management related matters. The Board of Directors exercises its oversight over risk management directly as well as through the Risk Oversight Committee and Asset-Liability Management Committee, which functions under the oversight of Risk Oversight Committee of the Board.

Risk Mitigation

The following are the main pillars of risk mitigation:

- Regular Operational Risk Management Committee meetings
- Robust policies and standards which are updated regularly in line with industry best practices
- Internal Financial Controls Standards
- Optimal use of fraud databases, screening documents, and field visits to detect and mitigate potential fraud
- Compliance unit tracking all regulatory changes

Internal audits checks are conducted regularly to ensure that the responsibilities assigned are carried out effectively. Given the dynamic business and operating environment, as well as changing business needs, the Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal audit and internal control systems regularly. It makes recommendations for improving the existing control system. A robust In-house market risk and treasury team help manage risks related to liquidity, investments, interest rates, and borrowings by implementing rigorous policies and procedures.

Funding and Liquidity Management

The Company consistently places a strong emphasis on prioritising long-term and renewable resources. Our treasury team recognises the importance of maintaining adequate liquidity to support business operations and meet debt obligations. Despite the uncertainties and socio-economic challenges faced in the early stages of FY 2023, India has exhibited remarkable resilience. As a company, we successfully struck a balance between preserving liquidity, fostering growth, and fulfilling debt commitments during this demanding period. Bank borrowing remains a fundamental component of our borrowing strategy, contributing to stability and sustainability. Furthermore, the issuance of capital market borrowings and subordinated debt has bolstered our asset-liability position. In FY 2023, we successfully sold pools of loans against property amounting to ₹276 crores through the direct assignment route.

We deeply understand the significance of matched funding and long-term liquidity in driving overall growth. To fortify our funding profile's resilience, we maintain a robust pipeline of bank funding. Additionally, we strategically leverage pool sales and capital market sources whenever favourable opportunities arise, allowing us to optimise operational efficiency. We maintain adequate liquidity buffers comprising high-quality liquid assets to ensure seamless operations, prompt debt repayment, and protection against unforeseen business shocks. These are held in high-quality liquid assets that are highly rated and can be converted to cash immediately. Moreover, we have established liquidity backup by partially drawing sanctioned bank loans and maintaining fee-paying committed credit lines from reputed banks to address any contingencies that may arise. Throughout FY 2023, our primary objectives revolve around diversification and maintaining sufficient liquidity.

Furthermore, we have actively sought to broaden our sources of long-term and renewable funding by engaging with diversified lenders over the past year. In the previous year, we received reaffirmed ratings from CRISIL and CARE, a testament to our robust financial standing. Our long-term debt holds an esteemed AAA rating, reflecting its high creditworthiness, while our short-term debt is rated A1+, the highest short-term rating.

Human Resource Management

The success of our business is undeniably dependent on the skills and abilities of our employees. Their invaluable contributions have been instrumental in shaping our success story. Therefore, our management is dedicated to building upon the strengths of our workforce, empowering them to be effective, and prioritising their overall well-being.

We take pride in being consistently recognised as a certified "Great Place to Work" company and being listed among "Companies with Great Managers." These accolades are rooted in our core values of Integrity, Collaboration, Innovation, Diversity, Excellence, and Agility.

As a company, we are firmly committed to championing and acknowledging the incredible strength of character, resilience, and endurance that our employees bring to the workplace. On International Women's Day, we launched our Diversity and Inclusion program, called unTAGGED, Beyond Barriers. This programme places a special emphasis on gender diversity, and we celebrated with our inaugural 'Wonder Women at Work' session. During this session, women in leadership positions shared their growth journeys, discussed the challenges they faced both internally and externally, and provided insights on overcoming unconscious biases and competing effectively. The session also included interactions with senior male allies who have steadfastly supported these Wonder Women at Work, offering their own perspectives on diversity, and emphasising that performance and potential outweigh any perceived differences.

1,267

Highly talented individuals hired in FY 2023

At this Company, we take pride in celebrating women every day, and we are committed to breaking down barriers and creating a more diverse, inclusive, and equitable world for all.

Aligning our hiring practices with our business strategy is a top priority for us. As part of our capacity-building strategy, we focus on identifying the future needs of our company and recruiting individuals who are the right fit for the right roles. To keep pace with our rapid expansion, we have hired highly talented individuals, adding over 1,267 employees across various functions in FY 2023. We are also proud to be a preferred employer at India's top universities, including IIMs, IITs, ISI Kolkata, IRMA, and others.

Learning & Development

Our employee development framework is built around the skills needed to succeed in current and future roles and an employee's readiness for new opportunities as they arise. To ensure optimal implementation of this development framework, the Company has a dedicated in-house Learning & Development team under the brand "Gurukul."

The company understands that building an organisation for perpetuity requires a strategic and holistic approach. It is essential to focus not only on the short-term goals but also on the long-term vision of the organisation.

- Investing in people by providing them with **regular training and development programmes** to ensure they have the skills and knowledge necessary to thrive in the future.
- Building a **strong leadership pipeline** to ensure that there is a solid succession plan in place. Identifying high-potential employees and providing them with the necessary resources and opportunities to develop their leadership skills.
- Optimising available internal talent and focus on **Employee Capability Development programmes** that address the scarcity of top talent and serves as a retention tool at the same time.
- Focus on **embracing innovation and staying ahead of the curve.** Investing in new technologies, exploring new business models, and keeping a close eye on market trends to ensure we remain competitive and relevant in the years to come.
- **Building a strong brand** and reputation that will stand the test of time. Focusing on delivering exceptional customer service, building long-term relationships with our clients, and maintaining a strong corporate social responsibility program.

The Company recognises that the business landscape is constantly evolving and is committed to adapting and evolving with it to ensure our organisation remains strong and successful for generations to come.

Reward and Recognition (R&R) & Celebrations

Our R&R programme – FIRE, which was recently rebranded as STAR (**S**umitomo **M**itsui **T**alent **A**ppreciation & **R**ecognition), allows us to express our genuine gratitude to our colleagues who go above and beyond, while ensuring that our people are recognised and rewarded for making a difference. Throughout the year, this programme recognised over 260 employees. This year, the Company honoured 160 employees who have worked for the Company for 3, 5, 10, and 15 years.

Governance

SMHFC continues to promote meritocracy, integrity, and governance in legality and compliance. The Company has implemented several governance policies to encourage employees to raise complaints without fear of retribution or discrimination. The Company's Code of Conduct includes relevant statutes for preventing sexual harassment and a whistle-blower policy for quickly escalating and resolving issues.

STAR
Sumitomo Mitsui Talent Appreciation & Recognition

Rebranded employee reward and recognition programme

160 Employees

Honoured for tenure of 3, 5, 10 and 15 years

Standalone Financials as per IND AS

Analysis of the Financial Statements

The following table presents Company's standalone abridged financials for the financial year 2022-23.

Operating Results Information

₹ In crores, except percentages

Particulars	FY2022	FY2023	% change
Interest Income (A)	484	638	32
Other Income (B)	20	48	>100
Total Income (A+B) = C	**504**	**686**	**36**
Interest Expense (D)	273	359	31
Operating expenses (E)	141	242	33
Impairment of financial instruments (F)	67	32	-53
Profit before tax (C-D-E-F) = G	**23**	**53**	**>100**
Tax, including deferred tax (H)	6	13	>100
Profit after tax (G-H)	**17**	**40**	**>100**

Key ratios

The following table sets forth key financial ratios:

Particulars	FY2022	FY2023
Net Revenue Income (%)	5.4	6.0
Capital Adequacy (%)	24.3	22.3
Capital Adequacy- Tier I (%)	20.3	15.8
Return on average equity ROE (%)[1]	2.6	5.7
Return on average assets ROA (%)[2]	0.4	0.7
Debt Equity Ratio (times)	5.4x	6.3x
Book value per share	21.8	25.5
Earnings Per Share		
Basic (in ₹)	0.5	1.3
Diluted (in ₹)	0.5	1.3

Notes:

1. Return on average equity is net profit after tax to the average of monthly balances of the Shareholder's fund.
2. Return on average assets is net profit after tax to an average of monthly customer assets under management.

During the FY 2022-23, the disbursements of the Company increased to ₹3,055 crores, recording a growth of 137% on y-o-y basis; AUM increased to ₹6,427 crores up by 44% on Y-o-Y basis. The robust growth was supported by penetration in core markets and widening the distribution coverage. We have crossed a major milestone of ₹5,000 crores of AUM during this current fiscal year.

Total Income of the Company for the year ended March 31, 2023, was ₹686 crores compared to ₹504 crores in the previous year, recording a growth of 36% on y-o-y basis. Net revenue improved from 5.4% in FY 2022 to 6.0 % in FY 2023. During the year RBI hike the repo rate by 250 basis points resulting increasing the borrowing cost of the company. Because of increased rate, company have also increased its prime lending rate to maintain spreads.

Operating expenses increased by 72%, largely driven by building capacity & widening distribution to cater long term business volumes.

The Company reported a profit before tax of ₹53 crores for FY 2023 from a profit of ₹23 crores for FY 2022 on the back of significantly improved collection performance resulting lower impairment cost, volume growth and improved on boarding pricing.

The Company continues to maintain a healthy capital adequacy ratio as of 31 March, 2023, which is 22.3% against the regulatory requirement of 15%. Also, company have received equity infusion of ₹100 crores to support business growth, debt equity ratio stood at 6.3x as at end of financial year. The Return on average equity ('ROE') increased to 5.7% as compared to 2.6% in the previous year.

Asset Composition

In crores, except percentages (As per regulatory definition)

Particulars	FY2022		FY2023	
	Retail Advances	% of Retail Advances	Retail Advances	% of Retail Advances
Housing Loan	2,393	58	3,422	58
Non-Housing Loan	1,677	41	2,226	38
Developer Funding	56	1	280	5
Total	**4,126**	**100**	**5,928**	**100**

During the year, pursuant to the RBI circular dated 12 November, 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning ('IRACP') pertaining to Advances - Clarifications'', the Company has aligned its definition of default to comply with the norms/ changes for regulatory reporting, as applicable.

As per the requirements of Ind AS 109, the Company recognised impairment on financial assets using the Expected Credit Loss (ECL) model. On 31 March 2023, the total general provision held against Stage 1 & Stage 2 assets was ₹92 crores compared with ₹105 crores in 2022.

The GNPA ratio is 3.7% as of Mar-23 against 6.2% as of Mar-22. Net NPAs decreased to 2.3% as of Mar-23 from 3.0% as of Mar-22.

Resource & Liquidity

With a continued focus on diversification of borrowing resources and conservative liquidity management, the Company maintains an optimal and well-matched Asset Liability Management (ALM) profile. The liquid investments are spread across various high-quality liquid assets in form of fixed deposits, money market instruments, and treasury bills.

During FY 2023, the Company received its first ever refinance sanction from NHB for value ₹50 crores. Also, the Company raised funds from diversified sources, including banks, capital markets, money markets & direct assignment, to support the business momentum. As of 31 March, 2023, total borrowings stood at ₹5038 crores, of which Tier-II subordinated debt included ₹253 crores.

The Company has consistently received shareholder support towards growth capital. Shareholders are committed to infuse capital in the Company as and when required. During year, the Company received equity infusion of ₹100 crores for business growth.

For its long-term debt program, the Company maintained/ reaffirmed its highest credit rating of AAA/ Stable from CRISIL and CARE, and A1+ from CRISIL and CARE for its short-term debt program. The rating demonstrates the Company's strong financial management and ability to meet its financial obligations on time.

Cautionary Statement

This document includes projections and expectations regarding SMHFC's future events, financial performance, and operational results. However, forward-looking statements inherently involve assumptions and are subject to inherent risks and uncertainties. It is important to note that these assumptions, predictions, and other forward-looking statements may not turn out to be accurate. Readers are advised not to place undue reliance on forward-looking statements as various factors could cause actual future results and events to differ significantly from what is expressed in these statements. Therefore, it is essential to consider the disclaimers, assumptions, qualifications, and risk factors discussed and analyzed by SMHFC's management in its Annual Report for FY 2023 when interpreting this document.

Report on Corporate Governance

Company's Philosophy on Corporate Governance

SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)* ('SMHFC/Company') believes that best Board practices and transparent disclosures are necessary for creating shareholders' value. The Company has embedded the philosophy of corporate governance into all its activities. The Board of Directors of the Company ('the Board') provides strategic supervision and the Company's leadership team performs strategic management activities. In addition to compliance with regulatory requirements, the Company endeavours to adopt and enforce highest standards of ethical and responsible conduct.

The constitution of the Board and its Committees is in compliance with the relevant provisions of the Companies Act, 2013 ('the Act') relevant Rules made thereunder, a RBI Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Master Directions') and Framework for Scale Based Regulation for Non-Banking Financial Companies issued by the Reserve Bank of India (SBR Framework).

The Company has been identified as a High Value Debt Listed Entity ('HVDLE'), with effect from 7 September, 2021 and as such it is required to comply with relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR 2015') relating to corporate governance, on a 'comply or explain' basis, till 31 March, 2024 and on a mandatory basis thereafter vide SEBI (LODR) (Second Amendment) Regulation, 2023 dated 14 June, 2023. The Company has duly complied with the said corporate governance norms as stipulated in the SEBI LODR 2015 as on 31 March, 2023.

Board of Directors

All the Directors of the Company are well qualified persons of proven competence and possess the highest level of personal and professional ethics, integrity and values. The Directors of the Company exercise their objective judgment independently. The Directors actively participate in all strategic issues which are crucial for the long-term development of the Company.

As on 31 March, 2023, the Board comprises of six directors, with three (i.e. 50%) Independent Directors including two women Independent Directors, two Non-Executive Directors (i.e. 33%) and one Executive Director being the Managing Director & CEO of the Company. The Chairman of the Board is a Non-Executive Director. The composition of the Board is in conformity with Regulation 17 of the SEBI LODR 2015 read with Section 149 and Section 152 of the Act.

There are no Directors who have 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 LODR 2015.

All the Independent Directors of the Company have given a declaration that they meet the criteria of independence, as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR 2015.

In the opinion of the Board, the Independent Directors are persons of integrity and possess relevant expertise and experience and they continue to fulfil the criteria prescribed for an Independent Director as stipulated in Regulation 16(1)(b) of the SEBI LODR 2015 and Section 149(6) of the Act and are independent of the management of the Company.

Number of Board Meetings

During the year under review, five (5) Board meetings were convened and held on the following dates, wherein the required quorum was present throughout the meeting:

1) 11 May, 2022
2) 27 July, 2022
3) 7 September, 2022
4) 10 November, 2022 and
5) 2 February, 2023

The time gap between any two meetings was less than 120 days and at least one meeting was held in every quarter.

As a matter of good governance, the dates of the Board meetings are fixed in advance for the full calendar year to enable maximum attendance and participation of all the Directors. The relevant background materials of the agenda items are distributed well in advance of the meetings. All material information is presented for meaningful deliberations at the Board meetings. The Board on a continuous basis reviews the actions and decisions taken by it and by the Committees constituted by it.

Composition of the Board

Details of the Board, in terms of their directorships/memberships in committees of public limited companies, are as under:

As on 31 March, 2023

Name of the Director & DIN	Director since	Category of Directorship	No. of Other Directorships	No. of Committees[1] As Member	No. of Committees[1] As Chairman/ Chairperson	Other Directorship (including their designation in other listed entities)
Mr. Shantanu Mitra (DIN: 03019468)	22 December, 2021	Chairman, Non-Executive, Non-Independent Director	1	0	0	1. SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* (Chief Executive Officer and Managing Director)
Mr. Deepak Patkar (DIN: 09731775)	2 February, 2023	Managing Director & CEO	0	0	0	-
Mr. Ajay Pareek (DIN: 08134389)	22 December, 2021	Non-Executive, Non-Independent Director	0	0	0	-
Ms. Sudha Pillai (DIN: 02263950)	21 August, 2019	Non-Executive, Independent Director	7	6	3	1. Jubilant Pharmova Limited (formerly known as Jubilant Life Science Limited) (Independent Director); 2. Dalmia Cement (Bharat) Limited (Independent Director) 3. Jubilant Generics Limited (Independent Director) 4. Amber Enterprises India Limited (Independent Director); 5. Dalmia Bharat Limited (formerly known as Odisha Cement Limited) (Independent Director); 6. Indian Energy Exchange Limited (Independent Director); 7. Jubilant Ingrevia Limited (Independent Director)
Mr. Radhakrishnan B. Menon (DIN: 01473781)	22 December, 2021	Non-Executive, Independent Director	2	0	0	1. Infiiloom India Private Limited (Director); 2. LBW Consulting Private Limited (Managing Director)
Ms. Dakshita Das (DIN: 07662681)	20 January, 2023	Non-Executive, Independent Director	1	0	0	1. SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* (Non-Executive, Independent Director)

Notes:

1. For the purpose of considering the committee's membership and chairmanship, the audit committee and stakeholder relationship committee of other public limited companies (excluding HVDLE, Private Limited, Foreign Companies, and Companies u/s 8 of the Act) have been considered. As per disclosure(s) received, the Directors did not hold Memberships in more than ten Committees and

Chairpersonship in more than five Committees and none of the Directors is on the Board of more than: i. twenty companies; ii. Ten public limited companies; iii. seven listed entities

2. Mr. Pavan Kaushal, Non-Executive Director, resigned from the Board of the Company with effect from the close of business hours of 31 May, 2022, pursuant to his superannuation from the services of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*, the parent company.

3. Ms. Sunita Sharma, was appointed a Non-Executive, Independent Director of the Company, with effect from 26 April, 2022 & ceased to be a Non-Executive, Independent Director with effect from 24 November, 2022, considering her other professional commitments.

4. Ms. Dakshita Das, was appointed as a Non-Executive, Independent Director of the Company, with effect from 20 January, 2023.

5. The Board, on the recommendation of Nomination and Remuneration Committee ('NRC'), appointed Mr. Deepak Patkar as CEO for a period of 5 years with effect from 7 September, 2022. The NRC further recommended the appointment of Mr. Patkar as Managing Director & CEO subject to shareholders and RBI's approval. The Board of Directors, post receipt of approval from RBI, appointed Mr. Deepak Patkar as Managing Director & CEO of the Company for a period effective from i.e. 2 February, 2023 up to 6 September, 2027. His appointment as a Director of the Company was regularised through an Extra-Ordinary General Meeting ('EGM') held on 2 February, 2023. During his tenure, Mr. Patkar shall not be liable to retire by rotation.

Details of change in composition of the Board during the financial year ended 31 March, 2022

(In accordance with Section II - Corporate Governance - RBI Circular on Disclosures in Financial Statements- Notes to Accounts of NBFCs dated 19 April, 2022)

Sl. No	Name of Director	Capacity	Nature of change	Effective date
1	Mr. Shantanu Mitra	Chairman, Non-Executive, Non-Independent Director	Appointment	22 December, 2021
2	Mr. Ajay Pareek	Non-Executive, Non-Independent Director	Appointment	22 December, 2021
3	Mr. Radhakrishnan B. Menon	Non-Executive, Independent Director	Appointment	22 December, 2021
4	Mr. Anindo Mukherjee	Chairman and Non-Executive, Non-Independent Director	Cessation	22 December, 2021
5	Dr. Milan Shuster	Non-Executive, Independent Director	Cessation	22 December, 2021
6	Mr. Rakesh Makkar	Chief Executive Officer and Whole Time Director	Resignation	15 March, 2022

Board Meetings

The attendance of each Director at the meetings of the Board and at the 12th Annual General Meeting (AGM) held during the year under review, are as under:

Directors	Board Meetings		Attendance at the 12th AGM held on 20 September, 2022
	Number of meetings held/ attended during their tenure	% of meetings attended	
Mr. Shantanu Mitra	5/5	100%	Yes
Mr. Deepak Patkar	0/0	-	N.A.
Mr. Pavan Kaushal	1/1	100%	N.A.
Mr. Ajay Pareek	5/5	100%	Yes
Ms. Sudha Pillai	5/5	100%	Yes
Mr. Radhakrishnan B. Menon	5/5	100%	No
Ms. Sunita Sharma	4/4	100%	No
Ms. Dakshita Das	1/1	100%	N.A.

Notes:

1. Mr. Deepak Patkar was appointed as a Managing Director & CEO of the Company at the Board meeting held on 2 February, 2023.
2. Ms. Dakshita Das, was appointed as a Non-Executive, Independent Director on the Board of the Company, with effect from 20 January, 2023.
3. Mr. Pavan Kaushal, Non-Executive, Non-Independent Director, resigned from the Board of the Company with effect from the close of business hours of 31 May, 2022, pursuant to his superannuation from the services of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*, the parent company.

Number of shares and convertible instruments held by Directors

As on date, none of the Directors hold any equity shares of the Company, except Mr. Shantanu Mitra, Mr. Deepak Patkar and Mr. Ajay Pareek who hold 1 equity share each, as a Nominee of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*. The Company has not issued any convertible instruments.

Familiarisation Programme

The Company conducts familiarisation programmes for its Non-Executive Directors. The familiarisation programme ensures that the Non-Executive Directors are updated on the business and regulatory environment and the overall operations of the Company. The Non-Executive Directors periodically meet the senior management of the Company wherein they are briefed on the performance of the Company. The details of such Familiarisation Programmes for Directors may be referred to, at the website of the Company at its weblink i.e. https://www.grihashakti.com/images/cg/Familiarization-Program-for-IDs-for-website-upload.pdf

Board Expertise and Attributes

The Board consist of Directors who bring a wide range of skills, knowledge, expertise and experience, which enhances the overall board effectiveness. The Company has mapped the skills possessed by the Directors, based on the information provided by them.

A tabular representation of the skill possessed by the Directors of the Company, is as under:

As on 31 March, 2023

Skill Areas	Industry experience	Leadership and strategic planning	Legal and regulatory compliance	Financial expertise	Business operations	Consumer behaviour, sales & marketing	Corporate governance	Risk management	Information Technology & cyber security
Mr. Shantanu Mitra	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Deepak Patkar	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr. Ajay Pareek	Y	Y	-	Y	Y	Y	Y	Y	Y
Ms. Sudha Pillai	-	Y	Y	Y	-	-	Y	-	Y
Mr. Radhakrishnan B. Menon	-	Y	-	Y	-	-	Y	Y	-
Ms. Dakshita Das	Y	Y	Y	Y	Y	Y	Y	Y	Y

Separate Meeting of Independent Directors

The Independent Directors met separately (without the presence of the Management or Non-Executive, Non-Independent Directors) on 25 April, 2022, in terms of Section 149(8) read with Schedule IV of the Act and Regulations 25 of the SEBI LODR 2015.

Resignation of Independent Directors

During the year under review, Ms. Sunita Sharma, resigned as the Non-Executive, Independent Director of the Company, with effect from 24 November, 2022 citing her other professional commitments, as provided in her resignation letter dated 24 November, 2022. The said Independent Director has confirmed that there were no other material reasons other than those provided in her resignation letter.

Code of Conduct

All the Board members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct. The Managing Director & CEO has also confirmed and certified the same. Certification to this effect is provided at the end of this Report on Corporate Governance.

Board Committees

The following data is provided, as on date.

The Committees constituted by the Board focus on specific areas. They 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, if 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 31 March, 2023, the Company has seven Committees of the Board:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. Risk Oversight Committee;
5. Corporate Social Responsibility Committee;
6. IT Strategy Committee; and
7. Wilful Defaulter Review Committee:

Audit Committee

The Board has constituted the Audit Committee pursuant to the requirements under Section 177 of the Act, the SEBI LODR 2015 and the RBI Master Directions. The Audit Committee is vested with necessary powers, as per its Terms of Reference, duly approved by the Board.

The Statutory Auditors and Internal Auditors are invited to the meeting to bring out the issues which they may have with regards to finance, operations, compliance, processes, systems and other relevant matters. The proceedings of the Audit Committee Meetings were noted by the Board at their meetings. The Company Secretary acts as Secretary to the Committee.

Composition

The Audit Committee currently comprises of two Non-Executive, Independent Directors and one Non-Executive, Non-Independent Director. All the members of the Audit Committee are financially literate and persons of proven competence and integrity.

Name of the Member	Category	Member of the Committee since
Ms. Sudha Pillai, Non-Executive, Independent Director	Chairperson	21 August, 2019 (As a Chairperson- 22 December, 2021)
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director	Member	22 December, 2021
Ms. Dakshita Das, Non-Executive, Independent Director	Member	20 January, 2023

Ms. Sudha Pillai, Chairperson of the Committee, attended the last Annual General Meeting held on 20 September, 2022.

Notes:

1. Mr. Radhakrishnan B. Menon *(ceased to be a member w.e.f. 1 July, 2022)*
2. Ms. Sunita Sharma *(inducted as a member w.e.f. 1 July, 2022 and she ceased to be a member w.e.f. 24 November, 2022)*

Brief Description of Terms of Reference:

The powers and terms of reference of the Audit Committee are comprehensive and include the requirements as prescribed under Section 177 of the Act, 2013, the SEBI LODR 2015, RBI Master Directions and SBR Framework. The Committee is vested with necessary powers as defined in its Terms of Reference, duly approved by the Board.

The Terms of Reference of the Audit Committee, in brief, are as under:

I. To review the quarterly/ annual financial statement/ results before it is placed to Board for approval.

II. To review the adequacy and effectiveness of internal financial control

III. To ensure that the financial statement is correct, sufficient and credible;

IV. To review and make recommendations for appointment and removal, remuneration and terms of appointment, of Internal and external auditors of the Company;

V. To review and approve appointment and terms of appointment of chief financial officer and Head Internal Audit.

VI. To review and, monitor the auditors' independence and performance, and effectiveness and scope of internal and external audit process as well as post-audit discussion to ascertain any area of concern;

VII. To review the scope, functioning, structure, staffing and methodology of internal audit and to approve the (risk based) internal audit plans.

VIII. To review Information System Audit report and discuss significant findings, if any, with the auditors.

IX. To approve provision of any other services by auditors apart from audit, except those which are prohibited and advice on the remuneration to be paid for such services;

X. To review and approve, related party transactions including review of details of related party transactions entered pursuant to grant of omnibus approval and make suitable recommendations to the Board, where necessary with regard to related party transactions and any subsequent modifications therein;

XI. To scrutinise inter-corporate loans and investments;

XII. To oversee establishment of a vigil mechanism (whistle blower mechanism) for directors and employees, to examine the reports under the vigil mechanism and to take suitable action against complainants including reprimand in case of repeated frivolous complaints.

XIII. To carry out such other functions as may be delegated by the Board from time to time, or as may be necessary or appropriate for the performance of its duties or is mandatory for it to be carry out under Companies Act, SEBI Act and, RBI Act or any rules/ guidelines/ regulations/ circulars/etc. issued under those laws or any other applicable laws.

Meetings and Attendance during the year

The meetings of the Audit Committee were held four times during the year on the following dates, wherein the necessary quorum was present throughout the meetings:

1) 11 May, 2022;
2) 27 July, 2022;
3) 10 November, 2022 and
4) 2 February, 2023.

The details of the attendance of the aforesaid meetings are as under.

Members	Number of meetings held/ attended during their tenure	% of attendance
Ms. Sudha Pillai, Non-Executive, Independent Director	4/4	100%
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director	4/4	100%
Ms. Dakshita Das, Non-Executive, Non-Independent Director *(inducted as a member w.e.f. 20 January, 2023)*	1/1	100%
Mr. Radhakrishnan B. Menon, Non-Executive, Independent Director *(ceased to be a member w.e.f. 1 July, 2022)*	1/1	100%
Ms. Sunita Sharma, Non-Executive, Independent Director *(ceased to be a member w.e.f. 24 November, 2022)*	2/2	100%

Nomination and Remuneration Committee

The Board has constituted the Nomination and Remuneration Committee (NRC) pursuant to the requirements under Section 178 of the Act, the SEBI LODR 2015, the RBI Master Directions and SBR Framework. The NRC is vested with necessary powers, as per its Terms of Reference, duly approved by the Board.

Composition

The NRC comprises of two Non-Executive, Independent Directors and one Non-Executive, Non-Independent Director, detailed as under:

Name of the Member	Category	Member of the Committee since
Ms. Sudha Pillai, Non-Executive, Independent Director	Chairperson	21 August, 2019 (As a Chairperson- 22 December 2021)
Mr. Shantanu Mitra, Non-Executive, Non- Independent Director	Member	22 December, 2021
Mr. Radhakrishnan B. Menon, Non-Executive, Independent Director	Member	22 December, 2021

Ms. Sudha Pillai, Chairperson of the Committee, attended the last Annual General Meeting held on 20 September, 2022.

Brief Description of Terms of Reference:

The Terms of Reference of the NRC, in brief, are as under:

Nomination Function:

1. Regularly review the structure, size and composition of the Board and its Committees, devise a policy on Board diversity, evaluate the balance of skills, knowledge and experience on the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director;
3. Identify and recommend for the approval of the Board, persons who are qualified to become directors and who are "fit and proper" as per the aforementioned applicable laws;
4. Identify suitable candidate who are qualified to become directors, based on skills, knowledge and experience on the board using services of external agencies, if required and recommend such candidate to the Board for appointment as an Independent Director;
5. Identify suitable candidates who may be appointed in Senior Management, in accordance with the criteria laid down, ensuring that there is no conflict of interest and recommend to the Board their appointment and removal;
6. Devise a Performance review mechanism and recommend matters related to continuation in office of any existing Director(s) and reappointment of Director(s) on expiry of their current tenure including those retiring by rotation, on the basis of outcome of their performance evaluation;
7. Review and recommend to the Board a Policy relating to Succession Planning for Directors and Senior Management of the Company.

Remuneration Function:

1. Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees of the Company
2. Review and recommend to the Board, the remuneration, in whatever form, payable to the Directors and Senior Management of the Company;
3. Review and approve the compensation of the MD & CEO/ Executive Director of the Company within the limits as approved by shareholders and in terms of the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and subject to receipt of requisite approvals;
4. Recommend the overall compensation strategy and remuneration budget covering all employees of the Company;

5. Work in close co-ordination with the Risk Oversight Committee ('ROC') to achieve effective alignment between compensation and risks.

Meetings and Attendance during the year

The NRC meetings were held twice during the year on the following dates wherein the necessary quorum was present throughout the meeting:

i. 11 May, 2022 and

ii. 10 November, 2022;

The NRC meets as and when required subject to a minimum of two meetings in a financial year.

The details of the attendance of the aforesaid meetings are as under.

Members	Number of meetings held/ attended during their tenure	% of attendance
Ms. Sudha Pillai, Non-Executive, Independent Director	2/2	100%
Mr. Radhakrishnan B. Menon, Non-Executive, Independent Director	2/2	100%
Mr. Shantanu Mitra, Non-Executive Non-Independent Director	2/2	100%

The proceedings at the meetings of the NRC were noted by the Board at its meeting. The Head of Human Resources of the Company, acts as the Secretary to the Committee.

Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria for Independent Directors were determined by the NRC. An indicative list of parameters on the basis of which evaluation of performance of Independent Directors was carried out includes their involvement, contribution, knowledge, competency, teamwork, initiative, commitment, integrity, independence and offering guidance to and understanding of the areas which were relevant to them in their capacity as members of the Board of the Company.

Stakeholders Relationship Committee

The Board has constituted the Stakeholders Relationship Committee ('SRC') pursuant to the requirements of the SEBI LODR 2015. The SRC is vested with necessary powers, as per its Terms of Reference, duly approved by the Board. Mr. Jitendra Maheshwari, the Company Secretary and Compliance Officer of the Company, oversees the investor complaints received and redressed during the year.

Composition

The SRC currently comprises of two Non-Executive, Non-Independent Directors and one Non-Executive, Independent Director.

Name of the Member	Category	Member of the Committee since
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director	Chairman	22 December, 2021
Ms. Sudha Pillai, Non-Executive, Independent Director	Member	22 December, 2021
Mr. Ajay Pareek, Non-Executive, Non-Independent Director	Member	1 July, 2022

Mr. Shantanu Mitra, Chairman of the Committee, attended the last Annual General Meeting held on 20 September, 2022.

Note:

1. Mr. Pavan Kaushal, Non-Executive, Non-Independent Director *(ceased to be a member w.e.f. the close of business hours on 31 May, 2022).*

Brief Description of Terms of Reference:

The terms of reference of the SRC in brief, are as under:

1. Resolving 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, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. 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.

Meeting and Attendance during the year

The SRC meeting was held once during the year on 2 February, 2023 wherein the necessary quorum was present throughout the meeting.

The details of the attendance of the aforesaid meeting is as under.

Members	Number of meetings held / attended during their tenure	% of attendance
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director	1/1	100%
Ms. Sudha Pillai, Non-Executive, Independent Director	1/1	100%
Mr. Ajay Pareek, Non-Executive, Non-Independent Director *(inducted as a Member on 1 July, 2022)*	1/1	100%

Details of Investor Complaints

During the financial year 2022-23, no complaints were received from the debenture holders/other investors (including through the Stock Exchange/ SEBI SCORES platform), detailed as under:

No. of Complaints pending as on 1 April, 2022	No. of Complaints received during the period from 1 April, 2022 to 31 March, 2023	No. of Complaints disposed of during the period from 1 April, 2022 to 31 March, 2023	No. of Complaints pending as on 31 March, 2023
Nil	Nil	Nil	Nil

Risk Oversight Committee

The Company has a comprehensive, well-established and detailed risk management framework with emphasis on risk management practices to ensure an appropriate balance between risks and returns. The Board has constituted the Risk Oversight Committee ('ROC') to identify, review and control key risk areas, across the entire Organisation as per the requirements of relevant RBI Master Directions. The ROC also monitors the risk management in the Company. The risk assessment and mitigation procedures are reviewed by the Board periodically. The proceedings of the meetings of the ROC were noted by the Board at its meetings. The Company Secretary acts as Secretary to the ROC.

Composition

The ROC currently comprises of two Non-Executive, Non-Independent Directors, one Non-Executive, Independent Director and one Executive Director.

Name of the Member	Category	Member of the Committee since
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director	Chairman	22 December, 2021
Mr. Deepak Patkar, Managing Director & CEO	Member	8 November, 2022
Mr. Ajay Pareek, Non-Executive, Non-Independent Director	Member	22 December, 2021
Ms. Dakshita Das, Non-Executive, Independent Director	Member	20 January, 2023

Notes:

1. Mr. Pavan Kaushal, Non-Executive, Non-Independent Director *(ceased to be a member w.e.f. close of business hours on 31 May, 2022)*
2. Mr. Radhakrishnan B. Menon, Non-Executive, Independent Director *(ceased to be a member w.e.f. 1 July, 2022)*
3. Ms. Sunita Sharma, Non-Executive, Independent Director *(inducted as a member w.e.f. 1 July, 2022 and ceased to be a member w.e.f. 24 November, 2022)*
4. Mr. Deepak Patkar was inducted as a member, pursuant to his appointment as Chief Executive Officer.

Brief Description of Terms of Reference:

The Terms of Reference of ROC, in brief, are as under.

1. Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate overall risks associated with the business of the Company;
2. Provide direction in building strong risk management framework in the Company and inculcate risk culture within the Organisation;
3. Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems; Oversee risk assessment and minimisation procedures;
4. Monitor adherence to various risk parameters by operating departments; and
5. To review the risk appetite of the company, monitor the development of risk appetite statement ('RAS') and the actual results against the approved metrics in RAS

The ROC controls and manages the inherent risks relating to the Company's activities in the following categories:

- Credit Risk
- Market Risk/Liquidity Risk
- Currency Risk
- Interest Rate Risk
- Operational Risk
- Cyber Security/Infosec Risk
- Other Risks
- Other functions as may be delegated by the Board from time to time

Meetings and Attendance during the year

The meetings of the ROC were held twice during the year on the following dates, wherein the necessary quorum was present at all the meetings:

1. 11 May, 2022 and
2. 10 November, 2022.

The details of the attendance of the aforesaid meetings are as under:

Members	Number of meetings held/ attended during their tenure	% of attendance
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director	2/2	100%
Mr. Deepak Patkar, Managing Director & CEO *(inducted as a member w.e.f. 8 November, 2022)*	1/1	100%
Mr. Ajay Pareek, Non-Executive, Non-Independent Director	2/2	100%
Ms. Dakshita Das, Non-Executive, Independent Director *(inducted as a member w.e.f. 20 January, 2023)*	0/0	-
Mr. Pavan Kaushal, Non-Executive, Non-Independent Director *(ceased to be a member w.e.f. close of business hours on 31 May, 2022)*	1/1	100%
Mr. Radhakrishnan Menon, Non-Executive, Independent Director *(ceased to be a member w.e.f. 1 July, 2022)*	1/1	100%
Ms. Sunita Sharma, Non-Executive, Independent Director *(inducted as a member w.e.f. 1 July, 2022 and ceased to be a member w.e.f. 24 November, 2022)*	1/1	100%

Corporate Social Responsibility Committee

The Company has a Corporate Social Responsibility ('CSR') Committee to comply with the requirements of Section 135 of the Act. The Committee is vested with necessary powers, as laid down in its Terms of Reference, to achieve its objectives.

Composition

The CSR Committee currently comprises of two Non-Executive, Independent Directors and one Non-Executive, Non-Independent Director.

Name of the Member	Category	Member of the Committee since
Ms. Sudha Pillai, Non-Executive, Independent Director	Chairperson	23 November, 2020
Mr. Ajay Pareek, Non-Executive, Non-Independent Director	Member	1 July, 2022
Mr. Radhakrishnan B. Menon, Non-Executive, Independent Director	Member	1 July, 2022

Notes:

1. Mr. Pavan Kaushal, Non-Executive, Non-Independent Director *(ceased to be a member w.e.f. close of business hours on 31 May, 2022)*
2. Ms. Sunita Sharma, Non-Executive, Independent Director *(inducted as a member w.e.f. 1 July, 2022 and ceased to be a member w.e.f. 24 November, 2022)*

Terms of Reference

The Terms of Reference of the CSR Committee in brief are as under:

1. To formulate and recommend to the Board the Company's CSR policy, or any modifications in the policy, which shall indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Companies Act, 2013.
2. To monitor the implementation of the CSR Policy of the Company from time to time, to review CSR programmes, reports on CSR activities, recommend changes or alterations if any.
3. To review and recommend the Annual Budget for CSR activities/the amount of total expenditure to be incurred on different CSR activities during the year, to the Board.
4. To institute a transparent monitoring mechanism for ensuring implementation of the projects/programmes/activities proposed to be undertaken by the company and review the amount spent on CSR.
5. To review synergy or alignment for various CSR activities along with partners as per the sectors identified by the Company for CSR.
6. To review and finalise the Annual CSR Report reflecting fairly the Company's CSR approach, policies, systems and performance.
7. To carry out such other functions as may be delegated by the Board from time to time, or as may be necessary or appropriate for the contribution of its duties to achieve overall CSR objectives of the Company or is mandatory for it to be carried out by any regulatory requirements.

Meetings and Attendance during the year

During the FY 2022-23, due to inadequacy of average net profits during the three preceding financial years, the Company had no mandatory amount required to be spent and undertake any CSR activities as required under Section 135 of the Act. No meetings were held during the said period.

IT Strategy Committee

The Board has constituted the IT Strategy Committee ('ITS Committee') to comply with the requirements as prescribed by RBI Master Direction-Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021. The Committee is vested with necessary powers, as laid down in its Terms of Reference, to achieve its objectives.

Composition

The ITS Committee currently comprises of one Non-Executive, Independent Director, two Non-Executive, Non-Independent Directors, one Executive Director and Chief Information Officer/ Chief Technology Officer (CIO/CTO):

Name of the Member	Category	Member of the Committee since
Ms. Dakshita Das, Non-Executive, Independent Director	Chairperson	20 January, 2023
Mr. Shantanu Mitra, Non-Executive, Non- Independent Director	Member	22 December, 2021
Mr. Deepak Patkar, Managing Director & CEO	Member	2 February, 2023
Mr. Ajay Pareek, Non-Executive, Non-Independent Director	Member	22 December, 2021
Chief Information Officer/ Chief Technology Officer	Member	15 July, 2021

Notes:

1. Mr. Pavan Kaushal, Non-Executive, Non- Independent Director *(ceased to be a member w.e.f. close of business hours on 31 May, 2022)*
2. Ms. Sudha Pillai, Non-Executive, Independent Director *(ceased to be a Chairperson and member w.e.f. 1 July, 2022)*
3. Ms. Sunita Sharma, Non-Executive, Independent Director *(inducted as Chairperson w.e.f. 1 July, 2022 and ceased to be member w.e.f. 24 November, 2022)*
4. Mr. Deepak Patkar was inducted as a member, pursuant to his appointment as Managing Director & CEO.

Terms of Reference

The Terms of Reference of the ITS Committee in brief, are as under:

1. Approving IT/IS strategy and IT/IS policy documents and ensuring that the management has put an effective strategic planning process in place.
2. Ascertaining that management has implemented processes and practices which ensures that the IT delivers value to the business.
3. Ensuring IT/IS investments represent a balance of risks and benefits and that budgets are acceptable.
4. 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.
5. Ensuring proper balance of IT investments for sustaining SMHFC growth and becoming aware about exposure towards IT risks and controls.
6. Instituting an appropriate governance mechanism for outsourced processes, comprising of risk-based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner.
7. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing.
8. Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements
9. To carry out such other functions as may be delegated by the Board from time to time, or as may be necessary or appropriate for the performance of its duties or is mandatory for it to be carried out by any regulatory requirements.

Meetings and Attendance during the year

The meetings of the ITS Committee were held thrice during the year on the following dates, wherein the necessary quorum was present throughout the meetings:

i. 14 September, 2022

ii. 2 February, 2023 and

iii. 31 March, 2023

The details of the attendance of the aforesaid meetings, are as under.

Members	Number of meetings held/ attended during their tenure	% of attendance
Ms. Dakshita Das, Non-Executive, Independent Director *(inducted as a Member and Chairperson w.e.f. 20 January, 2023)*	2/2	100%
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director	3/3	100%
Mr. Deepak Patkar, Managing Director & CEO *(inducted as a member w.e.f. 2 February, 2023)*	2/2	100%
Mr. Ajay Pareek, Non-Executive, Non-Independent Director	3/3	100%
Ms. Sunita Sharma, Non-Executive, Independent Director *(inducted as Chairperson w.e.f. 1 July, 2022 and ceased to be a Member w.e.f. 24 November, 2022)*	1/1	100%
Chief Information Officer/ Chief Technology Officer	2/3	66.66%

The proceedings of the meetings of the ITS Committee were noted by the Board at its meetings. The Company Secretary acts as Secretary to the ITS Committee.

Wilful Defaulter Review Committee

The Board has constituted the Wilful Defaulter Review Committee ('WDRC') in compliance with the requirements prescribed by the RBI Master Direction. The Committee is vested with necessary powers, as laid down in its Terms of Reference, to achieve its objectives.

Composition

The WDRC currently comprises of two Non-Executive, Independent Directors, one Non-Executive, Non-Independent Director and one Executive Director.

Name of the Member	Category	Member of the Committee since
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director	Chairman	22 December, 2021
Mr. Deepak Patkar, Managing Director & CEO	Member	2 February, 2023
Ms. Sudha Pillai, Non-Executive, Independent Director	Member	21 August, 2019
Ms. Dakshita Das, Non-Executive, Independent Director	Member	20 January, 2023

Notes:

1. Mr. Radhakrishnan B. Menon, Non-Executive, Independent Director *(ceased to be member w.e.f. 1 July, 2022).*
2. Ms. Sunita Sharma, Non-Executive, Independent Director *(inducted as member w.e.f. 1 July, 2022 and she ceased to be a member w.e.f. 24 November, 2022)*

Terms of Reference

The Terms of Reference of the WDRC in brief, are as under:

1. To review the order of the Wilful Defaulters Identification Committee (WDIC) for classification of certain identified borrowers as 'Wilful Defaulters'.
2. Upon identification of borrower/group as Wilful Defaulter, communication of order to the Wilful Defaulters Identification Committee ('WDIC') for onward communication to the Borrower /group; ensuring simultaneous reporting to all CICs in prescribed format by the Company.
3. To review and recommend to the Board for de-classification of borrowers who had been earlier identified as 'Wilful Defaulters' basis their credit discipline and cooperative dealings with the Company.
4. Carry out such other functions as may be delegated by the Board from time to time, or as may be necessary or appropriate for the performance of its duties or is mandatory for it to be carry out by any regulatory requirements.

Meetings and Attendance during the year

No meeting of the WDRC was held during the year. The Company Secretary acts as Secretary to the WDRC.

Code for prevention of Insider-Trading practices

As per the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has in place Board approved Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons as well as a Code of Fair Disclosure in accordance with aforesaid Regulations. All the Directors on the Board and Management Team and other employees who could be privy to unpublished price-sensitive information of the Company are governed by this Code. The Fair disclosure code referred above can be accessed, at the website of the Company at its weblink i.e. https://www.grihashakti.com/IMAGES/CG/Policy%20on%20disclosure%20of%20Unpublished%20Price%20Sensitive.pdf

Remuneration of Directors

Non-Executive Directors:

Details of remuneration paid to the Non-Executive Directors for the FY 2022-23, is as under:

Non-Executive, Non-Independent Directors:

No remuneration is paid to Non-Executive, Non-Independent Directors of the Company.

Non-Executive, Independent Directors:

Details of remuneration paid to the Non-Executive, Independent Directors of the Company for the FY 2022-23, are as under:

Members	Sitting Fees Paid for meetings of the Board/ Committees held during the FY 2022-23 (₹)	Commission paid for the FY 2021-22 (₹)
Mr. Radhakrishnan B. Menon	8,80,000	-
Ms. Sudha Pillai	10,90,000	-
Ms. Sunita Sharma *(ceased to be a Non-Executive, Independent Director w.e.f. 24 November, 2022)*	6,80,000	-
Ms. Dakshita Das *(Appointed as a Non-Executive, Independent Director, with effect from 20 January, 2023)*	3,10,000	-

Please note that, the Board of Directors by way of circulation on 26 April, 2022, had approved the revision in the sitting fees and remuneration/ commission payable to the Non-Executive, Independent Directors, with effect from 1 April, 2021, detailed as under:

Sitting Fees:

- From ₹50,000/- to ₹70,000/- for attending every meeting of the Committees of the Board.
- From ₹75,000/- to ₹100,000/- for attending every meeting of the Board or such other meetings which they are required to attend as per the statutory requirement.

Remuneration/Commission

- Limits for each Independent Director – ₹2 mio per year
- Limits for Chairman of the Board – ₹3.5 mio per year

Executive Director:

Details of the remuneration paid to Mr. Deepak Patkar as the Managing Director & CEO of the Company, during the period 2 February, 2023 up to 31 March, 2023, both days inclusive are as under:

i) All elements of remuneration package of individual directors summarised under major groups, such as salary, benefits, bonuses, stock options, pension etc.

Particulars of Remuneration	Amount in ₹
Salary	2,441,504
Value of perquisites, other benefits, allowances & retirement benefits	127,870
Retiral Benefits	144,297
Insurance	0
Performance Bonus paid (for Previous Year Performance i.e. FY21-22)	0
Total	**2,713,671**

ii) Details of fixed component and performance linked incentives, along with the performance criteria:

Fixed pay details included in Salary and perquisites.

iii) Service contracts, notice period, severance fees:

a. Service contract: Not Applicable

b. Notice Period: 90 days

c. Severance Fees: Not Applicable

iv) Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable -

Phantom stock units issued as on date: 4,375,000

The options vest on completion of 3+ years from the date of grant at an equal ratio over a period of 2 / 3 years, as per terms specified in each grant. The units so vested are to be exercised within 2/3 years from the final date of vesting, as per terms specified in each grant. At the time of the initial grants the individual was designated as Chief Risk Officer in SMICC.

Transactions with Non-Executive Directors

The Non-Executive Directors of the Company have not entered into any pecuniary relationships or transactions with the Company or its Directors, Senior Management, other than in the normal course of business of the Company, except receipt of sitting fees and commission by the Non-Executive Independent Directors of the Company. Further, there are no inter-se relationships between our Board Members.

Criteria for paying remuneration to Non-Executive Directors

The Company does not pay any remuneration to its Non-Executive, Non-Independent Directors. However, the NRC has approved the criteria for payment of remuneration to its Non-Executive, Independent Directors. 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. at https://www.grihashakti.com/images/CG/SMFG-Grihashakti-remuneration-policy.pdf

General Body Meeting

a. Annual General Meeting:

The details of the Annual General Meeting held in the last three years, are given below:

Annual General Meeting (AGM)	Venue	Day & Date	Time	Special Resolutions passed
Twelfth AGM	Through two-way video conferencing	Tuesday, 20 September, 2022	02:00 P.M.	1. To appoint Ms. Sunita Sharma (DIN: 02949529) as an Independent Director of the Company.
Eleventh AGM		Monday, 6 September, 2021	10:30 A.M.	No Special Resolution was passed.
Tenth AGM		Tuesday, 4 August, 2020	11:30 A.M.	1. To extend the current tenure of Dr. Milan Shuster, (DIN: 07022462), Independent Director, by two years.

All the resolutions were passed by show of hands and no resolution was passed by postal ballot. There is no immediate proposal for passing any resolution through postal ballot.

b. Extra-ordinary General meetings:

Venue	Day & Date	Time	Special Resolutions passed
2nd North Avenue, Maker Maxity, Floor 10, BKC, Bandra (East), Mumbai – 400051.	Thursday, 2 February, 2023	1:50 P.M.	1. To appoint Mr. Deepak Patkar as the Managing Director & CEO of the Company for a period effective from 2 February, 2023 up to 6 September 2027. 2. To appoint of Ms. Dakshita Das (DIN: 07662681), as an Independent Director of the Company for a period of 3 consecutive years, with effect from i.e. 20 January, 2023 up to 19 January, 2026 (both days inclusive). 3. To approve the power to borrow funds pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, not exceeding ₹12,000 crores. 4. To approve the power to create charge on the assets of the Company to secure borrowings up to ₹12,000 crores pursuant to Section 180(1)(a) of the Companies Act, 2013.

Means of communication

(a) Quarterly, half-yearly and annual financial results of the Company are approved by the Board and submitted to the Stock Exchange, in accordance with Regulation 52 of the SEBI LODR 2015 and are also uploaded on the website of the Company at https://www.grihashakti.com/financial-results.aspx pursuant to Regulation 62 of SEBI LODR 2015.

(b) Quarterly, half-yearly and annual financial results of the Company are published in Financial Express (English language), Business Standard (English language) and Mumbai Lakshadweep (Marathi language) newspapers.

(c) Official news release are also uploaded on the website of the Company at https://www.grihashakti.com/media.aspx.

(d) Presentations are shared to debt institutional investors / analysts.

General Shareholder Information

a. *Annual General Meeting*

Date, Time and Venue	11 July, 2023, at 11:45 a.m. IST through Two-way video conferencing

b. *Financial Calendar (tentative):*

Financial Year 2023-24	1 April, 2023 to 31 March, 2024
First Quarter Results	Second week of August 2023
Half Yearly Results	First week of November 2023
Third Quarter Results	Second week of February 2024
Audited Results for the year ending 31 March, 2024	Second week of May 2024

c. Dividend Payment Date: The Board of Directors of the Company have not recommended any dividend for the financial year ended 31 March, 2023.

d. Listing on Stock Exchange: The non-convertible debt securities of the Company are listed on the debt market segment of National Stock Exchange of India Limited (NSE), Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (E) Mumbai - 400 051.

e. Payment of Annual Listing fees: The company has paid the annual listing fees for the financial year 2023-2024.

f. Registrar & Share Transfer Agents: The Company has availed electronic connectivity facility from Link Intime India Private Limited for its Non-Convertible Securities. The details of the Link Intime India Private Limited are given as under:

Address	Contact Details
Link Intime India Private Limited C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083.	Toll Free Number (India): 1800 1020 878 Telephone Number: 022-4918 6270 Fax: 022-4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Website: https://www.linkintime.co.in

g. Distribution of shareholding:

Shareholding pattern of the Company as at March 31, 2023:

Name of the Shareholders	No. of Shares held	Percentage
SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)**	318,482,513	100
Total	**318,482,513**	**100**

* Includes 6 shares held by Nominee shareholders of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*

h. No listed debentures were suspended for trading during Financial Year 2022-2023.

i. Commodity Price Risk or Foreign Exchange risk and Hedging Activities – Nil

j. Dematerialisation of shares and liquidity - As on March 31, 2023, the total equity capital of the Company was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. As the equity shares of the Company are not listed on the Stock Exchange, the shares were not traded on the Stock Exchange.

k. List of all credit ratings along with any revisions thereto obtained for Financial year 2022-2023 for all debt instruments. Kindly refer Para No. 40 of the Directors' Report.

l. Address for correspondence and Investor queries:

Name	Contact Details
Mr. Jitendra Maheshwari, Company Secretary & Compliance Officer	SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.)*: Corporate Address: Inspire BKC, Unit No. 503 & 504, 5th floor, Main Road, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. Email ID: secretarial@grihashakti.com

As the Equity Shares of the Company are not listed on any Stock Exchange, the details related to stock code, market price data- high, low during each month in last financial year, performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc. share transfer system, outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity, commodity price risk are not applicable to the Company.

The Company is a Housing Finance Company, thereby the Company operates from various offices in India and does not have any manufacturing plant.

Other Disclosures

a. There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

b. During the past 3 (three) years there have been no instances of non-compliance by the Company with the requirements of the Stock Exchange, Securities and Exchange Board of India (SEBI) or any other statutory/regulatory authority, on any matter related to capital markets.

c. The Company has formulated a Vigil Mechanism / Whistle Blower Policy. The details of establishment of whistle blower policy / vigil mechanism are furnished in the Directors' Report forming part of the Annual Report.

No personnel of the Company have been denied access to the Audit Committee to lodge their grievances. The said Policy has been uploaded on the website of the Company at: https://www.grihashakti.com/images/CG/SMFG-Grihashakti-Whistle-Blower-Policy.pdf

d. The Company has been identified as a HVDLE, with effect from 7 September, 2021 and as such is required to comply with relevant provisions of the SEBI LODR 2015 relating to corporate governance, on a 'comply or explain' basis, till 31 March, 2024 and on a mandatory basis thereafter *vide* SEBI (LODR) (Second Amendment) Regulation, 2023 dated 14 June, 2023. The Company is in compliance with Regulations 15 to 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has obtained a certificate (Unique Code: P1996WB042300) from Vinod Kothari & Company, Practicing Company Secretaries regarding compliance with the provisions relating to corporate governance laid down under the SEBI LODR 2015. This certificate is enclosed to this Report as Annexure B.

e. The Company has complied with the discretionary requirements as specified under Part E of Schedule II of Regulation 27(1) of the SEBI LODR 2015, detailed as under: -

i. Non-Executive, Non Independent Director is the Chairman of the Company and does not maintain any office at the expense of the Company.

ii. The Company delivers the audited financial results/ statements on quarterly and annual basis to its shareholders.

iii. Financial statements for the year ended 31 March, 2023 were unmodified.

iv. Company has separated the post of the Chairman and that of its Managing Director and Chief Executive Officer.

v. Internal Auditor functionally reports to the Audit Committee.

f. Since at present, the Company does not have any subsidiary, Policy for determining material subsidiary has not been formulated.

g. The Policy for Related Party Transactions has been uploaded on the website of the Company at https://www.grihashakti.com/images/CG/SMHFC-policy-on-party-related-transaction.pdf. A copy of the said Policy has also been attached to the Directors' Report, as Annexure V .

h. Disclosure of Commodity price risk and commodity hedging activities - Being a Housing Finance Company, the Company is not exposed to commodity price risk.

i. During the year under review, the Company has not raised/utilised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the SEBI LODR 2015.

j. The Company has received a certificate dated 26 June, 2023 from M/s. Vinod Kothari and Company, Practicing Company Secretaries (Unique Code: P1996WB042300), that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of the companies by Securities and Exchange Board of India or Ministry of Corporate Affairs or any other statutory/regulatory authority, is enclosed to this Report as **Annexure A**.

k. The Board has accepted all the recommendations made by the Committees of the Board, during the FY 2022-23.

l. The details of the fees paid to Statutory Auditors of the Company during the financial year ended 31 March, 2023, is as under:

Professional fees payable to auditors	Audit fee (₹ lakhs)
Statutory Audit fee	16
Tax Audit fee	4
Other services	25
Total	**45**

m. Disclosure in relation to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, for the financial year ended 31 March, 2023:

No. of complaints filed during the financial year 2022-2023	Nil
No. of companies disposed off during the financial year 2022-2023	Nil
No. of complaints pending during the financial year 2022-2023	Nil

n. The Company has not taken or given any loans and advances to firms/companies/body corporates in which directors are interested or deemed to be interested.

o. At present, the Company does not have any material subsidiary.

p. 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 to the SEBI LODR 2015.

q. The Company is in compliance with the corporate governance requirements specified in regulation 17 to 27 and regulation 62 of the SEBI LODR 2015 to the extent applicable.

r. There were no penalty/stricture imposed by RBI/NHB or any other statutory authority during the year under review. Further, there were no defaults observed in compliance with the requirements of the Act, including with respect to compliance with accounting and secretarial standards.

Compliance with Code of Conduct

I confirm that for the Financial Year 2022-23, SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)* has received from its board of directors and senior management, a declaration of compliance with the code of conducts as applicable to them.

Date: 11 July, 2023
Place: Mumbai

Deepak Patkar
Managing Director & CEO
DIN No. 09731775

Certificate of Corporate Governance

The Company has obtained a certificate dated 26 June, 2023 from, M/s. Vinod Kothari and Company, Practicing Company Secretaries (Unique Code: P1996WB042300) confirming compliances with the conditions of Corporate Governance as stipulated in the SEBI LODR 2015, is enclosed to this Report as **Annexure B**.

Annexure A to Report on Corporate Governance

Certificate of Non-Disqualification of Directors

[Pursuant to NSE Circular dated January 07, 2022 and Para C (10) (i) of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members of
SMFG India Home Finance Company Limited
(Formerly Fullerton India Home Finance Co. Ltd.)
Megh Towers, Third Floor, Old No-307, New No-165,
Poonamallee High Road, Maduravoyal,
Chennai, Tamil Nadu – 600095, India.

We have examined the relevant registers, records, forms, returns, and disclosures received from the Directors of SMFG India Home Finance Company Limited having CIN U65922TN2010PLC076972 and having registered office at Megh Towers, Third Floor, Old No-307, New No-165, Poonamallee High Road, Maduravoyal, Chennai, Tamil Nadu – 600095, India, *(Formerly Fullerton India Home Finance Co. Ltd.)* (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with NSE Circular dated January 07, 2022 read with clause 10(i) of Para C of Schedule V to 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 & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended 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 or the Ministry of Corporate Affairs or by the Reserve Bank of India.

Sl. No.	Name of the Director as on March 31, 2023	DIN	Category of Directorship as on March 31, 2023	Date of Appointment
1.	Mr. Shantanu Mitra	03019468	Chairman, Non-Executive Director	December 22, 2021
2.	Mr. Deepak Patkar	09731775	Managing Director & CEO	February 2, 2023
3.	Mr. Ajay Pareek	08134389	Non-Executive Director	December 22, 2021
4.	Ms. Sudha Pillai	02263950	Independent Director	August 21, 2019
5.	Mr. Radhakrishnan B. Menon	01473781	Independent Director	December 22, 2021
6.	Ms. Dakshita Das	07662681	Independent Director	January 20, 2023

Ensuring the eligibility 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 M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Vinita Nair
Senior Partner
Membership No.: F10559
C P No.: 11902
UDIN: F010559E000501038
Peer Review Certificate No.: 781/2020

Place: Mumbai
Date: June 26, 2023

Annexure B to Report on Corporate Governance

Certificate on Corporate Governance

To,
The Members,
SMFG India Home Finance Company Limited
(Formerly Fullerton India Home Finance Co. Ltd.)

We have examined the compliance of Corporate Governance by SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)* ("the Company") for the financial year ending on March 31, 2023, as stipulated in Regulations 15 to 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") basis examination of documents provided in **Annexure I**.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

The provisions of Corporate Governance were applicable to the Company on a 'comply-or-explain' basis, during the period under review. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Vinita Nair
Senior Partner
Membership No.: F10559
CP No.: 11902
UDIN: F010559E000501148
Peer Review Certificate No.: 781/2020

Place: Mumbai
Date: June 26, 2023

Annexure I

List of Documents

1. Minutes of the following meetings (Final minutes furnished electronically):
   - Board Meetings;
   - Audit Committee Meetings;
   - Nomination and Remuneration Committee Meetings;
   - Risk Oversight Committee Meetings;
   - Stakeholders Relationship Committee Meetings;
   - Annual General Meeting and Extra-Ordinary General Meeting;
2. Policies as available on the website;
3. Annual disclosures received from Directors pursuant to Section 184(1);
4. Declaration by Independent Directors;
5. Omnibus approval granted in Audit Committee Meeting for FY 22-23;
6. Details of remuneration paid to Directors;
7. Terms of reference of the Committees of the Board;
8. Details of other directorship as reflecting in Director's Master Data on MCA and stock exchange filing for corporate governance.

Annexure III to Directors' Report

Certification by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

To,
The Shareholders and the Board of Directors
SMFG India Home Finance Company Limited
(Formerly Fullerton India Home Finance Co. Ltd.)

We, Deepak Patkar, Managing Director & CEO and Ashish Chaudhary, Chief Financial Officer, of SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*, to the best of our knowledge and belief, certify that:

a. We have reviewed the financial statements and the cash flow statements for the year ended 31 March, 2023 (hereinafter referred to as the year) and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be 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.

b. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's internal policies

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and have taken requisite steps to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee;

   i. Significant changes in internal control over financial reporting during the year; and

   ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements.

e. There had been Nil instance of fraud reported by the Company to the Board. The Company is registered as a non-deposit taking housing finance company.

Deepak Patkar
Managing Director & CEO
DIN: 09731775

Ashish Chaudhary
Chief Financial Officer

Date: 29 May, 2023
Place: Mumbai

Annexure IV to Directors' Report

Secretarial Audit Report

FOR THE YEAR ENDED ON MARCH 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SMFG India Home Finance Company Limited
(Formerly Fullerton India Home Finance Co. Ltd.)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*** [hereinafter called **'the Company'**] for the year ended on March 31, 2023 [**"period under review"**]. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's 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 authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period under review for the year ended on March 31, 2023 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period under review, according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder including any re-enactments thereof;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;

5. The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicable;

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

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

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

d. The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company);

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

6. Specific Laws applicable as mentioned hereunder:

a. National Housing Bank Act, 1987;

b. Returns to be submitted by Housing Finance Companies;

c. RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ('HFC Master Directions').

d. RBI Master Direction – Know Your Customer (KYC) Direction, 2016.

e. RBI Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.

f. RBI Master Direction – Information Technology Framework for the NBFC Sector dated June 08, 2017.

g. Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs read with other applicable circulars issued thereunder;

h. Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)

We have also examined compliance with the applicable clauses of Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, operational circular etc. mentioned above.

Recommendations as a matter of best practice:

In the course of our audit, we have made certain recommendations for good corporate practices to the compliance team, for its necessary consideration and implementation by the Company.

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, 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.

All the decisions were unanimous and there were no instances of dissent in the Board and Committee meetings.

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 period under review, the Company has not incurred any specific event/ action listed below that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

i. Issuance of Non-Convertible Debentures (NCDs):

During the period under review, the Company allotted secured debentures amounting to ₹811.7 crores and subordinated debt amounting to ₹150 crores.

ii. Redemption of NCDs:

During the period under review, the Company redeemed debentures amounting to ₹140 crores pursuant to maturity.

iii. Constitution of the Interim Operations and Management Committee and subsequent appointment of Chief Executive Officer (CEO):

Pursuant to the completion of tenure of Mr. Rakesh Makkar as CEO & Whole-time Director ('WTD') of the Company, the Board of Directors constituted an Internal Operations Management Committee ('IOMC') to exercise the powers entrusted with the CEO & WTD for a period of 180 days w.e.f. March 29, 2022 or until such time a new CEO/MD/WTD is appointed, whichever is earlier. Subsequently, the Board of Directors, in its meeting held on September 7, 2022 appointed Mr. Deepak Patkar as the CEO of the Company for a period of 5 years with effect from September 7, 2022. Consequently, the IOMC was dissolved by the Board.

iv. Appointment of Managing Director with the approval of RBI:

The Company obtained approval of RBI for change in management resulting in change in more than 30 per cent of the directors, excluding independent directors in terms of HFC Master Directions for appointment of Mr. Deepak Patkar as the Managing Director & CEO ('MD & CEO') of the Company. RBI accorded approval on December 7, 2022 and the Company appointed Mr. Deepak Patkar as MD & CEO from February 2, 2023 to September 6, 2027 with the approval of shareholders at the Extra-Ordinary General meeting held on February 2, 2023.

v. Rights issue of equity shares:

During the period under review the Company issued and allotted 1,04,49,320 equity shares of face value of ₹10/- for cash, at premium of ₹85.7/- per equity share aggregating to ₹99,99,99,924 (Rupees Ninety-Nine Crore Ninety-Nine Lakhs Ninety-Nine Thousand Nine Hundred Twenty-Four only) on February 3, 2023 to its holding company, SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*.

vi. Increase in borrowing limits under Section 180(1)(c) of the Act:

During the period under review, the Company increased the borrowing limits of the Company to ₹12,000 crores pursuant to the special resolution passed in terms of Section 180(1)(c) of the Act in the Extraordinary General Meeting ('EGM') held on February 2, 2023. Consequently, approval in terms of Section 180 (1) (a) of the Act was also obtained in the said EGM for the aforesaid borrowing limits.

vii. Change of name of the Company and consequential amendment to MOA & AOA:

Pursuant to acquisition of 74.9% of paid-up its share capital of the SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*, parent company of the Company, by Sumitomo Mitsui Financial Group ('SMFG') from Angelica Investments Pte. Ltd. ('Angelica') and Fullerton Financial Holdings Pte. Ltd. ('FFH'), the name of the Company has been changed from 'Fullerton India Home Finance Company Limited' to 'SMFG India Home Finance Company Limited', to indicate the association with SMFG, pursuant to receipt of requisite approval from the Reserve Bank of India *vide* NOC letter dated February 27, 2023 and approval from shareholders obtained *vide* resolution passed on April 13, 2023. Fresh certificate of incorporation was received from the Registrar of Companies, Chennai on May 15, 2023. Further, the Company has also received a fresh certificate of registration dated May 19, 2023, from the Reserve Bank of India, pursuant to change of name.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Firm Registration No.: P1996WB042300

Vinita Nair
Senior Partner
Membership No.: F10559
CP No.: 11902
UDIN: F010559E000500763
Peer Review Certificate No. 781/2020

Place: Mumbai
Date: June 26, 2023

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

Annexure I

Annexure to Secretarial Audit Report (Non-Qualified)

To,
The Members,
SMFG India Home Finance Company Limited
(Formerly Fullerton India Home Finance Co. Ltd.)

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. The list of documents for the purpose, as seen by us, is listed in **Annexure II**;
2. We have followed the audit practices and the 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. Our Audit examination is restricted only up to legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.
4. Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Considering the effectiveness of information technology tools in the audit processes, we have conducted online verification and examination of records, as facilitated by the Company, for the purpose of issuing this Report. In doing so, we have followed the guidance as issued by the Institute.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.
7. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
8. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
9. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.
10. 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.

Annexure II

List of documents

1. Minutes of the following meetings (Final minutes furnished electronically):
   - Board Meeting;
   - Audit Committee Meeting;
   - Nomination and Remuneration Committee Meeting;
   - Risk Oversight Committee Meeting;
   - Asset Liability Management Committee;
   - IT Strategy Committee Meeting;
   - Stakeholders Relationship Committee
   - Annual General Meeting and Extraordinary General Meetings.
2. Resolution passed by circulation on a sample basis;
3. Notice for Board and Committee Meetings on a sample basis;
4. Statutory Registers under Act, 2013;
5. Disclosure under Act, 2013 and Rules made thereunder;
6. Intimations/ Information submitted to Stock Exchanges, Debenture Trustees and Credit Rating Agencies;
7. Forms and returns filed with the ROC, NHB;
8. Codes and Policies framed under applicable SEBI Regulations and disclosures/ details obtained/ furnished thereunder.
9. Annual report 2022 and quarterly financials submitted during the period under review.

Annexure V to Directors' Report

Related Party Transaction Policy

1. Background

Related party transactions can lead to a potential or actual conflict of interest, which may be against the business interest of the Company and for its stakeholders. In order to avoid any potential or actual conflict of interest and to bring transparency while dealing with related parties, a company is required to comply with the norms relating to related parties, as set forth in the applicable laws, as mentioned below.

- The Companies Act, 2013 ("the Act") and the relevant provisions of the Companies (Meetings of the Board and its Powers) Rules, 2014, as amended, from time to time;
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), as amended, from time to time;
- Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021
- Indian Accounting Standards, (IND AS-24), as amended, from time to time;
- IRDA (Registration of Corporate Agents) Regulations, 2015, as amended, from time to time; and
- Framework for Scale Based Regulation for Non-Banking Financial Companies and guidelines issued thereunder from time to time to the extent applicable to loans and advances to related parties.

Accordingly, SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)* ('SMHFC'/ the 'Company') has formulated and adopted the Policy on Related Party Transactions ('the Policy'), to be adopted in respect of all transactions entered/ to be entered by it with Related Parties.

2. Policy Scope and Objective

This Policy is intended to ensure systematic identification, approval and reporting of transactions entered/ to be entered into between the Company and any of its Related Parties, in compliance with the applicable laws.

Scope of this Policy, is as under:

- *to govern identification and approval process and disclosure requirements, for Related Party Transactions in a transparent manner;*
- *to ensure fairness in conduct of Related Party Transactions, in terms of applicable laws; and*
- *to set out the materiality thresholds for Related Party Transactions.*

3. Policy Applicability

This Policy will be applicable for all Related Party Transactions entered/ to be entered, by the Company.

4. Definition

Unless the context otherwise requires, the following terms shall have the meaning as assigned below, and cognate expressions shall be construed accordingly:

Annual Consolidated Turnover	Means Turnover as per the last audited Consolidated Financial Statements
Annual Standalone Turnover	Means Turnover as per the last audited Standalone Financial Statements.
Associated Entities	Means the following: (i) directors (including the Chairman/ Managing Director) or relatives of directors; (ii) any firm in which any of the directors of the Company or their relatives, is interested as a partner, manager, employee or guarantor. (iii) any company in which any of their directors of the Company, or their relatives is interested as a Major Shareholder, director, manager, employee or guarantor.
Holding Company	Means SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* ('SMICC')
Key Managerial Personnel (KMPs)	The KMPs shall mean and include, i. Chief Executive Officer or the Managing Director or the Manager; ii. Company Secretary; iii. the Whole-time Director; iv. the Chief Financial Officer; v. such other officer as may be prescribed under the Companies Act, 2013;
Listing Regulations	Means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, from time to time.

Major Shareholder	means a person holding 10% or more of the paid-up share capital or rupees five crores in paid-up shares, whichever is lower.
Material Modification	i. Entering into, or varying, or waiving any breach of, or discharging any liability under, or terminating any SMFG Related Party Transaction not on an arm's length basis. ii. The entering into of any transaction by a Group Company with a Related Party of such Group Company which: (i) is not in the ordinary course of the Business; (ii) is not on an arm's length basis; or (iii) exceeds ₹100,000,000 (Indian Rupees Hundred Million) in value, in aggregate in any Financial Year.
Material Related Party Transaction	Material Related Party Transaction shall have the same as defined in Companies Act, 2013 and Listing Regulation. For details please refer to Annexure 1 of this Policy.
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
Potential Conflict of Interest	Means conflict of interest either by being a party to a RPT or in case of a RPT with another body corporate holding more than 2% of the paid-up share capital of the other body corporate.
Related Party	Related Party with reference to a company, shall include: i. director or his relative; ii. key managerial personnel or his relative; iii. firm, in which a director, manager or his relative is a partner; iv. private company in which a director or manager or his relative is a member or director; v. public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital; vi. body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager excluding person giving directions or instructions in a professional capacity; vii. any person on whose advice, directions or instructions a director or manager is accustomed to act other than advice, directions or instructions given in a professional capacity excluding person giving directions or instructions in a professional capacity; viii. body corporate which is: A. a holding, subsidiary or an associate company of such company; or B. a subsidiary of a holding company to which it is also a subsidiary; C. an investing company or the venturer of the company; ix. a director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to the company. Related Party is further defined as per Reg. 2 (zb) of the Listing Regulations and applicable accounting standards. Please refer to Annexure 1 for Related Party Definition as per Listing Regulations and Accounting Standard.
Related Party Transaction' or 'RPT'	Means a transaction involving transfer of resources, services or obligations between: – The Company or any of its subsidiaries on one hand with a Related Party of the Company or any of its subsidiaries on the other; or – The Company or any of its subsidiaries on one hand with any other person or entity on the other, the purpose and effect of which is to benefit a Related Party of the Company or any of its subsidiaries. It is clarified that regardless of whether a price is charged a "transaction" with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

Relative	For an individual, 'Relative' shall mean and include: • Members of Hindu undivided family; • Husband or wife; • Father (including step-father) and Mother (including step-mother); • Daughter and Daughter's husband; • Son (including step-son) and Son's wife; • Brother (including step-brother) and Sister (including step-sister); • Domestic partner of any of the said persons, children and dependents of such domestic partner or spouse (IND AS-24).
Senior Officers (SOs)/ Senior Management/ Leadership Team	Means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management, one level below the Chief Executive Officer & Managing Director, including the functional heads.
SMFG Related Party Transactions	Means any agreement, arrangement, undertaking and/or transaction (including, without limitation, the entry into, variation of, termination of and any exercise of rights under such agreement, arrangement, undertaking and/ or transaction) involving (i) any Group Company on the one hand (as defined in the Articles of Association of the Company), and (ii): a. any member of the SMFG Group; b. any Affiliate of any member of the SMFG Group; c. any SMFG Group-Sponsored Vehicle; d. to the extent SMFG is aware, any person or entity in which the person or entity described in the preceding paragraphs (a), (b) or (c) directly or indirectly holds or controls 30% (thirty per cent.) or more of the outstanding securities or other ownership interests of such entity; and/or e. any person or entity that directly or indirectly holds or controls 30% (thirty per cent.) or more of the outstanding securities or other ownership interests in any of the entities described in the preceding paragraphs (a) or (b).
Turnover	The gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by the Company as per its last audited financial accounts.

Note: All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them under the Companies Act, 2013 and Rules framed thereunder or any other applicable law.

5. Policy Exclusion

Following transactions shall not be considered as a related party transaction, in terms of this Policy [However disclosure in the financial statement as per SEBI LODR shall be made by the Company]:

a. Reimbursement of expenses incurred by/for a Related Party for business purpose of the Company, or reimbursement received for expenses incurred by the Company on behalf of a Related Party.

b. Any transaction in which the Related Party's interest arises solely by way of ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party, or other pro rata interest of a Related Party included in a transaction involving generic interest of stakeholders involving one or more Related Parties as well as other parties;

c. Any transaction that involves providing of compensation to a director or Key Managerial Personnel, in accordance with the provisions of Companies Act, 2013, in connection with his or her duties to the Company or any of its subsidiaries or associates including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

d. Recurring transactions flowing out of a principal transaction or arrangement for which the Audit Committee has granted its omnibus approval;

e. Requirement under Para 8 will not apply to loans and advances granted to directors, Associated Entities and Senior Officers against the following:

   i. Government securities

   ii. Life insurance policies

   iii. Fixed deposits

   iv. Stocks and shares

   v. Housing loans, car advances, etc. granted to an employee/director of the Company, under any scheme applicable generally to employees/ directors of the Company, provided that the Company's interest/ lien is appropriately marked with legal enforceability.

f. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require prior approval by the Audit Committee.

6. Identification of Related Parties and maintenance of list of Related Parties

a. Secretarial department shall coordinate with the concerned stakeholders viz. Shareholders, Directors, Key Managerial Personnel, Senior Officers, to collate the relevant information and maintain the database of Company's Related Parties in the format as per **Annexure 2**.

b. Each Director and KMPs of the Company shall, within seven days of his/her appointment and as at 31 March every year disclose list of relatives and his/her interest in all the Companies or Firms or Body Corporate or any Association of Individuals on, in form MBP-1, which shall be placed before the Audit Committee and the Board at their first meeting held in the succeeding financial year.

c. Each SOs shall disclose list of their Relatives and/ or Associated Entities, within seven days of his/her appointment and as at 31 March every year.

d. Any change in the aforesaid disclosure by the Director, KMPs and SOs shall be disclosed by them within 7 days of such change.

e. The database of Related Parties shall be updated based on inputs/ disclosures received from the Related Parties and other concerned stakeholders by the Secretarial department and circulated to the departments in the Company, in case of any change or on a quarterly basis, whichever is earlier.

f. The said database of Related Parties shall be reviewed by the Secretarial team on a quarterly basis.

g. The Company shall share the list of its Related Parties with its subsidiary(ies) and obtain a similar list from its subsidiary, on a quarterly basis or in case of any change in the previous list, whichever is earlier.

7. Manner of dealing with Related Party Transactions

RPTs undertaken by the Company is subject to obtaining prior approval of Audit Committee, Board and/ or the Shareholders, depending on its nature and if it exceeds the prescribed threshold limit. Situations under which said approval of Audit Committee and/or Board and/ or Shareholders, will be required, are as under:

I. Transactions requiring prior approval of Audit Committee

a. All RPTs including Material RPTs and subsequent Material Modifications thereof shall be subject to the prior approval of the Audit Committee.

b. If value of transaction entered into by the Company with a related party as per Regulation 23 and Regulation 15(2) of SEBI LODR, as listed at **Annexure – 3**, which individually or taken together with previous RPTs entered during a financial year, exceeds:

- 10% of the Annual Consolidated Turnover of the Company; or
- 10% of the Annual Standalone Turnover of the Company, with effect from April 1, 2023.

c. Only those members of the Audit Committee of the Company, who are independent directors, shall be eligible to consider and approve RPTs. However, non-independent directors are entitled to, and may voice their opinion at the Audit Committee meeting seeking approval of the proposed RPTs and this process including the opinions (including any dissent or objection) shall be recorded in writing in the minutes of the meeting.

d. Arm's length pricing report after external validation will be submitted before the Audit Committee for approval of any RPTs.

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

II. Transactions requiring prior approval of the Board of Directors

a. Transaction covered under Section 188 of the Companies Act, 2013 **(Annexure – 4)** which are not in the ordinary course of business of the Company or not on an arm's length basis.

b. Any transaction not approved or recommended by the Audit Committee.

c. All Related Party Transaction requiring approval of the Shareholders if it does not constitute Affirmative Vote Matters in pursuance of clause 171(3) of the Articles of Association of the Company.

III. Transactions requiring prior approval of Shareholders

a. Material Related Party Transactions as defined herein above by way of an ordinary resolution.

b. Material Related Party Transactions under Listing Regulations and Material Modifications thereto, will require prior approval of shareholders unless otherwise provided under applicable law.

c. SMFG Related Party Transactions and Material Modifications thereto, will be additionally required to be approved in accordance with the Articles of Association of the Company.

d. The RPTs between insurance intermediaries that are not on arm's length or in the ordinary course of business shall be further approved by the shareholders of the insurance intermediaries in the general meeting.

IV. Transaction where no prior approval is required

a. Transactions between the Company and SMICC, holding Company, would not require prior approval and grant the approval of Audit Committee, except in respect of transactions as listed under Section 188 of the Companies Act, 2013 **(Annexure – 4)**

b. Any transaction occurred prior to individual/entities becoming Related party.

V. Omnibus Approval

a. Audit Committee shall lay down the criteria for granting the omnibus approval and grant the approval in line with this Policy and such approval shall be applicable in respect of RPTs, which are repetitive in nature, detailed as under. Such criteria, shall be recommended for the approval of the Board.

   1. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
   2. the maximum value per transaction which can be allowed;
   3. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
   4. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
   5. transactions which cannot be subject to the omnibus approval by the Audit Committee.

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

   1. repetitiveness of the transactions (in past or in future);
   2. justification for the need of omnibus approval.

b. Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval would be in the interest of the Company.

c. Audit Committee shall review details of RPTs entered into by the Company pursuant to omnibus approval so granted, at its meeting, on a quarterly basis.

d. Such omnibus approval will be valid for a period of one financial year and shall require fresh approval after the expiry of the year. Audit Committee may review the maximum value of the transactions during the year, if it is found that the value as approved earlier by Audit Committee is not sufficient.

e. Only those members of the Audit Committee who are independent directors, shall be entitled to approve RPTs.

f. The omnibus approval shall specify the following:

   - name of the Related Parties;
   - nature and duration of the transaction;
   - maximum amount of transaction that can be entered into;
   - the indicative base price or current contracted price and the formula for variation in the price, if any; and
   - any other information relevant or important for the Audit Committee to take a decision on the proposed transaction and the minimum information as stated under para 9 herein:

g. The Audit Committee may grant omnibus approval for unforeseen RPTs subject to their value not exceeding ₹10 mio. per transaction.

VI. Restrictions in voting

a. Any member of the Audit Committee/Board of the Company who has a potential conflict of interest in respect of any RPT/material RPT and to any subsequent material modification thereto, shall restrain themselves participating or voting at the meeting of the Audit Committee/Board, as the case may be.

b. A Related Party cannot vote in favour of any material RPT and to any subsequent material modification to any material RPT under Listing Regulations, whether he is a related party to such transaction or not. For the avoidance of doubt, nothing herein is intended to prevent any party from exercising his entitlement to voice his opinion (including raising any dissent or objection) against such Material RPT and any subsequent Material Modification thereto.

VII. Review of Related Party Transaction

a. Audit Committee and the Board shall review the list of RPTs, on a quarterly basis pursuant to omnibus approval/ other approvals granted by it, as per requirements above, including RPTs with insurance intermediaries.

b. Audit Committee and the Board shall review the status of long-term (more than one year) and/or recurring RPTs, on an annual basis.

c. The statutory auditors of insurance intermediaries shall independently review the RPTs between insurance intermediaries on an annual basis and issue a certificate confirming compliance with the provisions of Sec 188 of the Companies Act. The certificate shall be submitted to IRDA by September 30 of the subsequent financial year.

Further, any approval for Related Party Transaction as per para 7 above shall be subject to prior consent of Shareholders of the Company i.e. Angelica Investments Pte Limited (Angelica) and Sumitomo Mitsui Financial Group (SMFG), wherever required, in pursuance of clause 171 (5.5) – "Affirmative Vote Matters" of the Articles of Association of the Company.

8. Additional compliances in case of transactions with Associated Entities and Senior Officers

8.1 Loans, advances or awarding of Contracts to Associated entities

- Approval of the Audit Committees shall be required for granting of any loans, advances or awarding of Contracts aggregating to ₹5 crores and above to Associated Entities:

- Above shall not apply for any loans, advances or awarding of contracts by the Company to its holding or subsidiary Companies unless Directors of the Company or their relatives is/are a Major Shareholder or has control over the said holding or subsidiary Company.

- Directors, interested in any proposals for any loans, advances or awarding of contracts placed before the Audit Committee meeting for approval, shall disclose the nature of interest and shall recuse from the meeting and shall not vote on such proposals. However, such interested Director shall be allowed to attend the meeting with the permission of Chairman.

- Any loans, advances or awarding of Contracts to the above borrowers less than ₹5 crores shall be in pursuance of the provisions of the Companies Act, 2013 read with applicable Rules and Regulations thereof and shall be approved as per the loan approval matrix of the Company. Any such loans, advances or awarding of Contracts shall be reported to the Audit Committee and the Board in the immediate next meeting.

- Company shall obtain details of all live loans, advances or Contracts taken by an individual or their Relatives prior to becoming Director in the Company and the same shall be reported to the Board at the time of appointment.

- Any loans to firms and entities where individual or their Relatives are interested prior to becoming Director in the Company, shall be assessed at the time of appointment and approvals of the Audit Committee meeting as per this policy shall be obtained after the appointment as the Directors in the Company.

8.2 Loans, advances or awarding of Contracts to Senior Officer or their Relatives

- Any loans, advances or awarding of Contracts by the Company to its Senior Officers or their Relatives shall be reported to the Audit Committee and to the Board.

- Further, any Senior Officer or any committee where senior officer is a member shall not approve any loans to his/her relatives. Such loan shall be approved by the next higher sanctioning authority under the loan approval matrix of the Company.

8.3 General requirement

- Company shall obtain declaration form the borrower giving details of the relationship of the borrower to its Directors/ Senior officers for availing loans and advances aggregating ₹5 crores and above from the Company. Loans to borrower shall be recalled if any false declaration is given by the borrower.

- Company shall disclose in the Annual Report, any loans, advances or Contracts made to its Associated Entities, Senior Officer or to its Relatives in addition to disclosure w.r.t. related party transactions as mandated under RBI circular dated 19 April, 2022 covering disclosure in financial statements -notes to accounts of NBFCs. Disclosure shall be made in the format mentioned in **Annexure 5** of this Policy.

9. Information to be submitted for obtaining prior approval of Audit Committee/Board/Shareholders

Below is the list of minimum information/documents to be placed before the Audit Committee, Board or the shareholders of the Company, as the case may be, for approval of the RPTs/ material RPTs and to any subsequent material modification thereto.

a. Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);

b. Type, material terms and particulars of the proposed transaction;

c. Tenure of the proposed transaction (particular tenure shall be specified);

d. Value of the proposed transaction;

e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);

f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:

   i. details of the source of funds in connection with the proposed transaction;

   ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,

      - nature of indebtedness;
      - cost of funds; and
      - tenure;

   iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

   iv. the purpose for which the funds will be utilised by the ultimate beneficiary of such funds pursuant to the RPT.

g. Summary of the information and justification as to why the RPTs/ material RPTs and to any subsequent material modification thereto is in the interest of the Company, as placed before the Audit Committee and/ Board;

h. A copy of the valuation or other external party arm's length pricing report, if any such report has been relied upon and submitted by the Company, as aforesaid;

i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPTs/ material RPTs and to any subsequent material modification thereto, on a voluntary basis;

j. Any other information that may be relevant.

10. Roles and Responsibility

Stakeholder	Roles and Responsibilities
Secretarial Team	– To obtain relevant details from directors and key managerial personnel of the Company as per Clause 6 of this Policy; – To obtain relevant details of other Related Parties, – To identify and prepare list of Related Parties; – To prepared and maintain data base of Related Party Transactions; – To send the list of Related Parties, including changes thereto, to all the departments of the Company; – To ensure disclosures as per this Policy; – To upload the Policy on Related Party Transactions, as may be amended, from time to time on the website of the Company; – To place before the Audit Committee/ Board, details of existing loans and advances and contracts of directors proposed to be appointed.
Finance	Based on updated list of related parties, updated by the Secretarial department, from time to time. – Provide details of RPTs/ material RPTs and any subsequent material amendment(s) thereto, including details of existing loans and advances and other contracts entered into with directors who are proposed to be appointed. – Ensure disclosure of details of RPTs in the Financial Statement of the Company as set out in this Policy and as per IND AS 24; – Make disclosure in the Financial Statement of the Company, in respect of any loans, advances and contracts with directors amounting to ₹5 crores and above. – Arrange for arm's length report in respect of Related Party Transactions proposed to be entered into by the Company, after external validation, and to place the same before the Audit Committee for their review,

Stakeholder	Roles and Responsibilities
Human Resource	– To obtain list of Relatives from the SOs of the Company in terms of Clause 6 of this Policy; – To update database of SOs pursuant to of any change in the details of previous disclosure by the SOs.
All Departmental Heads	– To obtain relevant information from the person with whom the Company proposes to enter into with any transaction, so as to establish whether or not such person is to be considered as a related party under the extant related party norms. Such information is to be shared promptly with the Secretarial Department. – Based on the said information, the Secretarial Department to review whether the transaction proposed to be entered with such person, is a related party in terms of the extant related party norms. – Secretarial Department to review and confirm, whether the proposed transaction comes within the purview of related party norms, then such customer/ vendor/ person shall be categorised as a related party and database updated, to facilitate compliances in terms of this Policy. – To co-ordinate and provide relevant information in respect of any RPT/ material RPT or any subsequent material amendment thereto entered/ to be entered into by the Company to the Secretarial/Finance Department for seeking the requisite approval of the Audit Committee/ Board/ Shareholders of the Company as applicable.

11. Disclosure

a. This Policy shall be uploaded on the website of the Company and reproduce RPT Policy in the Corporate Governance Report, which forms part of the Annual Report.

b. Policy on Related Party Transaction shall be appropriately disclosed in the Directors Report of the Company;

c. The particulars of RPTs would form part of the Board’s Report prepared in compliance and requirement of Section 134(3) (h) of the Act in Form AOC-2.

d. The Company shall disclose particulars of RPTs in prescribed Form MBP-4 Part A and Part B, as applicable.

e. The Company shall disclose details of RPTs along with its standalone financial results, on a half yearly basis, in terms of Chapter VIII of SEBI Operational Circular dated July 29, 2022 and upload the same on its website.

f. Details of RPTs shall be disclosed as per disclosure norms under the Listing Regulations and other applicable Guidelines that may be issued by RBI.

12. Review

This policy would be effective from the date of approval by the Board and would be subject to amendments in accordance with Regulations, Circulars, Notifications, etc. as may be issued by regulatory authorities, from time to time. In case of any inconsistency of the provisions of this Policy with any amendments, circulars, clarifications issued by relevant authorities, then such amendments shall prevail upon the provisions of this Policy.

This Policy shall be reviewed once every three years subject to any regulatory/statutory amendment requiring earlier review.

Annexure 1 to Related Party Transaction Policy

Material Related Party Transaction	Material Related Party Transaction under the Companies Act, 2013 Following transactions with Related Parties, which are not in the ordinary course of business or not on an arm's length basis. It shall include: i. sale, purchase or supply of any goods or materials amounting to 10% or more of the turnover of the Company; ii. selling or otherwise disposing of, or buying, property of any kind amounting to 10% or more of net worth of the Company; iii. leasing of property of any kind amounting to 10% or more of the turnover of the Company; iv. availing or rendering of any services amounting to 10% or more of the turnover of the Company; v. appointment of any agent for purchase or sale of goods, materials, services or property amounting to 10% or more of the turnover of the Company; vi. Appointment to any office or place of profit in the company, subsidiary company or associate company with monthly remuneration exceeding two and a half lakh rupees; vii. For remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1 % of the net worth. **Note:** i) The Limits specified in (i) to (v) above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year. ii) The Turnover or Net Worth shall be computed on the basis of the Audited Financial Statement of the preceding financial year. **Material Related Party Transaction under Listing Regulations:** (i) Means a transaction with a Related Party where the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹1000 crores or 10 (ten) percent of the Annual Consolidated Turnover of the Company, as per the last audited financial statement of the Company, whichever is lower. (ii) However, transaction involving payments made to a Related Party for brand usage or brand royalty, shall be considered material, if it individually or taken together with previous transactions, during a financial year, exceed 5% of the Annual Consolidated Turnover of the Company, as per the last audited financial statement. It is clarified that the threshold for transaction(s) of similar nature, shall be computed considering all previous transaction(s), entered into during a financial year.
Related Party	**As per Reg. 2 (zb) of the Listing Regulations** Related Party means a related party as defined under Section 2(76) of the Companies Act, 2013 **or** under the applicable accounting standards Provided that: (a) any person or entity forming a part of the promoter or promoter group of the Company; or (b) any person or any entity, holding equity shares: (i) of twenty per cent or more; or (ii) of ten per cent or more, with effect from April 1, 2023; in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, **at any time, during the immediately preceding financial year**; shall be deemed to be a related party. Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s) **As per IND AS 24 [Relevant for seeking approval of Audit Committee/ Board/ Shareholders and disclosure in the Annual Report]** A related party is a person or entity that is related to the Company a. A person or a close member of that person's family is related to the Company, if that person: i. has control or joint control over the Company; ii. has significant influence over the Company; or iii. is a member of the key management personnel of the Company or of a parent of the Company

Related Party

b. An entity shall be deemed to be related to the Company, if any of the following conditions applies:

   i. The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii. Both entities are joint ventures of the same third party.

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v. The entity is a post-employment benefit plan for the benefit of employees of the Company or an entity related to the Company. If the Company itself is such a plan, the sponsoring employers are also related to the reporting entity.

   vi. The entity is controlled or jointly controlled by a person identified in clause (a) above.

   vii. A person identified in (a)(i) above, who has significant influence over the Company or is a key management personnel of the Company or its holding company.

   i) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

c. Whilst determining a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

It is clarified that:

- Close members of the family of a person are those who fall within the meaning of the term ‘relative’ under the Companies Act, 2013 and that includes a person’s spouse or domestic partner, brother, sister, parents, children and dependents of that person’s spouse or domestic partner.
- Compensation includes all employee benefits (as defined in Ind AS 19 Employee Benefits) including employee benefits to which Ind AS 102 Share-based Payments applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity.
- Compensation includes:

a. short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;

b. post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;

c. other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;

d. termination benefits; and

Related Party	e. share-based payment. – An investor shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee if and only if the investor has all the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns [IND AS 110] – Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity. – Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. – Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement. – Government refers to government, government agencies and similar bodies whether local, national or international. A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government. – Whilst identifying each possible related party relationship, focus shall be on the substance of the relationship and not merely the legal form. However, the following shall not be considered as related parties: (a) two entities simply because they have common director or key management personnel or because a key management personnel of the Company has significant influence over the other entity. (b) two venturers, simply because they share joint control over a joint venture. (a) (i) providers of finance, (ii) trade unions, (iii) public utilities, and (iv) departments and agencies of a government that does not control, jointly control or significantly influence the Company, simply by virtue of their normal dealings with the Company (even though they may affect the freedom of action of the Company or participate in its decision-making process). (b) a customer, supplier, franchisor, distributor or general agent with whom the Company transacts a significant volume of business, simply by virtue of the resulting economic dependence.

Annexure 2 to Related Party Transaction Policy

Sr. No.	Disclosure received from	Name of Related Parties	Nature of interest

Annexure 3 to Related Party Transaction Policy

Provisions of Regulation 23 of the Listing Regulations:

a. Company shall formulate a Policy on Related Party Transaction in terms of Regulation 23 of Listing Regulations;

b. Company shall obtain prior approval of its Audit Committee, for all related party transactions and any subsequent material modifications thereto, in terms of Regulation 23(2) of Listing Regulations;

c. Company shall obtain Omnibus approval of its Audit Committee, for related party transactions, proposed to be entered into it, in terms of Regulation 23(3) of Listing Regulations;

d. Company shall identify all material RPTs and subsequent material modifications thereto as defined by the audit committee under clause (b) above, in terms of Regulation 23(4) of Listing Regulations. Prior shareholders' approval is obtained for such material RPTs and subsequent material modifications thereto, wherein no related party shall vote to approve the transaction.

Annexure 4 to Related Party Transaction Policy

List of related party transactions, under Section 188 of the Companies Act, 2013:

a. sale, purchase or supply of any goods or materials;

b. selling or otherwise disposing of, or buying, property of any kind;

c. leasing of property of any kind;

d. availing or rendering of any services;

e. appointment of any agent for purchase or sale of goods, materials, services or property;

f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

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

Provided that no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions exceeding such sums, as defined under 'material RPTs' herein, shall be entered into except with the prior approval of the company by a resolution:

No member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party:

However, the above stated provisions shall not apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis:

The requirement of passing the resolution by shareholders shall not be applicable for transactions entered into between a holding company and its wholly-owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

For the purpose of this clause,

a. the expression "office or place of profit" means any office or place—

    i. where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

    ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

b. the expression "arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Annexure 5 to Related Party Transaction Policy

Disclosure as Loans to Directors, Senior Officers and relatives of Directors

(Amount in Crores)

Particular	Current Year	Previous Year
Directors and their relatives		
Entities associated with directors and their relatives		
Senior Officers and their relatives		

Related Party Disclosure as per Guidelines on Disclosure requirements under Scale Based Regulation for NBFCs

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/Joint ventures		Key Management Personnel@		Relatives of Key Management Personnel@		Others*		Total	
Items	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Borrowings#														
Deposits#														
Placement of deposits#														
Advances#														
Investments#														
Purchase of fixed/ other assets														
Sale of fixed/ other assets														
Interest paid														
Interest Received														
Others*														

@ Disclosures for directors and relatives of directors should be made separately in separate columns from the KMPs and relatives of other KMPs.

 # The outstanding at the year end and the maximum during the year are to be disclosed.

** Specify item if total for the item is more than 5 percent of total related party transactions. Related parties would include trusts and other bodies in which the NBFC can directly or indirectly (through its related parties) exert control or significant influence.*

Annexure VI to Directors' Report

Annual Report on CSR Activities for Financial Year 2022-23

1. A brief outline of the Company's CSR policy:

CSR policy of SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*

i. Introduction

SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)* ('SMHFC') is a wholly-owned subsidiary of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* ('SMICC') and offers loans to salaried and self-employed individuals and Organisations. With the motto of ***Nayi Asha. Naya Vishwas***, SMHFC has always believed in putting its customers and their dreams first.

Like its parent company SMICC, SMHFC is also committed to grow in a socially responsible manner, with financial inclusion as its guiding business vision and aims to reach out to the under-banked and unbanked by not just providing them with financial services but also by enabling the communities with services and skills that would help improve their standard and quality of living.

Thus, SMHFC's Corporate Social Responsibility ('CSR') initiative aims at having a long-term sustainable impact on the community. The CSR initiatives shall, however, not directly relate to (i) the business of the Company and (ii) welfare of its employees and their families and are independent of the normal conduct.

ii. CSR Vision

SMHFC's CSR Vision is to enable sustainable development and inclusive growth across communities through innovative socio-economic interventions, in fulfilment of its role as a socially responsible corporate citizen.

iii. CSR Objectives

SMHFC's CSR Initiative focuses on the three keys aspects of the community's development- Social, Economic and Education. To achieve long-term sustainable impact on the community, SMHFC's CSR objectives are:

- **Improve the social well-being** of the community through
  - Health awareness and intervention programmes for community
  - Women- focused health interventions through awareness and implementation of programmes enabling adoption of best health practices
- **Advance livelihoods** through
  - Identification of technical expertise for guidance and facilitation of programmes
  - Income enhancement through skill development & market linkages
- **Promotion of Education** through
  - Access to quality education for underprivileged children
  - Financial Literacy to unbanked and under banked communities
- **Adoption of sustainable environmental practices** through
  - Promotion and adoption of environmentally sustainable practices

iv. Scope

The CSR Policy (the 'Policy') shall be applicable to all CSR initiatives and activities undertaken by SMHFC and all its employees for the welfare and sustainable development benefit of different segments of the society.

This Policy is in line with the Section 135 of the Companies Act, 2013 (the 'Act') and the rules made thereunder. If the relevant provisions of the Act are amended, this Policy should be construed to have adopted such amendment from the effective date of such amendment.

The scope of the Policy has been kept as wide as possible, to allow SMHFC to respond to different situations and challenges appropriately and flexibly, subject to the activities or subjects enumerated in Schedule VII of the Act.

2. The Composition of the CSR Committee as on 31 March, 2023:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Sudha Pillai	Chairperson, Non-Executive, Independent Director	Nil	N.A.
2	Mr. Ajay Pareek	Member, Non-Executive, Non-Independent Director	Nil	N.A.
3	Mr. Radhakrishnan B. Menon	Member, Non-Executive, Independent Director	Nil	N.A.

Notes:

a. Mr. Pavan Kaushal, Non-Executive, Non-Independent Director, ceased to be a Member w.e.f. the close of business hours on 31 May, 2022.

b. Mr. Ajay Pareek, Non-Executive, Non-Independent Director, was inducted as a Member w.e.f. 1 July, 2022.

c. Mr. Radhakrishnan B. Menon, Non-Executive, Independent Director, was inducted as a Member w.e.f. 1 July, 2022.

d. Ms. Sunita Sharma, Non-Executive, Independent Director was inducted as a Member w.e.f. 1 July, 2022. She ceased to be a Member w.e.f. 24 November, 2022.

3. Provide the web-links 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://www.grihashakti.com/investors/disclosure-under-regulation-62-of-lodr.aspx

CSR Policy: https://www.grihashakti.com/investors/disclosure-under-regulation-62-of-lodr.aspx

CSR projects: Not Applicable

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 sub-section (5) of Section 135: **₹ -10,01,12,005**

b. Two percent of average net profit of the company as per sub-section (5) of Section 135: **Nil (2% of ₹-10,01,12,005)**

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 [(b)+(c)-(d)]: **Nil**

6.
a. Amount spent on CSR projects (both Ongoing Project and other than Ongoing Project):

- Details of CSR amount spent against on-going projects for the financial year: **Not Applicable**
- Details of CSR amount spent against other than on-going projects for the financial year: **Nil**

b. Amount spent in Administrative Overheads: **Nil**

c. Amount spent on Impact Assessment, if applicable: **Not Applicable**

d. Total amount spent for the Financial Year [(a)+(b)+(c)]: **Nil**

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

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

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

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of Section 135	0
(ii)	Total amount spent for the Financial Year	0
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	0
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub section (6) of Section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub section (6) of Section 135 (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a fund as specified under Schedule VII as per second proviso to subsection (5) of Section 135, if any		Amount remaining to be spent in succeeding financial year (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
Not Applicable								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:

Yes ☐ No ■

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135: **Not Applicable**

____
Deepak Patkar
Managing Director & CEO
DIN: 09731775

____
Sudha Pillai
Chairperson CSR Committee
DIN: 02263950

Independent Auditor's Report

To the Members
of SMFG India Home Finance Company Limited
(Formerly Fullerton India Home Finance Company Limited)
on the Audit of the Financial Statements

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.)*** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023 and profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of Section 143 of the Act ("the SAs"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How the matter was addressed in our audit
Expected Credit Loss – Impairment of carrying value of loans and advances Under Ind AS 109, Expected Credit Loss (ECL) is required to be determined for recognising impairment loss on financial assets which are stated at amortised cost or carried at fair value through other comprehensive income. The Company exercises significant judgement using assumptions over both when and how much to record as impairment for loans and advances and estimation of the amount of the impairment provision for loans and advances. The calculation of impairment loss or ECL is based on significant management estimates and judgements, which are as under: • Judgements about credit risk characteristics for collective evaluation of impairment under various stages of ECL. • Loan staging criteria • Consideration of probability scenarios and forward looking macro-economic factors • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). • Inputs and Judgements used in determination of management overlay at various asset stages ECL requires a large variety of data as an input to the model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In view of the criticality of the item to the Financial Statements, complex nature of assumptions & judgements exercised by the management and loans forming a major portion of the Company's assets and impairment charge for the year being material to the net profit for the year, in our opinion this is considered as a Key Audit Matter.	We performed audit procedures set out below: • Read the Company's Board approved Ind-AS 109 based impairment provisioning Methodology and Estimates policy • Understood and assessed the Company's process and controls on measurement and recognition of impairment in the loan portfolio. • Test checked loans in stage 1, 2 and 3 to ascertain that they were allocated to the appropriate stage. • Test checked PD and LGD calculation workings performed by management, including testing data used in assessment and evaluation of whether the results support appropriateness of the PDs at portfolio level. • Test checked the calculations of determining Exposure at Default (EAD). • Performed an assessment of the ECL provision levels at each stage to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment.

Key Audit Matter	How the matter was addressed in our audit
IT Systems and controls The Company financial accounting and reporting systems are highly dependent on the effective working of the operating and accounting system. The Company has separate software applications for management of its loan portfolio from origination to servicing and closure and for the routine accounting. Transfer of data from / to these softwares are critical for accurate compilation of financial information. Due to extensive volumes, variety and complexity of transactions the operating system is functioning, consistently and accurately, specifically with respect to following: • Interest, Fee income and other charges collected on Loans • Bifurcation of the Loan Portfolio based on maturity pattern and Assets Classification based on ageing of default We have identified 'IT systems and controls' as key audit matter because of significant use of IT system and the scale and complexity of the IT architecture. Our audit outcome is dependent on the effective functioning of such operating and accounting system.	We have carried out the following procedures to verify the effectiveness of IT controls: • We obtained an understanding of the Company's business IT environment and key changes if any during the audit period that may be relevant to the audit. • Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the key automated and manual business cycle controls and logic for system generated reports relevant to the audit by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis • We have tested and reviewed the reconciliations between the loan origination/ servicing application and the accounting software to mitigate the risk of incorrect data flow to/from separate application software. • We have also obtained management representations wherever considered necessary.

Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Other Information, if, we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance.

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

The Company's management and Board of Directors are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management and 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

v. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the financial year ended 31st March 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

   d. in our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

   e. on the basis of written representations received from the directors, as on 31st March, 2023 taken on record by the Board of Directors, none of the other directors is disqualified as on 31st March, 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 Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";

3. 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:

   a. the Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 41(a) to the Financial Statements.

   b. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

c. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company for the year ended 31st March, 2023.

d. (i) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts (Refer note 51(i) to the Financial Statements), no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts (Refer note 51(i) to the Financial Statements), no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), 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.

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

e. The Company has neither declared dividend nor paid during the year.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules 2014 on using accounting software which has a feature of recording audit trail (edit log) facility is not applicable.

4. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors, including sitting fees and commission paid to directors, during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act;

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 23145160BGUUNY8179

Place: Mumbai
Date: May 29, 2023

Annexure A to Independent Auditor's Report

(Referred to in paragraph 1 under 'report on other legal and regulatory requirements' section of our report to the Members of SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Company Limited) of even date)*

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment including intangible assets.

(b) In our opinion, the Company's program of verifying Property, Plant and Equipment once in a year, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such program, the physical verification of Property, Plant and Equipment, were done during the current year. We have been informed that no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, we report that, the title deeds, comprising all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) classified as Property Plant and Equipment, are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use Assets) and intangible assets during the year.

(e) According to the information and explanations given to us and based on management representations, there are no proceedings initiated or are pending against the Company as at 31st March, 2023 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is in business of Housing Finance. Therefore, it does not hold any physical inventories. Accordingly, paragraph 3(ii) (a) of the Order is not applicable to the Company.

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. According to information and explanation given to us and the records examined by us, the quarterly returns or statements, if any filed by the Company during the year with such banks or financial institutions are in agreement with books of account. Further, in respect of quarter ended March 2023, the return has been filed based on the provisional financial statements.

(iii) (a) Since the Company is in business of Housing Finance, the reporting under clause 3(iii)(a) of the Order is not applicable to the Company

(b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

(c) The Company is principally engaged in the business of providing loans. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 3163 cases having outstanding balance at year end aggregating to ₹55,268.43 Lacs wherein the repayments of principal and interest are not regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where repayment of principal and interest have not been regular.

(d) In respect of loans granted by the Company, the total amount overdue for more than 90 days as at the balance sheet date are as under

No. of cases	Principal amount overdue (₹ Lakhs)	Interest overdue (₹ Lakhs)	Total overdue (₹ Lakhs)
634	238.04	1,855.45	2,093.49

According to information and explanation given to us and the records examined by us, the Company has taken reasonable steps to recover the principal and interest amount.

(e) Since the Company is in business of Housing Finance, the reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) According to information and explanation given to us and the records examined by us, the Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment

(iv) There are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Act are attracted. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us and records examined by us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us and to the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under sub-Section 1 of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, as amended for the services of the Company, and, hence, reporting on clause 3 (vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us, and on the basis of examination of the books of account of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it except there have been certain delays in payment of provident fund dues. According to information and explanations given to us, no undisputed amount payable was outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the records of the Company and information and explanations given to us, no disputed statutory dues that have not been deposited as on 31st March, 2023 on account of appeal matters pending before the appropriate authorities.

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

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority during the year.

(c) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has utilised the money raised by way of term loans during the year for the purposes for which they were raised.

(d) On an overall examination of the Financial Statements of the Company, no funds raised on short-term basis have been prima facie used for long-term purposes during the year by the Company.

(e) On an overall examination of the 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 and Associate;

(f) According to the information and explanations given to us, and on the basis of our examination of the books of account, Company does not have any investment in subsidiary and associate therefore, reporting under clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, we have not come across any instance of fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by management.

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

(c) We have taken into consideration the whistle blower complaint received by the Company during the year, while determining the nature, timing and extent of our audit procedures.

(xii) The Company is not a Nidhi Company and hence, reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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

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

(xv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with directors. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable.

Annexure A to Independent Auditor's Report (Contd.)

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) therefore reporting under this clause is not applicable.

(b) The Company is a Housing Finance Company and it holds a valid Certificate of Registration (CoR) from the National Housing Bank issued under Section 29A(2) of the National Housing Bank Act 1987 for conducting housing finance business.

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

(d) In our opinion, there is no core investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

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

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) There are no unspent amounts under sub-section (5) of Section 135 of the Act, pursuant to any ongoing project requiring transfer to special account in compliance with the provision of sub-section (6) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 23145160BGUUNY8179

Place: Mumbai
Date: May 29, 2023

Annexure B to Independent Auditor's Report

(Referred to in paragraph 2(F) under 'report on other Legal and Regulatory Requirements' Section of our report to the Members of SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Company Limited)* of even date)

Report on the Internal Financial Controls with reference to the Aforesaid Financial Statements under Clause (I) of Sub-Section (3) of Section 143 of the Companies Act, 2013 (The 'Act')

We have audited the internal financial controls with reference to Financial Statements of SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.)* (hereinafter referred to as "the Company") as of 31st March, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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

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 Guidance Note issued by the Institute of Chartered Accountants of India and the standards on Auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to the audit of internal financial controls with reference to Financial Statements. 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 was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Financial Statements.

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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 control 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

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31st March, 2023, 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 issued by The Institute of Chartered Accountants of India.

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 23145160BGUUNY8179

Place: Mumbai
Date: May 29, 2023

INDEPENDENT AUDITOR'S REPORT AS PER PARA 69 OF MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021

To,
The Board of Directors,
SMFG India Home Finance Co. Ltd.
(Formerly Fullerton India Home Finance Co. Ltd.)
Mumbai

1. Introduction

This report is issued in terms of our statutory audit engagement with SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.)* (the "Company") in our capacity as Statutory Auditors. Pursuant to the Paragraph 69 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Master Directions"), we have examined the matters specified in Paragraph 70 and 71 of RBI Master Directions in respect of the Company for the year ended March 31, 2023.

2. Management's Responsibility

The Management of the Company is responsible for compliance with the RBI Master Directions, Reserve Bank of India Act, 1934 ("the RBI Act") and the National Housing Bank Act, 1987 ("the NHB Act") on an ongoing basis and reporting non-compliances, if any, to the regulatory authorities, Board of Directors and its Audit Committee. This responsibility also includes:

a. creation and maintenance of proper accounting and other records on the basis of guidelines issued by National Housing Bank ("NHB") and the Reserve Bank of India ("RBI"),

b. design, implementation and maintenance of adequate internal control relevant to the preparation and presentation of the records and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances,

c. ensuring that the records provided to us for our examination are correct and complete.

3. Auditors' Responsibility

Our responsibility is to express reasonable assurance in the form of an opinion based on our examination of the books of accounts and other records maintained by the Company on the matters specified in Paragraph 70 and 71 of the RBI Master Directions.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes ("the Guidance Note") issued by The Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

4. Opinion

Based on the information and explanations given to us and shown by the records examined by us, we are of the opinion that:

i. The Company has obtained the Certificate of Registration (CoR) under Section 29A of the NHB Act from Reserve Bank of India with Registration No. DOR-00122 dated May 19, 2023 (in lieu of CoR No. 07.0122.15 dated July 14, 2015 issued by National Housing Bank, pursuant to change in name of the Company). The Company has fulfilled the Principal Business Criteria as specified in Paragraph 4.1.17 of RBI Master Direction.

ii. The Company has complied with the Net Owned Fund (NOF) requirements as prescribed under Section 29A of the NHB Act;

iii. The Company has complied with the Special Reserve requirements as prescribed under Section 29C of the NHB Act;

iv. The total borrowings of the Company i.e. the amounts referred to in sub-clauses (iii) to (vii) of sub-section (bb) of Section 45 I of the RBI Act and loans or other assistance from the National Housing Bank, are within the limits prescribed under paragraph 27.2 of the RBI Master Directions.

v. According to the information and explanations given to us, we report that the Company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosures in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/ investments as specified in the RBI Master Directions;

vi. The Capital Adequacy Ratio as disclosed in the Schedule II return submitted to the National Housing Bank in terms of the Directions issued by NHB in this regard, has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed;

vii. Schedule II Return for half year ended September 30, 2022 was filed with the National Housing Bank within the stipulated time as specified in the Directions issued by NHB in this regard. The Schedule II return for the half year ended March 31, 2023 that was due to be submitted on May 12, 2023 has not submitted as of date.

viii. Filing of quarterly Schedule III returns on Statutory Liquid Assets from quarter ended December 31, 2021 onwards is not applicable to Company. Accordingly, the requirement to report on Para 70.1.8 of the RBI Master Directions are not applicable to the Company.

ix. The Company has complied with the requirements contained in the RBI Master Directions & NHB Directions in the case of opening of new branches /offices or in the case of closure of existing branches/offices.

x. In our opinion and according to the information and explanations given to us, the company has not granted loan against securities of shares, loan against security of single product- gold jewellery, loan against Company's own shares during the year ended March 31, 2023, and hence provisions contained in paragraph 3.1.3, 3.1.4 and 18 of the RBI Master Directions are not applicable to the Company.

xi. The Company has passed a resolution dated May 11, 2022 confirming non acceptance of public deposit.

xii. The Company has not accepted any public deposits during the year. Hence, reporting on compliance with para 70.2 is not required.

5. Restriction on Use

The report is solely for the purpose mentioned in paragraph 1 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No.101851W

Harnish Shah
Partner
Membership No.: 145160
UDIN: 23145160BGUUNY8179

Place: Mumbai
Date: May 29, 2023

Balance Sheet

as at 31 March 2023

(₹ lakhs)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Financial assets			
Cash and cash equivalents	2	7,175	3,680
Bank balances other than cash and cash equivalents	3	30	39,955
Investments	4	16,308	2,499
Trade receivables	5	76	51
Loans and advances	6	5,82,039	3,93,051
Other financial assets	7	5,072	2,825
		6,10,700	**4,42,061**
Non financial assets			
Current tax assets (net)	8	1,449	1,350
Deferred tax asset (net)	9	5,287	6,560
Other non financial assets	10	1,464	662
Property, plant and equipment	11	1,068	278
Right of use assets	12	3,757	1,858
Other Intangible assets	13	225	170
Intangible assets under development	13	50	11
		13,300	**10,889**
Total Assets		**6,24,000**	**4,52,950**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
i) total outstanding dues to micro enterprises and small enterprises		498	142
ii) total outstanding dues to creditors other than micro enterprises and small enterprises		3,531	2,142
Debt Securities	15	1,67,985	98,285
Subordinated liabilities	16	25,273	9,776
Borrowings	17	3,10,530	2,57,890
Other financial liabilities	18	30,622	14,348
		5,38,439	**3,82,583**
Non financial liabilities			
Provisions	19	1,173	886
Other non financial liabilities	20	3,157	2,226
		4,330	**3,112**
EQUITY			
Equity share capital	21	31,848	30,803
Other equity	22	49,383	36,452
		81,231	**67,255**
Total liabilities and equity		**6,24,000**	**4,52,950**

Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements 1-57

As per our report of even date attached.

For **M P Chitale & Co**
Chartered Accountants

Harnish Shah
Partner

Place: Mumbai
Date: 29 May 2023

For and on behalf of the Board of Directors of SMFG India Home Finance Co. Ltd.
(Formerly Fullerton India Home Finance Co. Ltd.)

Deepak Patkar
Managing Director & CEO
DIN : 09731775

Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Ashish Chaudhary
Chief Financial Officer

Jitendra Maheshwari
Company Secretary
Mem No. : A19621

Place: Mumbai
Date: 29 May 2023

Statement of Profit and Loss

for the year ended 31 March 2023

(₹ lakhs)

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
REVENUE FROM OPERATIONS			
Interest income	23	63,831	48,352
Fees and commission income	24	1,810	1,188
Gain on derecognition of financial instruments	25.1	2,613	596
Net gain on financial asset at FVTPL	25.2	-	15
Ancillary income	26	248	209
Total revenue from operations		**68,502**	**50,360**
Other income	27	122	25
Total Income		**68,624**	**50,385**
Finance costs	28	35,853	27,326
Net loss on financial asset at FVTPL	29	2	-
Impairment on financial instruments	30	3,166	6,717
Employee benefits expense	31	14,733	8,899
Depreciation and amortisation	11,13 & 42	1,200	662
Other expenses	32	8,314	4,520
Total expenses		**63,268**	**48,124**
Profit/(Loss) before tax		**5,356**	**2,261**
TAX EXPENSE	33		
Current tax		-	1,497
Deferred tax expense / (credit)		1,285	(922)
Income tax for earlier years		55	-
		1,340	**575**
Net (loss)/profit after tax		**4,016**	**1,686**
Other comprehensive income / (loss)	33(b)		
Items that will not be reclassified to profit or loss			
Re-measurement of gain/loss on defined benefit plans		(52)	45
Income tax relating to above		13	(11)
Other comprehensive income/(loss)		(39)	34
Total comprehensive income/(loss) for the year		**3,977**	**1,720**
Earnings per equity share:	34		
Basic earnings per share (in ₹)		1.30	0.55
Diluted earnings per share (in ₹)		1.30	0.55
Face value per share (in ₹)		10.00	10.00

Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements 1-57

As per our report of even date attached.

For **M P Chitale & Co**
Chartered Accountants

Harnish Shah
Partner

For and on behalf of the Board of Directors of SMFG India Home Finance Co. Ltd.
(Formerly Fullerton India Home Finance Co. Ltd.)

Deepak Patkar
Managing Director & CEO
DIN : 09731775

Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Ashish Chaudhary
Chief Financial Officer

Jitendra Maheshwari
Company Secretary
Mem No. : A19621

Place: Mumbai
Date: 29 May 2023

Place: Mumbai
Date: 29 May 2023

Statement of Cash Flow

for the year ended 31 March 2023

(₹ lakhs)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	5,356	2,261
Adjustments for :		
Financial asset measured at amortised cost	(894)	(1,040)
Financial liabilities measured at amortised cost	4,295	(3,606)
Depreciation and amortisation	1,200	662
Interest income on fixed deposits and investments	(2,405)	(3,330)
Net (gain)/loss on financial assets at FVTPL	2	(15)
Impairment on financial instruments	3,166	6,717
Write off of property, plant & equipment and intangible assets	29	1
Profit on sale of property, plant and equipment	(0)	(2)
Fair valuation of Stock appreciation rights	283	347
Gain on derecognition of financial instruments held at amortised cost	(2,613)	(596)
Operating profit before working capital changes	**8,419**	**1,399**
Adjustments for working capital:		
- (Increase)/decrease in loans and advances	(1,91,259)	(32,662)
- (Increase)/ decrease in financial and non financial assets	(343)	1,117
- Increase/(decrease) in financial and non financial liabilities	16,658	2,755
Cash generated from/(used in) operating activities	**(1,66,527)**	**(27,391)**
Income tax paid (net of refund)	(100)	(2,225)
Net cash generated from/(used in) operating activities (A)	**(1,66,627)**	**(29,616)**
B. CASH FLOW FROM INVESTING ACTIVITIES	.	
Purchase of property plant and equipment and intangibles	(1,380)	(89)
Proceeds from sale of property, plant and equipment and intangibles	37	5
Purchase of investments	(1,45,325)	(58,076)
Sale/maturity of investments	1,31,515	86,346
Fixed deposit placed during the year	(3,96,710)	(3,42,821)
Fixed deposit matured during the year	4,35,698	3,61,721
Interest received on fixed deposits and investments	3,343	4,146
Net cash generated from/(used in) investing activities (B)	**27,178**	**51,232**

Statement of Cash Flow

for the year ended 31 March 2023

(₹ lakhs)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital (including share premium)	9,999	-
Proceeds from borrowings from banks and debentures	2,44,171	77,400
Repayment of borrowings from banks and debentures	(1,09,169)	(1,01,304)
Payment of ancillary borrowing costs	(1,252)	(338)
Principal payment of lease liability	(805)	(514)
Net cash generated from/(used in) financing activities (C)	**1,42,944**	**(24,756)**
Net increase / (decrease) in cash and cash equivalents D=(A+B+C)	**3,495**	**(3,140)**
Cash and cash equivalents as at the beginning of the period (E)	3,680	6,820
Closing balance of cash and cash equivalents (D+E)	**7,175**	**3,680**
Components of cash and cash equivalents:		
Cash on hand	51	68
Balances with banks		
- in current accounts	6,821	3,295
- in fixed deposit with maturity less than 3 months	1	1
Cheques, drafts on hand	302	316
Cash and cash equivalents	**7,175**	**3,680**

Note:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements

As per our report of even date attached.

For **M P Chitale & Co**
Chartered Accountants

Harnish Shah
Partner

For and on behalf of the Board of Directors of
SMFG India Home Finance Co. Ltd.
(Formerly Fullerton India Home Finance Co. Ltd.)

Deepak Patkar
Managing Director & CEO
DIN : 09731775

Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Ashish Chaudhary
Chief Financial Officer

Jitendra Maheshwari
Company Secretary
Mem No. : A19621

Place: Mumbai
Date: 29 May 2023

Place: Mumbai
Date: 29 May 2023

Statement of Changes in Equity

for the year ended 31 March 2023

A. Equity share capital

Particulars	Number of shares	Amount (₹ lakhs)
Equity share of ₹ 10 each fully paid up as at 31 March 2021	30,80,33,193	30,803
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance as at 31 March 2021	**30,80,33,193**	**30,803**
Changes during the year ended 31 March 2022	-	-
Equity share of ₹ 10 each fully paid up as at 31 March 2022	30,80,33,193	30,803
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the 31 March 2022	**30,80,33,193**	**30,803**
Changes during the year ended 31 March 2023	1,04,49,320	1,045
Equity share of ₹ 10 each fully paid up as at 31 March 2023	**31,84,82,513**	**31,848**

B. Other equity

(₹ lakhs)

Particulars	Reserves and surplus						Total
	General Reserve	Capital Reserve	Securities premium	Reserve Fund under Section 29C(i) of the NHB Act, 1987	Retained Earnings	Re-measurement of gain/loss on defined benefit plans	
Closing balance as at 31 March 2021	**-**	**10**	**40,186**	**509**	**(5,954)**	**(20)**	**34,731**
Changes in accounting policy or prior period error	-	-	-	-	-	-	-
Restated balance as at 31 March 2021	**-**	**10**	**40,186**	**509**	**(5,954)**	**(20)**	**34,731**
Securities Premium on shares issued	-	-	-	-	-	-	-
Transferred from retained earnings to reserve fund	-	-	-	337	(337)	-	-
Profit for the year	-	-	-	-	1,686	-	1,686
Other comprehensive income/(loss) for the year	-	-	-	-	-	34	34
Closing balance as at 31 March 2022	**-**	**10**	**40,186**	**846**	**(4,605)**	**14**	**36,452**
Changes in accounting policy or prior period error	-	-	-	-	-	-	-
Restated balance as at 31 March 2022	**-**	**10**	**40,186**	**846**	**(4,605)**	**14**	**36,452**
Securities Premium on shares issued	-	-	8,955	-	-	-	8,955
Transferred from retained earnings to reserve fund	-	-	-	803	(803)	-	-
Profit / (loss) for the year	-	-	-	-	4,015	-	4,015
Other comprehensive income/(loss) for the year	-	-	-	-	-	(39)	(39)
Closing balance as at 31 March 2023	**-**	**10**	**49,141**	**1,650**	**(1,393)**	**(25)**	**49,383**

Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements

As per our report of even date attached.

For **M P Chitale & Co**
Chartered Accountants

Harnish Shah
Partner

For and on behalf of the Board of Directors of
SMFG India Home Finance Co. Ltd.
(Formerly Fullerton India Home Finance Co. Ltd.)

Deepak Patkar
Managing Director & CEO
DIN : 09731775

Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Ashish Chaudhary
Chief Financial Officer

Jitendra Maheshwari
Company Secretary
Mem No. : A19621

Place: Mumbai
Date: 29 May 2023

Place: Mumbai
Date: 29 May 2023

Notes to Financial Statements

for the year ended 31 March, 2023

Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31 March 2023

1 Notes to Financial Statement

(A) Company information

SMFG India Home Finance Co. Ltd. ('the Company') *(Formerly Fullerton India Home Finance Co. Ltd.)* is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is a Housing finance company ('HFC') registered vide Registration number DOR-00122 dated May 19, 2023 with the Reserve Bank of India ('RBI'), erstwhile Registration number 07.0122.15 dated July 14, 2015 with the National Housing Bank ('NHB').. The Registered address of the Company is SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.)* 3rd Floor, No 165, Megh Towers, Poonamallee High Road, Maduravoyal, Chennai. The Company provides loans to customers for purchase of home, home improvement loans, home construction, home extensions, loans against property (collectively referred to as "Portfolio Loans").

As at 31 March 2023, SMFG India Credit Co. Ltd., the holding Company owned 100% of the Company's equity share capital.

(B) Basis of preparation

(i) Statement of compliance

These financial statements have been prepared, on a going concern basis, in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the ""Act""), other relevant provisions of the Act, guidelines issued by the NHB Directions 2010 as applicable to all HFCs and other accounting principles generally accepted in India.

The financial statements were approved for issue by the Company's Board of Directors on 29 May 2023.

(ii) Presentation of financial statements

The balance sheet, the statement of profit and loss and the statement of changes in equity are presented in the format prescribed in the Schedule III vide their Notification G.S.R. 1022(E) dated 11 October 2018 for Non –Banking Financial Companies in Division III to the Act read with amendment to Schedule III made vide Notification G.S.R. (E) dated 24 March 2021. The statement of cash flow has been presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 50.

(iii) Functional and presentation currency

Indian rupees is the Company's functional currency and the currency of the primary economic environment in which the Company operates. Accordingly, the management has determined that financial statements are presented in Indian Rupees. All amounts have been rounded off to the nearest lakhs upto two decimal places, unless otherwise indicated.

(iv) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments and certain financial assets and financial liabilities measured at fair value through profit and loss statement (FVTPL) (refer accounting policy).

(v) Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make estimates, assumptions and exercise judgement in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised.

Assumptions and estimation uncertainties

Information about critical judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2022 is included in the following notes to the policy :

Note 1.C.2 – financial instruments – Fair values, risk management and impairment of financials assets

Note 1.C.8 – recognition of deferred tax assets;

Note 1.C.9 – estimates of useful lives and the residual value of property, plant and equipment and intangible assets;

Note 1.C.10 – impairment test of non-financial assets : key assumptions underlying recoverable amounts including the recoverability of expenditure on intangible assets;

Note 1.C.11 – measurement of defined benefit obligation : key actuarial assumptions and cash-settled – share-based payments

Note 1.C.12 – recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources, if any

(vi) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using an appropriate valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Measurement of fair value includes determining appropriate valuation techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. "

Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation in the determination of fair value.

Judgment and estimation are usually required for the selection of the appropriate valuation methodology, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and selection of appropriate discount rates.

The management regularly reviews significant unobservable inputs and valuation adjustments."

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to accounts:

Note 37- Gratuity and Leave encashment

Note 39 - Cash-settled - share-based payments

Note 49 - Financial instruments - Fair values and risk management

(C) Significant accounting policies

1 Revenue Recognition

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

Interest income

The Company calculates interest income by using the effective interest rate (EIR) method.

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial instrument."

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, commission, fees and costs incremental and directly attributable to the specific lending arrangement.

The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset. The future cash flows are estimated taking into account all the contractual terms of the asset. If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

When a financial asset becomes credit-impaired subsequent to initial recognition, the Company calculates interest income by applying the effective interest rate to the amortised cost (net of provision) of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on financial assets classified as FVTPL is recognised at contractual interest rate of financial instruments.

Penal/additional interest on default in payment of dues by customer is recognised on realisation basis."

Fee income

Loan processing fee/document fees/stamp fees which are an integral part of financial assets are recognised through effective interest rate over the term of the loan. For the agreements foreclosed or transferred through assignment, the unamortised portion of the fee is recognised as income to the Statement of profit and loss at the time of such foreclosure/transfer through the assignment. Applications

Notes to Financial Statements

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fee is recognised at the commencement of the contracts. Additional charges such as penal, dishonour, foreclosure charges, delayed payment charges etc. are recognised on a realisation basis.

Dividend income

Dividend income is recognised as and when the right to receive payment is established.

Net gain from financial instruments at FVTPL

The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

Rendering of services

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115 to determine when to recognise revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, an entity estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

Commission income

Commission income earned for the services rendered is recognised on an accrual basis, while rate conversion charges are recognised upfront based on event occurrence.

Other income

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

2 Financial instruments

Recognition and initial measurement

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially recognised at fair value on a trade date basis. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability. Transaction costs of financial instrument carried at fair value through profit or loss are expensed in profit or loss.

Classification and subsequent measurement

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

Financial assets (other than equity)

The company subsequently classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through profit or loss
- fair value through other comprehensive income

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. 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.

A financial asset is measured at amortised cost using the Effective Interest Rate (EIR) method if it meets both of the following conditions:

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

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made an investment – by – investment basis.

The Company subsequently measures all equity investments excluding investment in the subsidiary at fair value through profit or loss, unless the Company 's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis.

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. Company determines business model at level that reflects its business operations & management of portfolio loans & not at instrument level. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed

  and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. That principal amount may change over the life of the financial assets (e.g. if there are payments of principal) Amount 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a Particulars period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

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

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at 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.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit or loss.

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Financial assets (other than Equity Investments) at FVOCI	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.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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

Financial liabilities are subsequently measured at the amortised cost using the effective interest method, unless at initial recognition, they are classified as fair value through profit and loss. Interest expense and foreign exchange gains and losses are recognised in the Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Amortised cost	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

De-recognition, modification and transfer

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

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. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

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 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. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay."

Profit/premium arising at the time of assignment of portfolio loans, is recognised as an upfront gain/loss. Interest on retained portion of the assigned portfolio is recognised basis Effective Interest Rate. The Service fee received is accounted for based on the terms of the underlying deal structure of the transaction.

On derecognition of a financial asset in its entirety, the difference between:

i) the carrying amount (measured at the date of derecognition) and

ii) the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised as profit or loss.

- **Offsetting of financial instruments**

  Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

- **Impairment and write off**

  In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets at amortised cost along with related undrawn commitments and loans sanctioned but not disbursed.

  Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Commitment starts from the date of the sanction letter till the amount is fully drawn down by the customer.

  ECL is recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments. Equity instruments are not subjected to ECL.

  For recognition of impairment loss on financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, the credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial asset. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the EIR.

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 a default occurring over the remaining life of the financial instrument.

Based on the above process, the company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

Stage 2: When a loan has shown an increase in credit risk since origination, the Company records an allowance for the life time expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 to Stage 2.

Stage 3: When loans shows significant increase in credit risk and/or are considered credit-impaired, the company records an allowance for the life time expected credit losses.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. This expected credit loss is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Key elements of ECL computation are outlined below:

- Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.
- Probability of default ("PD") is an estimate of the likelihood that customer will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognised and is still in the portfolio. PD is calculated based on historical default rate summary of past years using historical analysis.
- Loss given default ("LGD") estimates the normalised loss which Company incurs post customer default. It is computed using historical loss and recovery experience. It is usually expressed as a percentage of the Exposure at default ("EAD").

The Company measures ECL on a collective basis for portfolios of loans that share similar economic risk characteristics. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 50.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. ECL impairment loss allowance (or reversal) recognised during the period is accounted as income/ expense in the statement of profit and loss.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the counter party does not have assets or sources of income that could generate cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

- #### Collateral valuation and repossession

  To mitigate the credit risk on financial assets, the company seeks to use collateral, where possible as per the board approved credit policy. The Company provides fully secured, partially secured and unsecured loans to customers. The parameters relating to acceptability and valuation of each type of collateral is a part of the credit policy of the company.

  The Company seeks to use where possible as per the powers conferred on the Housing Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

  In its normal course of business, the Company does not physically repossess properties in its retail portfolio. For other collaterals, the Company liquidates the assets and recovers the amount due against the loan. Any surplus funds are returned to the customers/obligors. As a result of this practice, the properties under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale.

3 Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of the cash on hand, call deposits and other short term, highly liquid securities with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

4 Leases

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

A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

As a lessee

The Company has various offices, branches and other premises under non-cancellable various lease arrangements to meet its operational business requirements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and is discounted using the Company's incremental borrowing rate. Lease payments as at commencement date are adjusted for any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are measured at their carrying amount at the commencement date and are discounted using the Company's incremental borrowing rate at the date of initial application. Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Leases may include options to extend or terminate the lease which is included in the right-of-use Assets and Lease Liability when they are reasonably certain of exercise.

The lease liability is remeasured when there is a change in one of the following:

- future lease payments arising from a change in the inflation rate,
- the Company's estimate of the amount expected to be payable under a residual value guarantee, or
- the Company's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to nil.

The company presents right-of-use assets and lease liabilities on the face of the Balance sheet.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor:

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease. When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The company holds the leased assets on-balance sheet within property, plant and equipment.

5 Borrowing costs

Borrowing cost is calculated using the Effective Interest Rate (EIR) on the amortised cost of the instrument. EIR includes interest and amortisation of ancillary cost incurred in connection with the borrowing of funds. Other borrowing costs are recognised as an expense in the period in which they are incurred.

6 Foreign currency

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign

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currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

7 Trade and other payables

These amounts represent liabilities for goods and services provided to the company before the end of the financial year which are unpaid. Trade and other payables are presented as financial liabilities. They are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method where the time value of money is significant.

8 Income taxes

Income tax expense comprises current tax expenses, net change in the deferred tax assets or liabilities during the year and any adjustment to the tax payable or receivable in respect of previous years. Current and deferred taxes are recognised in the Statement of profit and loss, except when they relate to business combinations or to an item that is recognised in Other comprehensive income or directly in Equity, in which case, the current and deferred tax are also recognised in Other comprehensive income or directly in Equity respectively.

Current Income taxes

The current income tax includes income taxes payable by the Company computed in accordance with the tax laws applicable in the jurisdiction in which the Company generate taxable income and does not include any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income taxes

Deferred income tax is recognised using Balance sheet approach. Deferred income tax assets and liabilities are recognised for the deductible and taxable temporary differences arising between the tax base of an assets and liabilities and their carrying amount.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be reversed or settled. Deferred tax asset are recognised to the extent that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. 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.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow part of deferred income tax assets to be utilised. At each reporting date, the company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

9 Goods and services tax input credit

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

Expenses and assets are recognised net of the goods and services tax/value-added taxes paid, except:

- When the tax incurred on a purchase of assets or receipt of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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10 Property plant and equipment *(including Capital Work-in-Progress) and Intangible assets*

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably

Recognition and measurement

Property, plant and equipment and intangible assets are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price(after deducting trade discounts and rebates) including import duties and non-refundable taxes, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. All other expenditure is recognised in the Statement of Profit and Loss as incurred.

Depreciation/Amortisation

Depreciation on Property, plant and equipment is provided on a straight-line basis as per the estimated useful life of the assets as determined by the management, which is in line with Schedule II of the Companies Act, 2013 except for certain assets as stated below.

Particulars	Useful life estimated by the Company (in years)	Useful life as per Schedule II (in years)
Computer Server and Other Accessories *	4	6
Computer Desktop and Laptops *	3	3
Furniture and Fixtures *	5	10
Office Equipment's *	5	5
Handheld devices *	2	5
Vehicles *	4	8

*Useful life of the assets has been assessed based on internal assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation/Amortisation method, useful life and residual value are reviewed at each financial year end and adjusted if required. Depreciation/Amortisation on addition/disposable is provided on a pro-rata basis i.e. from/upto the date on which asset is ready to use /disposed off except assets valued less than INR 5000. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. All assets costing utpo INR 5000 are depreciated fully in the year of capitalisation.

Leasehold improvements are amortised over the period of the lease subject to a maximum lease period of 66 months.

Intangible assets are amortised using the straight line method over a period of five years commencing from the date on which such asset is first installed.

Derecognition

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

11 Impairment on Non Financials Assets

The carrying amount of the non-financial assets other than deferred tax are reviewed at each Balance Sheet date if there is any indication of impairment based on internal /external factors. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

The Company reviews at each reporting date, whether there is any indication that the loss has decreased or no longer exists. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation if there were no impairment.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. The recoverable amount of the assets/ Cash generating unit is estimated as the higher of net selling price and its value in use. Asset/cash generating unit whose carrying value exceeds their recoverable amount is written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

12 Employee Benefits

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered

Notes to Financial Statements

for the year ended 31 March, 2023

by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Defined Contribution Plans

Contributions to defined contribution schemes includes employees' state insurance, superannuation scheme, employee pension scheme. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into an account with a separate entity and has no legal or constructive obligation to pay further amounts. The Company makes specified periodic contributions to the credit of the employees' account with the Employees' Provident Fund Organisation. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Defined Benefit Plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation is performed periodically by a qualified actuary using the projected unit credit method. 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 contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense /income on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability/asset, taking into account any changes in the net defined benefit liability / asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Statement of Profit or Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits, which do not fall due wholly within 12 months after the end of the period in which the employees render the related services, is 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 related assets is deducted. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised as profit or loss in the period in which they arise.

Share Based Payment
(Stock Appreciation Rights)

For cash-settled share based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the vesting period on straight line basis. The liability is re-measured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 39 for details.

13 Provisions *(other than for employee benefits)*, contingent liabilities, contingent assets and commitments

A provision is recognised when an enterprise has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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

Contingent assets are neither recognised nor disclosed in the financial statements. However, it is disclosed only when an inflow of economic benefits is highly probable.

The Company operates in a regulatory and legal environment that, by nature, has inherent litigation risk to its operations and in the ordinary course of the Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

Commitments include the amount of purchase order (net of advances) issued to the counterparties for supplying/ development of asset and amount of undisbursed portfolio loans.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

Commitments

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

a) Estimated amount of contracts remaining to be executed on capital account and not provided for;

b) Other non-cancellable commitments, if any

14 Earnings per share

Basic earnings per share are computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the profit per share.

15 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM's function is to allocate the resources of the Company and assess the performance of the operating segments of the Company.

16 Dividend on equity shares

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders except in case of interim dividend. A corresponding amount is recognised directly in equity.

17 Trade receivables

These amounts represent receivable for goods and services provided by the company. Trade receivables are presented as financial asset. They are measured at amortised cost, using the effective interest method, less any impairment loss. An allowance for impairment of trade receivable is established if the collection of the receivable becomes doubtful.

(D) Recent accounting developments

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1- Presentation of Financial Statements	This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements
Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.
Ind AS 12- Income Taxes	This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement

Notes to Financial Statements

for the year ended 31 March, 2023

2 Cash and cash equivalents

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	51	68
Balances with banks		
- in current accounts	6,821	3,295
- in fixed deposit with original maturity less than 3 months	1	1
Cheques, drafts on hand	302	316
Total	**7,175**	**3,680**

3 Bank balances other than cash and cash equivalents

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
In Deposits accounts- with original maturity of more than 3 months*	30	39,955
Total	**30**	**39,955**

*Includes deposit with bank kept as lien or guarantee as detailed below:

1) Deposits amounting to ₹ 25 lakhs (31 March 2022: ₹ 25 lakhs) pledged with NSE in the interest of investors towards recovery expense fund (REF).

2) All secured NCDs issued by the Company are secured by first pari-passu charge on the Company's immovable property at Chennai and by hypothecation of book debts / loan receivables and by fixed deposit with the banks to the extent of shortfall in asset cover as mentioned in respective information memorandum.

3) Fixed deposits place as security towards WCDL as at 31 March 2023 is ₹ 5 lakhs (As at 31 March 2022: ₹ Nil)

4 Investments

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Designated at fair value through profit and loss		
Quoted: T-bills	16,308	2,499
Total	**16,308**	**2,499**
Investments within India	16,308	2,499
Investments Outside India	-	-

5 Trade receivables

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Receivables considered good- Unsecured	76	51
Less: Provision for impairment*	-	-
Total	**76**	**51**

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Also, no trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

*No receivables which have significant increase in credit risk /credit impaired.

(A) Trade Receivables aging schedule as on 31 March 2023

(₹ lakhs)

Particulars	Unbilled Dues	Outstanding for following periods from date of transaction					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	76	-	-	-	-	76
(ii) Undisputed Trade Receivables – significant increase in credit risk / credit impaired	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables significant increase in credit risk / credit impaired	-	-	-	-	-	-	-

(B) Trade Receivables aging schedule as on 31 March 2022

(₹ lakhs)

Particulars	Unbilled Dues	Outstanding for following periods from date of transaction					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	51	-	-	-	-	51
(ii) Undisputed Trade Receivables – significant increase in credit risk / credit impaired	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	-
iv) Disputed Trade Receivables significant increase in credit risk / credit impaired	-	-	-	-	-	-	-

6 Loans and advances

(₹ lakhs)

	As at 31 March 2023		As at 31 March 2022	
	At Amortised cost	At FVOCI	At Amortised cost	At FVOCI
Portfolio Loan*	5,93,541	4,587	4,17,268	-
Gross loans	**5,93,541**	**4,587**	**4,17,268**	**-**
Less- Impairment allowance	(16,051)	(39)	(24,217)	
Net loans	**5,77,490**	**4,549**	**3,93,051**	**-**
(i) Secured by tangible assets	5,92,842	4,587	4,15,613	-
(ii) Secured by intangible assets	-	-	-	-
(iii) Covered by Bank/Government Guarantees**	699	-	1,655	-
(iv) Unsecured	-	-	-	-
Gross loans	**5,93,541**	**4,587**	**4,17,268**	**-**
Less: Impairment loss allowance	(16,051)	(39)	(24,217)	-
Net loans	**5,77,490**	**4,549**	**3,93,051**	**-**
Loans to public sector	-	-	-	-
Loans to Others	**5,77,490**	**4,549**	**3,93,051**	**-**

*Note:

1) The Company has not granted any loans or advances in the nature of loans, to promoters, Directors, KMPs and related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that are either repayable on demand or without specifying any terms or period of repayment during the year.

**Secured loans given to customers are secured by equitable mortgage of property. Loans secured by Government Guarantee are credit facilities provided under the Emergency Credit Line Guarantee Scheme provided by Government of India.

Notes to Financial Statements
for the year ended 31 March, 2023

7 Other financial assets

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Security deposits- Unsecured considered good	287	117
Interest accrued on Investment designated at FVTPL	64	-
Interest strip asset on assignment	4,607	2,424
Others	114	284
Total	**5,072**	**2,825**

8 Current tax assets

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Advance tax (net of provision)	1,449	1,350
Total	**1,449**	**1,350**

9 Deferred tax assets (net)

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred tax asset arising on account of :		
Disallowance U/s 43B of Income Tax Act, 1961	149	88
Timing difference between book depreciation and Income Tax Act, 1961	106	97
Impairment on financial assets	4,049	6,016
Adjustment pertaining to income and expenses on financial assets recognised based on effective interest rate	436	321
Provision for expenses	503	405
Unabsorbed losses as per tax computation	520	-
Remeasurement of Employee benefits through OCI.	13	-
Impact on account of lease liabilities	1,041	526
Total deferred tax assets (A)	**6,817**	**7,452**
Deferred tax liability arising on account of :		
Remeasurement of Employee benefits through OCI.	-	11
Impact on account of Right of use assets	944	461
Adjustment pertaining to income and expenses on Financial liabilities recognised based on effective interest rate	373	208
Special Reserve created as per Section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	213	213
Total deferred tax liabilities (B)	**1,530**	**893**
Deferred tax assets (net) (A-B) [refer note no. 33(c)]	**5,287**	**6,560**

Notes to Financial Statements

for the year ended 31 March, 2023

10 Other non-financial assets

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Goods and service tax recoverable	177	151
Prepayments	813	336
Capital advances	-	5
Others	474	170
Total	**1,464**	**662**

11 Property, plant and equipment

(₹ lakhs)

Particulars	Office Equipments	Furniture & Fixtures	Computers & Accessories	Leasehold Improvements	Vehicles	Land & Building*	Total
Gross block							
Balance as at 31 March 2021	**133**	**440**	**351**	**304**	**20**	**6**	**1,254**
Additions	2	12	16	12	-	-	42
Deletions	-	(5)	(1)	-	(8)	-	(14)
Balance as at 31 March 2022	**135**	**447**	**366**	**316**	**12**	**6**	**1,282**
Additions	87	321	429	184	180	-	1,201
Deletions	(9)	(81)	(7)	(30)	(6)	-	(133)
Balance as at 31 March 2023	**213**	**687**	**788**	**470**	**186**	**6**	**2,350**
Accumulated depreciation							
Balance as at 31 March 2021	76	258	295	161	8	-	798
Depreciation charge	27	86	46	52	4	-	216
Deletions	(0)	(4.00)	(1)	-	(5)	-	(10)
Balance as at 31 March 2022	**103**	**340**	**340**	**213**	**7**	**-**	**1,004**
Depreciation charge	37	132	130	62	15	-	377
Deletions	(7)	(61)	(6)	(22)	(5)	-	(99)
Balance as at 31 March 2023	**133**	**412**	**464**	**254**	**18**	**-**	**1,283**
Net block							
Balance as at 31 March 2022	32	107	26	103	5	6	**278**
Balance as at 31 March 2023	80	275	324	216	168	6	**1,068**

*Pledged as security against secured non convertible debenture

Note:

1) As per management assessment there are no probable scenario in which the recoverable amount of asset would decrease below the carrying amount of asset. Consequently no impairment required.

2) The title deeds, comprising all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) classified as Property Plant and Equipment, are held in the name of the Company

12 Right of use assets

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Right of use assets (Refer Note 43)	3,757	1,858
Total	**3,757**	**1,858**

Notes to Financial Statements

for the year ended 31 March, 2023

13 Intangibles assets

(₹ lakhs)

Particulars	Computer Software	Total
Gross block		
Balance as at 31 March 2021	304	304
Additions	36	36
Deletions	-	-
Balance as at 31 March 2022	**340**	**340**
Additions	140	140
Deletions	-	-
Balance as at 31 March 2023	**480**	**480**
Amortisation		
Balance as at 31 March 2021	107	107
Amortisation	63	63
Deletions	-	-
Balance as at 31 March 2022	**170**	**170**
Amortisation	85	85
Deletions	-	-
Balance as at 31 March 2023	**255**	**255**
Net block		
Balance as at 31 March 2022	**170**	**170**
Balance as at 31 March 2023	**225**	**225**
Intangibles under development		
Balance as at 31 March 2022	**11**	**11**
Balance as at 31 March 2023	**50**	**50**

Ageing of Intangible Asset under Development

(₹ lakhs)

Intangible Asset under Development	As on 31 March 2023					As on 31 March 2022				
	Amount in Intangible Asset under Development for a period of				Total	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress*	50	-	-	-	50	11	-	-	-	11
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

*Cost is within the agreed commercial & target timeline.

14 Trade payables

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Dues to micro enterprises and small enterprises (refer note 44 for dues to Micro, Small and Medium enterprise)	498	142
Dues to creditors other than micro enterprises and small enterprises	3,531	2,142
Total	**4,029**	**2,284**

(A) Trade Payable aging schedule as on 31 March 2023

(₹ lakhs)

Particulars	Unbilled Dues	Outstanding for following periods from transaction				
		Less than 1 year	1-2 years	2-3 years	More than 3 years"	Total
(i) MSME	261	194	43	-	-	498
(ii) Others	3,010	381	139	1	-	3,531
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-

(B) Trade Receivables aging schedule as on 31 March 2022

(₹ lakhs)

Particulars	Unbilled Dues	Outstanding for following periods from transaction				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	47	95	-	-	-	142
(ii) Others	1,856	282	4	-	-	2,142
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-

15 Debt Securities

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Non convertible debentures (secured)*	1,67,985	98,285
Total	**1,67,985**	**98,285**
Debt securities within India	1,67,985	98,285
Debt securities Outside India	-	-

*All secured NCDs issued by the Company are secured by first pari-passu charge on the Company's immovable property at Chennai and of book debts / loan receivables and by fixed deposit with the banks to the extent of shortfall in asset cover as mentioned in respective information memorandum.

The funds raised by the Company during the year by issue of Secured Non Convertible Debentures were utilised for the purpose intended as mentioned in information memorandum of respective issuance.

Notes to Financial Statements
for the year ended 31 March, 2023

16 Subordinated liabilities

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Non convertible debentures (unsecured)*	25,273	9,776
Total	**25,273**	**9,776**
Subordinated liabilities within India	25,273	9,776
Subordinated liabilities Outside India	-	-

*The funds raised by the Company during the year by issue of Subordinated liabilities were utilised for the purpose intended as mentioned in information memorandum of respective issuance.

17 Borrowings

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Term loans from bank (secured)*	3,08,030	2,57,890
Working capital demand loan*	2,500	-
Total	**3,10,530**	**2,57,890**
Borrowings within India	3,10,530	2,57,890
Borrowings Outside India	-	-

(a) Nature of securities and terms of repayment for borrowings

*Term loan from banks & working capital demand loan are secured by first pari passu charge over all loan receivables.

The funds raised by the Company during the year from borrowings were utilised for the purpose intended as mentioned in respective sanction terms.

(b) Net debt reconciliation

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	3,10,530	2,57,890
Debt securities (including Subordinated liabilities)	1,93,258	1,08,061
Less: Cash and cash equivalents	(7,175)	(3,680)
Net Debt	**4,96,613**	**3,62,271**

Details of terms of contractual principal redemption/repayment in respect of debt securities and borrowing

(A) Debt securities as on 31 March 2023

(₹ lakhs)

Original maturity of loan	Rate of Interest	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 Years	Total
Issued at par and redeemable at par						
2-3 years	05% - 07%	12,500	-	-	-	12,500
	08% - 09%	-	42,500	10,000	-	52,500
	07% - 08%	27,500	-	-	-	27,500
3-4 years	05% - 07%	-	10,000	-	-	10,000
	08% - 09%	-	-	28,670	-	28,670
More than 4 years	07% - 08%	-	-	-	-	-
	08% - 09%	6,800	12,100	-	-	18,900
	09% - 11%	-	-	2,500	-	2,500
Debt Issued at discount and redeemable at par		-	-	-	-	-
3-4 years	05% - 07%	-	9,900	-	-	9,900
Total		**46,800**	**74,500**	**41,170**	**-**	**1,62,470**

(B) Subordinated Debt as on 31 March 2023

(₹ lakhs)

Original maturity of loan	Rate of Interest	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 Years	Total
More than 3 years	07% - 08%	-	-	-	6,500	6,500
	08% - 09%	-	-	-	18,000	18,000
Total		**-**	**-**	**-**	**24,500**	**24,500**

(C) Debt securities as on 31 March 2022

(₹ lakhs)

Original maturity of loan	Rate of Interest	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 Years	Total
Issued at par and redeemable at par						
2-3 years	05%- 07%	10,000	12,500	-	-	22,500
	07%- 08%	-	27,500	-	-	27,500
3-4 years	05%- 07%	-	-	10,000	-	10,000
More than 4 years	08%- 09%	4,000	6,800	12,100	-	22,900
	09%- 11%	-	-	-	2,500	2,500
3-4 years	05%- 07%	-	-	9,900	-	9,900
Total		**14,000**	**46,800**	**32,000**	**2,500**	**95,300**

(D) Subordinated Debt as on 31 March 2022

(₹ lakhs)

Original maturity of loan	Rate of Interest	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 Years	Total
More than 4 years	07%- 08%	-	-	-	6,500	6,500
	08%- 09%	-	-	-	3,000	3,000
Total		**-**	**-**	**-**	**9,500**	**9,500**

Notes to Financial Statements

for the year ended 31 March, 2023

(E) Borrowings as on 31 March 2023

Original maturity of loan	Floating rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of installments	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	₹ lakhs
Monthly repayment schedule										
More than 4 years	9% - 11%	36	3,214	36	3,214	27	2,089	21	1,250	9,768
Quarterly repayment schedule										
3-4 years	07% - 08%	4	2,500	2	1,250	-	-	-	-	3,750
	08% - 09%	4	6,250	2	2,500	-	-	-	-	8,750
More than 4 years	07% - 08%	3	1,643	-	-	-	-	-	-	1,643
	08% - 09%	32	9,299	23	11,549	23	13,840	55	14,113	48,800
	09% - 11%	22	13,611	-	-	-	-	-	-	13,611
Half yearly repayment schedule										
1-2 years	08% - 09%	1	938	-	-	-	-	-	-	938
2-3 years	07% - 08%	2	3,333	1	833	-	-	-	-	4,167
	08% - 09%	2	2,188	2	2,813	-	-	-	-	5,000
3-4 years	05% - 07%	-	-	2	2,500	3	2,500	-	-	5,000
	07% - 08%	7	12,000	6	12,000	1	500	-	-	24,500
More than 4 years	07% - 08%	8	8,889	4	4,444	1	833	1	1,667	15,833
	08% - 09%	38	30,520	27	26,958	33	38,270	46	57,704	1,53,452
	09% - 11%	7	6,375	6	5,750	2	1,000	-	-	13,125
Bullet repayment schedule										
Less than 365	07% - 08%	1	2,500	-	-	-	-	-	-	2,500
Total		**167**	**1,03,259**	**111**	**73,811**	**90**	**59,033**	**123**	**74,734**	**3,10,837**

(F) Borrowings as on 31 March 2022

Original maturity of loan	Floating rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of installments	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	₹ lakhs
Monthly repayment schedule										
More than 4 years	05%- 07%	36	3,214	36	3,214	36	3,214	48	3,339	12,982
Quarterly repayment schedule										
3-4 years	07%- 08%	8	8,750	8	8,750	4	3,750	-	-	21,250
More than 4 years	07%- 08%	48	22,159	41	17,587	7	4,583	7	6,875	51,204
Half yearly repayment schedule										
1-2 years	07%- 08%	2	2,500	-	-	-	-	-	-	2,500
2-3 years	07%- 08%	1	5,000	-	-	-	-	-	-	5,000
3-4 years	05%- 07%	4	2,000	4	2,000	4	2,000	3	1,500	7,500
	07%- 08%	-	-	3	10,000	3	7,500	3	2,500	20,000
More than 4 years	07%- 08%	32	23,062	31	25,354	21	16,979	25	18,870	84,264
	08%- 09%	31	19,931	21	18,931	9	14,444	-	-	53,306
Bullet repayment schedule										
Less than 365	07%- 08%	-	-	-	-	-	-	-	-	-
Total		**162**	**86,616**	**144**	**85,836**	**84**	**52,471**	**86**	**33,084**	**2,58,006**

Particulars of Secured Redeemable Non-convertible Debentures:

Particulars	Face Value	Quantity	Date of Redemption	As at 31 March 2023 (₹ lakhs)	As at 31 March 2022 (₹ lakhs)
6.00 % Series-15	10	1000	October 14, 2022	-	10,000
8.05% Series-2	10	400	March 24, 2023	-	4,000
7.95% Series-13	10	1750	May 18, 2023	17,500	17,500
8.75% Series-6	10	680	May 28, 2023	6,800	6,800
7.2% Series-14	10	1000	June 29, 2023	10,000	10,000
FRB (linked to 3 month T-bills plus spread of 2%) Series-16	10	1250	September 26, 2023	12,500	12,500
FRB (linked to 3 month T-bills plus spread of 2.25 %) Series 17	10	1000	December 13, 2024	10,000	10,000
FRB (linked to 3 month T-bills plus spread of 2.25 %) Series-17 Reissuance I	10	990	December 13, 2024	9,900	9,900
8.65% Series-12	10	1210	February 12, 2025	12,100	12,100
8.40% Series-20	10	3500	March 21, 2025	35,000	-
8.30% Series-21	10	750	March 28, 2025	7,500	-
8.10% Series-18	10	2000	May 25, 2025	20,000	-
9.25% Series-9	10	250	August 8, 2025	2,500	2,500
8.20% Series-19	10	117	November 7, 2025	1,170	-
8.40% Series-21	10	1000	December 26, 2025	10,000	-
8.20% Series-22	1	7500	February 9, 2026	7,500	-
Total				**1,62,470**	**95,300**

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for the year ended 31 March, 2023

Particulars of Unsecured Non-convertible Debentures:

(₹ lakhs)

Particulars	Face Value	Quantity	Date of Redemption	As at 31 March 2023	As at 31 March 2022
8.5% Sub-debt-1	10	300	June 8, 2030	3,000	3,000
7.63% Sub-debt-2	10	400	January 1, 2031	4,000	4,000
7.7% Sub-debt-3	100	25	August 12, 2031	2,500	2,500
8.4% Sub-debt-4	100	100	July 22, 2032	10,000	-
8.4% Sub-debt-5	100	50	August 13, 2032	5,000	-
Total				**24,500**	**9,500**

18 Other financial liabilities

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Employee benefits and other payables	2,483	1,146
Book overdraft*	19,787	8,218
Payable towards asset assignment / securitisation	1,611	1,369
Lease liabilities	4,137	2,079
Others**	2,604	1,536
Total	**30,622**	**14,348**

*Book overdraft represents substantially cheque issued towards disbursement to borrowers but not presented to banks as on March 31, 2023.

** Others includes expense accruals amounting to ₹ 1,101 lakhs (As at 31 March 2022 ₹ 1,135 lakh)

19 Provisions

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for compensated absences (Refer Note 37C)	273	105
Provision for defined benefit plans (Refer Note 37B)	66	17
Provision for code on social security (Refer Note 19.1 & 38)	285	264
Provision for future litigation (Refer Note 19.1)	550	500
Total	**1,173**	**886**

19.1 Provision for future litigation & code on social security

(₹ lakhs)

Particulars	Provision for code on social security		Provision for future litigation	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Opening	264	-	500	260
Addition	21	264	50	240
Reduction	-	-	-	-
Closing	**285**	**264**	**550**	**500**

20 Other non-financial liabilities

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues	320	165
Prepayments from Borrower	1,601	1,773
Others	1,236	288
Total	**3,157**	**2,226**

21 Equity share capital

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised Equity shares Capital	1,50,000	1,50,000
1,500,000,000 (31 March 2021: 1,500,000,000) equity shares of ₹ 10 each		
Issued, subscribed and fully paid up	31,848	30,803
31,84,82,513 (31 March 2021: 308,033,193) Equity shares of ₹ 10 each fully paid		

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount (₹ lakhs)	Number of shares	Amount (₹ lakhs)
Balance at the beginning of the year	30,80,33,193	30,803	30,80,33,193	30,803
Add :Shares issued during the year	1,04,49,320	1,045	-	-
Balance at the end of the year	**31,84,82,513**	**31,848**	**30,80,33,193**	**30,803**

(b) Terms/right attached to equity shares:

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

Any Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend is declared and 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 the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company are as below:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount (₹ lakhs)	Number of shares	Amount (₹ lakhs)
SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*, the holding company and its nominees 31,84,82,513 (31 March 2021: 308,033,193) equity shares of ₹ 10 each fully paid)	31,84,82,513	31,848	30,80,33,193	30,803

Notes to Financial Statements
for the year ended 31 March, 2023

(d) Shareholders holding more than 5% of the shares in the Company

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	% of holding	Number of shares	% of holding
SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*, the holding company and its nominees	31,84,82,513	100.0%	30,80,33,193	100.0%

(e) Disclosure of Shareholding of Promoters

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	% of holding	Number of shares	% of holding
SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*, the holding company and its nominees	31,84,82,513	100.0%	30,80,33,193	100.0%

(f) The Company has not issued any bonus shares or shares for consideration other than cash nor has there been any buyback of shares during five years immediately preceding 31 March 2023.

22 Other equity

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Capital Reserve	10	10
Securities premium	49,141	40,186
Reserve Fund under Section 29C(i) of the NHB Act, 1987	1,650	847
Items of other comprehensive income	(25)	14
Surplus in the statement of profit and loss	(1,393)	(4,605)
Total	**49,383**	**36,452**

(Refer Statement of Change in Equity for the year ended 31st March 2023 for movement in Other Equity)

Nature and purpose of reserves

(i) Capital Reserve

Capital Reserve is created on account of reversal of debenture issue costs charged to securities premium under previous GAAP. The same shall be utilised as per the provisions of Companies Act, 2013.

(ii) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(iii) Reserve Fund under Section 29C(i) of the NHB Act, 1987

The Company is required to create a fund by transferring not less than 20% its net profit every year as disclosed in the statement of profit and loss account and before any dividend is declared. The fund shall be utilised for the purpose as may be specified by the National Housing Bank from time to time and every such appropriation shall be reported to the National Housing Bank within 21 days from the date of such withdrawal.

(iv) Retained Earning & Surplus in the statement of profit and loss

Retained earning are profit that the company has earned to date, less any dividend or other distributions paid to the shareholders, net of utilisation as permitted under applicable law.

Notes to Financial Statements

for the year ended 31 March, 2023

23 Interest Income

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On Financial assets measured at amortised cost		
On Portfolio Loans*	60,991	45,022
On Deposits withs banks	1,857	2,846
On Financial assets measured at FVOCI		
On Portfolio Loans	434	-
On Financial assets measured at Fair value through Profit and Loss(FVTPL)		
On Investments	549	484
Total	**63,831**	**48,352**

24 Fees and commission income

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Fees and commission income	1,810	1,188
Total	**1,810**	**1,188**

25.1 Gain/(Loss) on derecognition of financial instruments

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Gain/(Loss) on derecognition of financial assets		
Financial assets measured at amortised cost	(221)	596
Financial assets carried at FVOCI	2,834	-
Total	**2,613**	**596**

25.2 Net gain on financial asset at FVTPL

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On financial instruments designated at fair value through profit or loss		
Realised gain on financial instruments	-	15
Total	**-**	**15**

26 Ancillary income

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other services & fee income	248	209
Total	**248**	**209**

Notes to Financial Statements
for the year ended 31 March, 2023

27 Other income

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit on derecognition of property plant and equipment (net)	-	2
Interest on Security Deposits	15	15
Miscellaneous income*	107	8
Total	**122**	**25**

*Includes Interest on income tax refund of ₹ 102 lakhs (March 2022: NIL)

28 Finance costs

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On financial liabilities measured at amortised cost		
Borrowings	22,812	19,681
Debt securities (including subordinated debts)	11,696	7,100
Interest expense on lease rental liabilities	218	166
Bank charges and others	1,127	379
Total	**35,853**	**27,326**

29 Net loss on financial assets at FVTPL

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On financial instruments designated at fair value through profit or loss		
Unrealised loss on Financial instruments	2	-
Total	**2**	**-**

30 Impairment on financial instruments

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Bad debts and Write off (net of recovery)*	11,294	3,359
Expected credit loss on portfolio loans**	(8,128)	3,358
Total	**3,166**	**6,717**

*Bad debts and write offs offset by recovery of ₹629 lakhs (FY 2022: ₹1,217 lakhs) and realisation from stressed assets sale of ₹6077 lakhs (FY 2022: ₹Nil)

** Includes expected credit loss ₹39 lakhs for portfolio loans measured at FVOCI.

31 Employee benefits expense

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, bonus and allowances	13,146	7,608
Share based payment to employee's	283	347
Contribution to provident and other funds (refer note 37)	654	430
Provision for code on social security (refer note 19.1 & 38)	21	264
Staff welfare and training expenses	629	250
Total	**14,733**	**8,899**

Notes to Financial Statements
for the year ended 31 March, 2023

32 Other expenses

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Printing and stationery	134	63
Rent	83	48
Rates and taxes	27	0
Legal charges	448	439
Professional charges	3,282	1,462
Collection expenses	78	226
Courier charges	56	23
Repairs and maintenance		
Office premises	171	99
Others	6	1
Directors' sitting fees	32	30
Travelling expenses	676	249
Telecommunication expenses	105	63
Payment to auditor (refer details below)	45	33
Electricity charges	87	76
Security charges	87	30
Recruitment expenses	61	36
Fees and subscription	68	32
Corporate social responsibility expenses as per Section 135 (5) of Companies Act, 2013 (refer note 45)	-	-
Resource sharing expenses	2,118	1,270
Miscellaneous expenses	721	339
Write off of Property, plant & equipment and intangible assets	29	1
Total	**8,314**	**4,520**
Professional fees payable to auditors		
Statutory Audit fee	16	14
Limited review	5	4
Tax Audit fee	4	4
In other capacity		
- Certification matter	20	10
- Reimbursement of expenses	-	1
	45	**33**

Notes to Financial Statements

for the year ended 31 March, 2023

33 Tax expense

(a) Amount recognised in the statement of profit and loss

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax for the year	-	1,497
Current tax expense (A)	-	1,497
Deferred taxes for the year		
Change in deferred tax assets	650	(1,035)
Change in deferred tax liabilities	635	113
Net deferred tax expense (B)	**1,285**	**(922)**
Income tax for earlier years ('C)	**55**	**-**
Total income tax expense (A+B+C)	**1,340**	**575**

(b) Amount recognised in Other comprehensive income

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Items that will not be reclassified to profit or loss		
Income tax relating to actuarial gain/(loss) on defined benefit obligations	**13**	**(11)**

(c) Tax reconciliation (for profit and loss)

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2023 and 2022 is, as follows:

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net profit / (loss) before OCI as per PL	**5,356**	**2,261**
Income tax @ Statutory Tax Rate of 25.17%	1,348	570
Tax effects of:		
Net expenses that are not deductible in determining taxable profit	1	6
Recognition of previously unrecognised temporary differences	(64)	0
Income tax for earlier years	55	-
Income tax expenses reported in PL	**1,340**	**575**
Tax Rate Effective*	25.02%	25.41%

Notes to Financial Statements
for the year ended 31 March, 2023

Significant components and movement in deferred tax assets and liabilities

(₹ lakhs)

Particulars	As at 31 March 2022	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2023
Impact on account of Right of use assets	461	483	-	-	944
Adjustment pertaining to income and expenses on Financial liabilities recognised based on effective interest rate	208	163	-	-	373
Special Reserve created as per Section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	213	-	-	-	213
Deferred Tax liability (A)	**893**	**635**	**-**	**-**	**1,530**
Deferred tax assets on account of:					
Disallowance U/s 43B of Income Tax Act, 1961	88	60	-	-	149
Timing difference between book depreciation and Income Tax Act, 1961	97	8	-	-	106
Impairment on financial assets	6,016	(1,967)	-	-	4,049
Adjustment pertaining to income and expenses on financial assets recognised based on effective interest rate	321	115	-	-	436
Provision for expenses	405	98	-	-	503
Unabsorbed losses as per tax computation	-	520	-	-	520
Remeasurement of Employee benefits through OCI.	-	-	13	-	13
Impact on account of lease liabilities	526	515	-	-	1,041
Deferred tax asset (B)	**7,453**	**(650)**	**13**	**-**	**6,817**
Net Deferred tax assets (B-A)	**6,560**	**(1,285)**	**13**	**-**	**5,287**

Note :

1. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

2. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Notes to Financial Statements

for the year ended 31 March, 2023

(₹ lakhs)

Particulars	As at 31 March 2021	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2022
Deferred tax liabilities on account of:					
Remeasurement of Employee benefits through OCI.	-		11	-	11
Impact on account of Right of use assets	419	42	-	-	461
Adjustment pertaining to income and expenses on Financial liabilities recognised based on effective interest rate	233	(25)	-	-	208
Special Reserve created as per Section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	128	85	-	-	213
Deferred Tax liability (A)	**780**	**102**	**11**	**-**	**893**
Deferred tax assets on account of:					
Disallowance U/s 43B of Income Tax Act, 1961	109	(21)	-	-	88
Timing difference between book depreciation and Income Tax Act, 1961	71	27	-	-	97
Rent equalisation reserve	-	-	-	-	-
Impairment on financial assets	5,206	810	-	-	6,016
Adjustment pertaining to income and expenses on financial assets recognised based on effective interest rate	420	(99)	-	-	321
Provision for expenses	151	254	-	-	405
Impact on account of lease liabilities	461	65	-	-	526
Deferred tax asset (B)	**6,418**	**1,035**	**-**	**-**	**7,453**
Net Deferred tax assets (B-A)	**5,638**	**933**	**(11)**	**-**	**6,560**

34 Earnings per share

(₹ lakhs)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Net Profit after tax attributable to Equity Holders (₹ lakhs)	4,016	1,686
Weighted Average number of Equity Shares for basic earnings per share	30,96,40,781	30,80,33,193
Weighted Average number of Equity Shares for diluted earnings per share	30,96,40,781	30,80,33,193
Earnings per Share		
Basic earning per share ₹	1.30	0.55
Diluted earning per share ₹	1.30	0.55
Nominal value of shares ₹	10	10

The Company has not issued any potential equity shares. Accordingly diluted EPS is equal to basic EPS

35 Related Party Disclosures

Name of the related party and nature of the related party relationship have been disclosed where control exists or related party is KMP, irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related party disclosures as required under Indian Accounting standard 24, "" Related party disclosure"" are given below"

Nature of Relationship	Name of Related Party
Ultimate Holding Company	Sumitomo Mitsui Financial Group (w.e.f. November 30, 2021)
Holding Company	SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*
Entities having significant influence	Temasek Holdings (Private) Limited (w.e.f. November 30, 2021)
	Fullerton Financials Holdings Pte Ltd (Holding Company of Angelica) (w.e.f. November 30, 2021)
	Angelica Investments Pte Ltd, Singapore ('Angelica') (w.e.f. November 30, 2021)
Key Management Personnel	Mr. Shantanu Mitra- Chairman and Non-executive director
	Mr. Deepak Patkar-Managing Director (w.e.f. 02 Feb 2023) & Chief Executive Officer (w.e.f. 7 Sep 2022)
	Mr. Rakesh Makkar, Chief Executive Officer and Whole time Director (upto March 15, 2022)
	Mr. Ajay Pareek- Non-executive director
	Dr. Milan Shuster-Independent Director (upto December 22, 2021)
	Mr. Radhakrishnan Menon- Independent director
	Ms. Sunita Sharma-Independent Director (period from 26 Apr 2022 upto 24 November 2022)
	Ms. Sudha Pillai-Independent Director
	Ms. Dakshita Das-Independent Director (w.e.f. 20 Jan, 2023)
	Mr. Ashish Chaudhary- Chief Financial Officer
	Ms. Seema Sarda- Company Secretary (upto October 31,2021)
	Mr. Jitendra Maheshwari-Company Secretary

35.1 Transactions during the period with related parties

(₹ lakhs)

Nature of Transaction	As at 31 March 2023	As at 31 March 2022
Equity investment made by the parent company		
SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*	10,000	-
Income as per Resource sharing agreement		
SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*	124	157
Expense as per Resource sharing agreement*		
SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*	2,409	1,490
Commitment Charges on Committed lines provided by parent Company		
SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*	221	215

(₹ lakhs)

Remuneration to Company's Key Management Personnel	For the year ended 31 March 2023	For the year ended 31 March 2022
Salary, bonus and allowances (including short term benefits)		
Mr. Deepak Patkar	96	-
Mr. Rakesh Makkar (upto March 15, 2022)	-	215
Mr. Ashish Chaudhary	60	19
Ms. Seema Sarda (upto October 31,2021)	-	27
Mr. Jitendra Maheswari	78	20

Notes to Financial Statements
for the year ended 31 March, 2023

(₹ lakhs)

Remuneration to Company's Key Management Personnel	For the year ended 31 March 2023	For the year ended 31 March 2022
Director's sitting fees		
Ms. Sudha Pillai	12	16
Dr. Milan Shuster-Independent Director (upto December 22, 2021)	-	10
Mr. Radhakrishnan Menon- Independent director	10	4
Ms. Sunita Sharma (upto 24 Nov, 2022)	7	-
Ms. Dakshita Das (w.e.f. 20 Jan, 2023)	3	-
Director's Commission		
Ms. Sudha Pillai	11	-
Mr. Radhakrishnan Menon- Independent director	11	-
Ms. Sunita Sharma (upto 24 Nov, 2022)	11	-
Ms. Dakshita Das (w.e.f. 20 Jan, 2023)	11	-
Post -employment benefits (on payment basis) **		
Ms. Seema Sarda (upto October 31,2021)	-	1
Share based payments (on payment basis)**		
Mr. Rakesh Makkar (upto March 15, 2022)	-	755
Total	**310**	**1,067**

Note : The managerial remuneration paid by the Company to its Directors during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act vide special resolution passed at its extra ordinary general meeting held 02 February 2023.

* The aforesaid resource sharing cost paid to SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*

**Expense towards gratuity and leave encashment cannot be determined employee wise since the provision is based on the actuarial valuation of the company as a whole, hence the same have not been considered in above disclosure.

35.2 Amount Outstanding to / from related parties:

(₹ lakhs)

Balance outstanding as at the period end	As at 31 March 2023	As at 31 March 2022
Equity investment made by the parent company		
SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*	81,000	71,000
Director's sitting fees		
Ms. Sudha Pillai	4	-
Mr. Radhakrishnan Menon- Independent director	1	-
Director's Commission		
Ms. Sudha Pillai	11	-
Mr. Radhakrishnan Menon- Independent director	11	-
Ms. Sunita Sharma (upto 24 Nov, 2022)	11	-
Ms. Dakshita Das (w.e.f. 20 Jan, 2023)	11	-
Other Payable (Net)		
SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)*	688	540

There are no transaction during the year in nature of borrowings, deposits, advances, investment and placement of deposit with related party or from KMPs or relative of KMPs.

Committed credit lines sanctioned by the holding Company (SMICC) amounting to ₹ 25,000 Lakhs (31 March 2022: ₹ 25,000 Lakhs)

36 Capital Management

Equity share capital and other equity are considered for the purpose of the Company's capital management. The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The funding requirements are met through equity, borrowings and operating cash flows generated. The management monitors the return on capital and the board of directors monitors the level of dividends to shareholders of the Company. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Company maintains its capital base to cover the risks inherent in the business and in meeting the capital adequacy requirements of the National Housing Bank (NHB). The Company endeavours to maintain capital higher than the mandated regulatory norms. The adequacy of the company's capital is monitored using, among other measures, the regulations issued NHB. Company has complied in full with all its externally imposed capital requirements over the reported period. For details refer "Additional disclosure as per NHB Notes

37 Retirement Benefit Plans

(A) Defined Contribution Plan

The total expense charged to income statement of ₹ 603 lakhs (2021: ₹ 366 lakhs) represents contributions payable to Employees State Insurance Corporation and provident fund plans by the Company at rates specified in the rules of the plan

(B) Defined Benefit Obligation

I. Gratuity

(₹ lakhs)

	As at 31 March 2023	As at 31 March 2022
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)
Discount rate and expected rate of return on assets	7.31%	6.41%
Rate of increase in compensation	9.00% p.a.	9.00% p.a.
Employee turnover :		
Category 1 – For basic upto ₹ 1.2 lakhs		
Up to 4 years	44.20%	44.20%
5 years and above	1.25%	1.25%
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	45.20%	49.40%
5 years and above	1.25%	1.25%
Assets information:		
Insurance fund	231	213
Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of the year	230	208
Interest expense	15	13
Current service cost	50	60
Past service cost	-	-
Liability Transferred In	41	16
Liability Transferred Out	(7)	(10)
Benefit Paid From the Fund / Employer	(77)	(10)
Actuarial (Gains)/Losses on Obligations- Due to Change in Demographic Assumptions	13	(51)

Notes to Financial Statements
for the year ended 31 March, 2023

(₹ lakhs)

	As at 31 March 2023	As at 31 March 2022
Actuarial (Gains)/Losses on Obligations- Due to Change in Financial Assumptions	(43)	31
Actuarial (Gains)/Losses on Obligations- Due to Experience adjustments	76	(26)
Present Value of obligation at the end of the year	**297**	**230**
Changes in the Fair value of Plan Assets		
Fair value of plan assets at beginning of the year	213	2
Interest income	14	10
Contributions by the Employer	87	208
Mortality charges and taxes	-	-
Benefit Paid from the Fund	(76)	(5)
Return on Plan Assets, Excluding Interest Income	(7)	(2)
Fair Value of Plan Assets at the end of the year	**231**	**213**
Assets and liabilities recognised in the balance sheet		
Present value of the defined benefit obligation at the end of the year	(297)	(230)
Fair Value of Plan Assets at the end of the Period	231	213
Funded Status (Surplus/ (Deficit))	(66)	(17)
Net (Liability)/Asset Recognised in the Balance Sheet	**(66)**	**(17)**

(₹ lakhs)

Expenses recognised in the Statement of Profit and Loss	As at 31 March 2023	As at 31 March 2022
Current Service Cost	50	60
Past service cost	-	-
Net interest (income)/ expense	1	3
Net gratuity expense recognised	**51**	**63**
Expenses recognised in the Statement of Other comprehensive income (OCI)		
Actuarial gain/ loss on post-employment benefit obligation	46	(46)
Return on Plan Assets, Excluding Interest Income	7	2
Total remeasurement cost / (credit) for the year recognised in OCI	**53**	**(45)**

(₹ lakhs)

Reconciliation of Net asset / (liability) recognised:	As at 31 March 2023	As at 31 March 2022
Opening Net Liability	17	205
Expenses recognised at the end of period	51	63
Amount recognised in other comprehensive income	53	(45)
Net Liability/(Asset) Transfer In	41	16
Net (Liability)/Asset Transfer Out	(7)	(10)
Employer's Contribution	(87)	(208)
Benefits directly paid by Employer	(2)	(5)
Net Liability/(Asset) Recognised in the Balance Sheet	**66**	**17**

Sensitivity Analysis:

(₹ lakhs)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (1% movement)	49	(40)	41	(34)
Future Salary Growth (1% movement)	(40)	47	(33)	40
Rate of Employee Turnover (1% movement)	10	(9)	11	(10)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated."

Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the balance sheet.

Maturity analysis of projected benefit obligation

(₹ lakhs)

Position as at Year end	As at 31 March 2023	As at 31 March 2022
1	3	2
2	4	2
3	12	3
4	4	3
5	5	3
Sum of Years 6 to 10	49	31

Risks associated with Defined Benefit Plan:

(i) Interest Rate Risk

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

(ii) Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

(iii) Investment Risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments

(iv) Asset Liability Matching (ALM) Risk

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

(v) Mortality Risk

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

(vi) Concentration Risk

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

During the year, there were no plan amendments, curtailments and settlements.

Notes to Financial Statements

for the year ended 31 March, 2023

(C) Compensated absences

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)
Discount rate and expected rate of return on assets	7.31%	6.41% p.a.
Rate of increase in compensation	9.00% p.a.	9.00% p.a.
Employee turnover :		
Category 1 – For basic upto ₹ 1.2 lakhs		
Up to 4 years	44.20%	44.20%
5 years and above	1.25%	1.25%
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	45.20%	49.40%
5 years and above	1.25%	1.25%
Funding status	**Unfunded**	**Unfunded**
Projected obligation against compensated absences	**273**	**105**

The above information is as certified by the actuary and relied upon by the auditors

38 The Code on Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020 and over the period majority of the state have notified draft guidelines. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules are yet to be issued, however, it is anticipated that the code would be enacted in the near future. Accordingly, the Company has carried out the impact assessment of the gratuity liability based on an actuarial valuation and on a prudent basis made an additional provision of ₹ 21 lakhs in the profit and loss account for the year ended 31 March, 2023 (₹264 Lakhs in previous year). This is over and above the provisions made in normal course based on extant rules and as reported in the above disclosure.

39 Employee stock appreciation rights

The Company has an has cash settled share based payments scheme, under which grants were made as per details provided below:

Date of Grant	Grant 7	Grant 11	Grant 11M	Grant 11B	Grant 12
	1-Apr-17	**1-Apr-21**	**1-Apr-21**	**1-Apr-21**	**1-Apr-22**
Value of the Grant	₹ 155 Lakhs	₹ 128 Lakhs	₹ 419 Lakhs	₹ 1,257 Lakhs	₹ 234 Lakhs
Performance Condition	Achievement of PAT and ROE –Targets as per approved plan	Achievement of certain targets	Achievement of certain Performance targets as per approved business plan	Achievement of certain Performance targets as per approved business plan	On account of Achievement of certain Performance targets as per approved business plan.
Graded Vesting (subject to achievement of performance condition given above)	Tranche I: 33% vesting on 1st December 2020	Tranche I: 33% vesting on 1st December 2024	Tranche I: 33% vesting on 1st December 2024	Tranche I: 33% vesting on 1st December 2024	Tranche I: 50% vesting on 1st September 2024
	Tranche II: 33% vesting on 1st December 2021	Tranche II: 33% vesting on 1st December 2025	Tranche II: 33% vesting on 1st December 2025	Tranche II: 33% vesting on 1st December 2025	Tranche II: 50% vesting on 1st September 2025
	Tranche III: 34% vesting on 1st December 2022	Tranche III: 34% vesting on 1st December 2026	Tranche III: 33% vesting on 1st December 2026	Tranche III: 33% vesting on 1st December 2026	

Date of Grant	Grant 7	Grant 11	Grant 11M	Grant 11B	Grant 12
	1-Apr-17	1-Apr-21	1-Apr-21	1-Apr-21	1-Apr-22
Vesting period (including performance period)	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 2 years 5 months
	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 3 years 5 months
	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	
Exercise period	Within 30 days from each vesting date but not later than 2 years from the date of last vesting where period is 3 years/ 2 years				
Method of Settlement	Cash Payout as per terms of the scheme				

The estimated fair value of the grant at a notional value of ₹ 10 per unit (as at the date of grant) is as below:

Particulars	Grant 7	Grant 11	Grant 11M	Grant 11B	Grant 12
As at 31 March 2023	15.37	11.61	47.90	47.90	11.36
As at 31 March 2022	12.87	10.42	NA	NA	NA
As at 31 March 2021	12.65	NA	NA	NA	NA
Exercise price vest 1	17.25	NA	NA	NA	NA
Exercise price vest 2	12.65	NA	NA	NA	NA
Exercise price vest 3	15.37	NA	NA	NA	NA

Fair value is computed using the method provided in the scheme for estimating the valuation of the grant which is linked to the Net Book Value of the business and board approved business plan.

The movement of the stock appreciation rights during the year is as under:

Particulars (No. of Options)	As at 31 March 2023	As at 31 March 2022
Options outstanding as at the beginning of the year	2,00,000	60,01,125
Options granted during the year	18,96,850	10,75,000
Options forfeited during the year	(1,26,250)	(41,63,000)
Options exercised during the year	-	(11,27,964)
Options lapsed during the year	-	(15,09,786)
Grants of employee transferred during the year from/(to) holding company	41,83,250	(75,375)
Options Outstanding as at the end of the year	61,53,850	2,00,000
Options vested and exercisable	38,250	-
Expense recognised (₹ in Lakhs)	**283**	**347**

The above information is as certified by the valuer and relied upon by the auditors

40 Segment Information

Business Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM regularly monitors and reviews the operating result of the whole Company as one segment of "Financing". Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment.

Entity wide disclosures

The Company operates in a single business segment i.e. financing, which has similar risks and returns taking into account the organisational structure and the internal reporting systems. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the company's total revenue in year ended 31 March 2023 or 31 March 2022. The Company operates in single geography i.e. India and therefore geographical information is not required to be disclosed separately.

Notes to Financial Statements

for the year ended 31 March, 2023

41 Contingent Liability and commitments

a) Contingent liabilities

The Company has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

a) Contingent liabilities

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Guarantees	25	25
Contingent liability for litigations pending against the Company	5	4

b) Capital and other commitments

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March 2023 is ₹ 216 Lakhs (31 March 2022 is ₹ 28 Lakhs).

(ii) Loans sanctioned not yet disbursed as at 31 March 2023 were ₹ 89,533 Lakhs (31 March 2022 were ₹ 37,984 Lakhs).

c) Litigation

Litigations constitutes the number of pending litigations filed by customers/vendors/ex-employees/others against the Company for service deficiency/title claims/monetary claims/back wages/reinstatement issues respectively which is in the course of business as usual.

Asides the above the Company in its rightful entitlement initiates Civil or Criminal litigations for recovery of loan and enforcing security interest.

A provision is noted/created where an unfavourable outcome is deemed probable based on review of pending litigations with its legal counsels including loss contingency on account of such litigation and claims, and classification of such contingency as ‘low’, ‘medium’ or ‘high’ with due provisioning thereof . The management believes that the outcome of such matters will not have a material adverse effect on the Company’s financial position, its operations and cash flows.

d) Tax contingencies

Various tax-related legal proceedings are pending against the Company at various levels of appeal with the tax authorities. Management to best of its judgement and estimates where a reasonable range of potential outcomes is estimated basis available information accrues liability. Based on judicial precedents in the Company’s and other cases and upon consultation with tax counsels, the management believes that it is more likely than not that the Company’s tax position will be sustained. Accordingly, provision has been made in the accounts wherever required. Disputed tax issues that are classified as remote are not disclosed as contingent liabilities by the Company.

42 EMI Moratorium and resolution as per RBI Regulatory packages

Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 and RBI/2021-22/31/ DOR.STR.REC.11/21.04.048 / 2021-22 dated 5 May 2021

Type of Borrowers (₹ lakhs)	Exposure to accounts classified as Standard consequent to implementation of resolution plan Positions as at 1 April 2022	Of (A) aggregate debt that slipped into NPA during the half year ended 30 September 2022	Of (A) amount written off during the half-year ended 30 September 2022	Of (A) amount paid by the borrowers during the half year ended 30 September 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan-Position as at 30 September 2022*
Personal Loans	5,279	635	-	620	4,589
Others (including MSMEs)	3,230	1,009	-	241	2,159
Total	**8,509**	**1,644**	**-**	**861**	**6,748**

Type of Borrowers (₹ lakhs)	Exposure to accounts classified as Standard consequent to implementation of resolution plan Positions as at 30 September 2022**	Of (A) aggregate debt that slipped into NPA during the half year ended 31 March 2023**	Of (A) amount written off during the half-year ended 31 March 2023	Of (A) amount paid by the borrowers during the half year ended 31 March 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at 31 March 2023*
Personal Loans	4,589	787	-	331	3,411
Others (including MSMEs)	2,159	515	-	468	1,028
Total	**6,748**	**1,302**	**-**	**799**	**4,439**

* includes interest capitalised post implementation of one time resolution plan

** Net of upgradation from NPA to standard

43 Leases

The Company has entered into leasing arrangements for premises. Majority of the leases are cancellable by the Company. ROU has been included after the line 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

(i) Amounts recognised in Balance Sheet

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
a) Right-of-use assets (net)	3,757	1,858
b) Lease liabilities		
Current	692	414
Non-current	3,444	1,665
Total Lease liabilities	**4,136**	**2,079**
c) Additions to the Right-of-use assets	2,789	756

Statement showing carrying value of right of use assets:

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
As the beginning of year end	1,858	1,640
Additions	2,789	756
Deductions/Adjustments	133	154
Depreciation	757	384
As the year end	3,757	1,858

(ii) Amount Recognised in profit & loss

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Depreciation charge for right-of-use assets	761	384
Interest expenses (included in finance cost)	218	166
Variable lease payments not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Expenses relating to short-term leases and leases of low value assets	-	-

Notes to Financial Statements

for the year ended 31 March, 2023

(iii) Maturity analysis of undiscounted lease liability

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Less than one year	1,006	575
One to five years	3600	1937
More than five years	644	65
Total payments	**5,250**	**2,577**

(iv) Cash flows

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
The total cash outflow of leases	805	514

(v) Future Commitments

(₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Future undiscounted lease payments to which leases is not yet commenced	-	-

(vi) Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities and are as follow :

(a) Variable lease payments - This variability will typically arise from either inflation or market-based pricing adjustments. Currently, the Company do not have any lease which have variable lease payment terms based on inflation or market based pricing.

(b) Extension options and termination options - The table above represents Company's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options.

(c) Residual value guarantees - The Company has asset retiral obligations and accordingly have recognised them as part of ROU.

(d) The Company does not have any lease arrangements as at reporting date which are not yet commenced to which the Company is committed.

(vii) The Company currently does not have any sale and lease back transactions. The Company does not have any restrictions or covenants imposed by the lessor on its operating leases which restrict its businesses.

44 Micro and Small Enterprises

The Company identifies suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) by obtaining confirmations from all suppliers. Based on the information received by the Company, some of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly the disclosure relating to amount unpaid as at the year ended together with interest paid/payable is disclosed below:

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	498	142
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-

Notes to Financial Statements
for the year ended 31 March, 2023

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
The amount of interest accrued and remaining unpaid at the end of each accounting year;	12	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro small and Medium Enterprise Development Act, 2006.	-	-

45 Corporate Social Responsibilities Expenses

Gross amount required to be spent by the company is ₹ Nil lakhs for the year ended 31 March 2023 and ₹ Nil lakhs for 31 March 2022.

The details of amounts spent towards CSR are as under :

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Construction / acquisition of any asset	-	-
ii) On purpose other than (i) above	-	-
Amount spent in cash	**-**	**-**

46 Resource Sharing Cost

During the year, the holding company leased its premises to its subsidiary, SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)* to carry out its operations. The holding company has entered into resource sharing agreement with the subsidiary company, as per which the holding company has agreed to share premises and other resources and thereby to facilitate achieve economies of scale and avoid duplication. The reimbursement of cost is calculated as per arm's length price certified by the independent third party.

During the year the Company has paid ₹ 2,409 lakhs (31 March 2022; ₹ 1,490 lakhs) on account of above mentioned arrangement.

During the year, the Company has also co-shared the premises to its holding company to carry out its operations. The Company has entered into resource sharing agreement with its holding company. Under the arrangement the company have leased the premises and other resources to facilitate the business operation. The reimbursement of cost is calculated as pe arm's length price certified by the independent third party.

During the year the Company has charged ₹ 124 lakhs (31 March 2022; ₹ 157 lakhs) on account of above mentioned arrangement.

47 IRDA

Disclosure as per Schedule VI B for insurance commission income is not applicable since Company is not a corporate agent and has not earned any insurance commission during the year ended March 31, 2023 and March 31, 2022.

48 There was no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March, 2023 (31 March 2022: Nil).

49 Financial risk management

Risk management framework

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The Company places emphasis on risk management practices to ensure an appropriate balance between risks and returns. The Board of Directors of the Company (BOD) along with the management are primarily responsible for Financial Risk Management of the Company. The BOD's oversight of risk includes review and approval of key risk strategies and policies. These are monitored and governed through the Risk Oversight Committee (ROC). Audit Committee (AC) ensures that an independent assurance is provided to the BOD.

Notes to Financial Statements

for the year ended 31 March, 2023

The ROC controls and manages an inherent risks related to the Company's activities by the following risk categories:

Risk	Exposure arising from	Management
Credit Risk	Cash and cash equivalents, bank balance other than cash and cash equivalents, trade & other receivables, financial assets measured at amortised cost	ROC is actively involved in the following: - Oversight over the implementation of Core Credit Policies and Remedial Management Policies of the Company; - Review of the overall portfolio credit performance of the Company and establishing concentration limits by product programmes, collateral types, tenors and customer profile; - Determination of portfolio credit quality by reviewing observed default rates, provisions held, write-offs and status of recoveries from defaulting borrowers; and - Review of product programmes and recommending improvements/ amendments thereto.
Liquidity Risk	Financial liabilities	BOD is responsible for setting the strategic direction for the Company. This includes, establishing the liquidity risk appetite and the liquidity required to fulfil its strategic initiatives, setting boundaries/limits within such levels of tolerance and approving the policies that govern risk management under business as usual and stressed conditions. Liquidity risk is managed by the Asset Liability Committee (ALCO), based on the Company's Liquidity Policy and procedures which are based on guidelines provided by ROC. ALCO derives its authority from the ROC and is responsible for ensuring adherence to the liquidity and asset – liability management limits set by the BOD and to oversee implementation of the strategic direction articulated by the BOD. ALCO not only ensures that the Company has adequate liquidity on an on-going basis but also examines how liquidity requirements are likely to evolve under different assumptions.
Market Risk- Foreign Exchange	Recognised financial assets and financial liabilities not denominated in functional currency	ROC is involved in the formulation of policies for monitoring market risk. The risk is managed through close identification, supervision and monitoring of risks arising from movements in market rates such as interest rates, traded prices and credit spreads, which may result in a loss of earnings and capital.
Market Risk- Interest Rate / Dividend Coupon	Investments in equity securities, units of mutual funds, bonds, governments securities, certificate of deposits and commercial paper	

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to the financial instrument fails to meet its contractual obligation, and arises principally from the cash and cash equivalents, bank balance other than cash and cash equivalents, trade & other receivables and financial assets measured at amortised cost.

The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The ROC reviews and approves Loan Product programmes on an on-going basis. Key aspects of the product programmes outline the framework of any credit financial product being offered by the Company. Within this established framework, credit policies are established to manage the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, credit appraisal, verification, documentation, disbursement and collection / recovery procedures.

Product level credit risk policies are implemented to align all new customer acquisitions across locations and regions, individual profiles, income levels, leverage positions, collateral types and value, source of income and continuity of employment/business.

The Company has additionally taken the following measures:-

- Credit risk team is appointed to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required.
- Enhanced monitoring of portfolio through periodic reviews.
- Periodic trainings to its credit officers

Credit approval

The Board of Directors has delegated credit approval authority to the Company's Credit Committee, Chief Risk Officer / National Credit Manager, Zonal/Regional Credit Manager and Cluster Credit Manager under the Company's Credit Policy. The branch credit team/ operations team monitors compliance with the terms and conditions of credit facilities prior to disbursement. It also reviews the completeness of documentation and creation of security by the borrower.

The central operations team verifies adherence to the terms of the credit approval prior to the disbursement of credit facilities.

Credit underwriting

The Company's credit officers evaluate credit proposals on the basis of credit underwriting policies and procedures approved by the management. The criteria typically include factors such as the customer eligibility, income and debt obligation assessment, nature of the product, customer scorecards wherever applicable, historical experience, type of collateral provided and demographic parameters. Any deviations need to be approved at the designated levels. The company offers to add on funding to existing borrowers basis credit performance governed through credit approvals and approved policy.

External agencies such as field investigation agencies facilitate a due diligence process including visits to offices and residences, risk containment agencies for document frauds, legal & valuer agencies for property evaluation.

Analysis of risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Since the Company provides only retail loans, there is not significant concentration risk at the borrower / counterparty level. The maximum loan outstanding to any individual borrower or counterparty as of 31 March 2023 was ₹ 2,498 lakhs (31 March 2022: ₹ 1,462 lakhs), before taking into account collateral or other credit enhancements or undisbursed commitments.

More than 70 % of the Company's Loan outstanding is from Borrowers residing across 6 various states of India

Stress testing of portfolio

The Company evaluates potentially adverse scenarios that may impact the business or portfolio performance. Annual stress test exercise covering the entire portfolio is performed to assess vulnerability of the business to extreme scenarios and effectiveness of management actions. The assessed impact is incorporated into risk appetite of the Company to ensure regulatory compliance.

Analysis of inputs to the ECL model under multiple economic scenarios

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the EIR.

Cash shortfalls are identified as follows.

- For 12-month ECLs: Cash shortfalls resulting from default events that are possible in the next 12 months.
- For lifetime ECLs: Cash shortfalls resulting from default events that are possible over the expected life of the financial instrument.

For undrawn loan commitments, a cash shortfall is the difference between:

- the contractual cash flows that are due to the Company if the holder of the loan commitment draws down the loan; and
- the cash flows that the Company expects to receive if the loan is drawn down.

The Company records allowance for expected credit losses for cash and cash equivalents, bank balance, investment, trade and other receivables, loans and advances together with loan commitments and other financial assets measured at amortised cost, collectively named as 'financial assets at amortised cost'.

The Company performs a collective assessment on a homogeneous pool of outstanding loans grouped on the basis of shared risk characteristic based on the type of products sliced down to geography as part of the impairment analysis.

For estimation of ECL, the entire portfolio is broadly partitioned into products like Loan against property and Housing Loans. Products are further segregated on geography level and sectors. This portfolio is used to arrive exposure at Default, Probability of default and Loss given default.

Notes to Financial Statements

for the year ended 31 March, 2023

The Company follows the expected credit loss (ECL) methodology based on historically available information and projection of macroeconomic indicators in order to determine the impairment allowance required against different categories / pool of loan accounts.

All defining parameters (PD, LGD, EL Adjustment factor) are estimated on a half yearly frequency. However, required changes may be done more frequently in case of change in market condition, portfolio changes and other scenarios.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since its initial recognition, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12 month ECL is part of LTECL that represent the ECLs from default events on a financial asset that are possible within the 12 months after the reporting date.

Definition of Default

As per the Company's policy, all assets are classified into stage 1, stage 2 and stage 3. Assets up to 30 DPD (days past due) are classified as stage 1 assets. Assets with DPD of 31 days up to 90 days are classified as stage 2 assets and assets with DPD greater than 90 days are classified as stage 3 assets. The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 91 days past due on its contractual payments. As a part of qualitative assessment, of whether the customer is in default, the company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore assesses such loans as stage 3 for ECL calculations, following are such instances:

- If the customer has requested restructuring in repayment terms, such restructured, rescheduled or renegotiated accounts
- A stage 3 customer having other loans which are in stage 1 or stage 2
- cases where company suspects fraud and legal proceedings are initiated.

The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments are subject to 12 month ECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk since initial recognition when contractual payments are more than 30 days past due. The Company also applies a qualitative method for triggering a significant increase in credit risk for an asset. This will be the case for exposure that meets certain heightened risk criteria, such as political situations and exceptions to normal economic scenarios. Such factors are based on its expert judgement and relevant historical experiences. Significant increase in Credit risk has also been recognised for borrowers to whom One Time Restructuring has been granted on account of Covid-19, and LTECL has been computed for such borrowers.

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

The Company collects performance and default information about its credit risk exposures analysed by Product and geography. The Company employs statistical models of flow analysis and marginal default rate technique to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest whether due or not.

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due (net of recovery cost) and those that the lender would expect to receive. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. It is usually expressed as a percentage of the EAD.

The Company collects a list of all the defaulters and tracked from the first time they become non-performing asset ("Stage 3"). The Company calculates the LGD based on the present value of month on month recovery post default for Stage 1 and 2 and takes into account of the Stage 3 recovery and present value of the actual Stage 3.

EL Adjustment Factor is factor used to adjust the ECL computation to eliminate the biasness in different ticket size and number of loan accounts considering the nature of business/products.

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for the year ended 31 March, 2023

Forward Looking Information

While estimating the expected credit losses, the Company arrives at forward-looking PD estimates through the incorporation of forward-looking macro-economic factors. The various macro-economic factors considered are Gross Domestic Product (% real change), Consumer Price Index Change (%), Lending Interest Rate (%), Private consumption (% real change), Manufacturing (% real change), Industrial production (% change), Recorded unemployment (%). Product-wise selection of macro-economic factors is done basis the best fitting of the macro indicators with the historical loss trends also taking into account management views, if any, on the drivers of the portfolio. Apart from considering the base case of the macro outlook, two more scenarios an optimistic and pessimistic views of the outlook are also evaluated taking into account the external market conditions. Appropriate weightage is assigned to each of the scenarios to arrive at the final estimates. Presently, a higher deterioration of the base macro outlook is done to arrive at the pessimistic view and also its weightage has been increased vis-a-vis pre-Covid levels in view of external conditions. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Reconciliation of ECL balances in given below :

(₹ lakhs)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	2,053	8,438	13,725	24,217	1,549	8,272	11,038	20,859
New assets originated or purchased	1,293	-	29	1,321	670	-	-	670
Assets derecognised or repaid	(471)	(815)	(2,181)	(3,467)	(438)	(957)	(1,319)	(2,713)
Net transfers to/from Stage 1	6,460	(4,329)	(2,132)	-	188	(87)	(102)	-
Net transfers to/from Stage 2	(1,230)	6,048	(4,819)	-	(3,236)	3,569	(333)	-
Net transfers to/from Stage 3	(169)	(5,290)	5,459	-	(3,009)	(4,184)	7,193	-
Remeasurement of ECL	(3,801)	1,675	7,966	5,840	6,329	1,858	(983)	7,204
ECL reversal on account of written off	(42)	(590)	(11,189)	(11,822)	-	(34)	(1,769)	(1,803)
ECL allowance - closing balance	**4,094**	**5,136**	**6,860**	**16,090**	**2,053**	**8,438**	**13,725**	**24,217**

Credit Quality

The Company has classified portfolio loans as financial assets at amortised cost and has assessed it at the collective pool level. The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 and stage 3 Loans). The vintage analysis captures a vintage default experience across a particular portfolio by tracking the periodic slippages. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

Accordingly, the Company analysis exposure to credit risk on the basis of vintage experience across its products. The Company categorises its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

Accordingly, the Company analysis exposure to credit risk on the basis of vintage experience across its products. The Company categorises its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

(₹ lakhs)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	3,45,154	42,634	24,815	4,12,603	3,25,598	36,222	20,939	3,82,760
New assets originated or purchased	3,00,902	-	48	3,00,951	1,11,361	-	-	1,11,361
Assets derecognised/repaid/ recovery	(93,104)	(4,532)	(5,302)	(1,02,938)	(69,740)	(4,795)	(2,378)	(76,912)
Net transfers to/from Stage 1	32,600	(27,731)	(4,869)	-	6,584	(4,756)	(1,828)	-
Net transfers to/from Stage 2	(26,384)	37,684	(11,300)	-	(22,068)	23,795	(1,727)	-
Net transfers to/from Stage 3	(962)	(23,752)	24,715	-	(6,472)	(7,464)	13,937	-

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for the year ended 31 March, 2023

(₹ lakhs)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amounts written off	(455)	(2,892)	(14,503)	(17,849)	(109)	(368)	(4,128)	(4,605)
Closing balance	**5,57,752**	**21,411**	**13,604**	**5,92,767**	**3,45,154**	**42,634**	**24,815**	**4,12,603**
Interest accrued and other amortised cost	3,857	655	850	5,361	1,987	1,497	1,181	4,665
	5,61,608	**22,066**	**14,454**	**5,98,128**	**3,47,141**	**44,131**	**25,996**	**4,17,268**

Trade receivables

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflects low level of credit risk. Company creates ECL on trade receivable balances in line with board's approved provisioning policy.

Cash and cash equivalents, other bank balance and other financial assets

The Company has a low credit risk in respect of its exposure with financial institutions and other financial assets. Funds are invested after taking into account parameters like safety, liquidity and post tax returns etc. The Company avoids concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Company's exposure and credit ratings of its counterparties are monitored on an ongoing basis.

The Company holds cash and cash equivalents and other bank balances with banks and financial institutions. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

While exposure with respect to security deposit and advance given for business purpose is spread across and carry low credit exposure as the Company has possession of rental premises and other with whom the Company has worked with for a number of years.

Write off policy

The Company has laid down explicit policies on loan write-offs to deal with assets which are impaired due to customer's inability to repay the loan.

Exposure to credit risk and Collateral management

The Company holds collateral like residential, commercial land & building against its secured portfolio loans such as housing loan, loan against properties, and developer funding.

The Company has a collateral management system to address the risks associated in the mortgage business. Onsite inspections by independent experts are carried out to satisfy that the value of the collateral is sufficient to cover the associated credit risk and that the claim on property is legally enforceable. Credit policy guidelines clearly specify Loan to value (LTV) ratios and ensures a maximum permissible limit on exposure in any collateral backed funding. This takes care of any revaluation or depreciation in value of asset due to unforeseen circumstances.

The Collection team follows up with the customers through field visits as well as through telecommunication for payment of over dues. Collection team is also responsible for initiating legal action including repossession and selling of collaterals. In its normal course of business, the Company does not physically repossess properties in its retail portfolio. For other collaterals the Company liquidates the assets and recovers the amount due against the loan. Negotiations with customers with respect to settlement of loans are also carried out by the authorised personnel from collection team. Any surplus funds are returned to the customers/obligors.

An estimate of the lower of fair value of collateral and other security enhancements held and carrying amounts of the financial assets as at the reporting date is shown below. This excludes the value of collateral and other security enhancements that are determined not to be enforceable (legally or practically) by the Company.

(₹ lakhs)

As at 31 March 2023	Maximum exposure to credit risk	Collaterals (Land & building)*	Associated ECLs
Financial Assets			
Cash & Bank balances (excluding cash in hand)	7,153	-	-
Loans & Advances (gross)	5,98,128	17,60,574	(16,089)
Trade receivables	76	-	-

(₹ lakhs)

As at 31 March 2023	Maximum exposure to credit risk	Collaterals (Land & building)*	Associated ECLs
Other financial asset	5,072	-	-
Total Financial Asset	**6,10,430**	**17,60,574**	**(16,089)**

(₹ lakhs)

As at 31 March 2022	Maximum exposure to credit risk	Collaterals (Land & building)*	Associated ECLs
Financial Assets			
Cash & cash equivalents (excluding cash in hand)	43,567	-	-
Loans & Advances (gross)	4,17,268	12,08,963	(24,217)
Trade receivables	51	-	-
Other financial asset	2,825	-	-
Total Financial Asset	**4,63,711**	**12,08,963**	**(24,217)**

*The value of the collateral for residential & commercial mortgage loans is based on the collateral value at origination. For credit-impaired loans the value of collateral is based on the most recent appraisals.

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets.

Fair value of collateral and credit enhancements held under the base case scenario

(₹ lakhs)

As at 31 March 2022	Maximum exposure to credit risk	Collaterals (Land & building)*	Associated ECLs
As at 31 March 2023	22,505	43,237	(6,860)
As at 31 March 2022	25,996	66,561	(13,725)

Liquidity Risk

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive costs. Liquidity risk management involves estimating and managing the liquidity requirements of the Company within acceptable structural boundaries and in a cost-efficient manner, and involves the Board and senior management's development and oversight of a comprehensive process that identifies, measures, monitors and controls the Company's liquidity risk exposure.

The Company maintains a reliable management information system designed to provide the senior management with timely and forward-looking information on the liquidity position of the Company. In terms of actions, the Company's liquidity risk management policy is guided by the following principles:

1. Lender diversification demonstrated by an increase in lenders, across instruments (bank finance, bonds, money market instruments, sell down of loan portfolio of loan portfolio) and liquidity pools (banks, mutual funds, insurance companies, pension funds, foreign portfolio investors)
2. Matching of asset and liability tenor
3. Maintenance of adequate liquidity buffer as per internal policy
4. Maintenance of Structural liquidity mismatch as per internal policy

Tools to manage Liquidity Risk

The Company manages its liquidity risk through liquidity gap analysis, monitoring concentration limits (tenor, counterparty and instrument type) and liquidity ratios.

Projected rolling cash flow for the next 6 months is prepared which provides a gap analysis of expected cash inflow and outflow on a given date. Treasury is responsible to prepare a suitable funding plan based on the cash flow.

Single lender limit, single financial instrument or category limit and negative gap mismatches are monitored on a monthly basis to ensure these are within the policy limits

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for the year ended 31 March, 2023

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and by having access to funding through an adequate amount of committed credit lines. The Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due.

Analysis of financial liabilities by remaining contractual maturities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows (payable along with interest outgo*).

(₹ lakhs)

As at 31 March 2023	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	4,028	4,028	-	-	4,028
Borrowings other than debt securities	3,10,530	1,24,786	2,25,852	11,155	3,61,793
Debt Securities (including Subordinated liabilities)	1,93,258	62,055	1,37,948	33,254	2,33,257
Lease liabilities	4,137	1,006	3,600	644	5,250
Other financial liabilities (excluding lease liabilities)	26,485	26,485	-	-	26,485

(₹ lakhs)

As at 31 March 2022	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	2,284	2,284	-	-	2,284
Borrowings other than debt securities	2,57,890	1,02,493	1,85,106	2,018	2,89,619
Debt Securities	1,08,061	21,653	92,402	12,703	1,26,759
Lease liabilities	2,079	575	1,937	65	2,577
Other financial liabilities (excluding lease liabilities)	12,269	14,708	-	-	14,708

* The interest payments on variable interest rate loans in the table above reflect interest rates at the reporting date and these amount may change as market interest rates change.

The Company's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks to maintain the liquidity requirements.

Financing arrangement

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Expiring within one year	1,35,500	66,000
Expiring beyond one year (term loan)	37,830	-

The bank term loan facilities may be drawn at any time in ₹ and have an average maturity of 2.4 years (2022 : 2.9 year),Subject to maintenance of satisfactory credit ratings. In addition to above , the company also have undrawn bank overdraft facilities ₹7500 lakhs (31 March 2022: ₹12,500 lakhs) which may be drawn at any time and may be terminated by the bank without notice.

Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as foreign exchange rates, interest rates, other prices). The Company is exposed to market risk primarily related to interest rate risk and price risk.

Notes to Financial Statements
for the year ended 31 March, 2023

Competitions Risk

Company offers a range of mortgage products such as home loan, loans against property and construction of real estate. These are provided to a broad segment of customers Including salaried and self-employed personnel and corporates. We face competition primarily from other MFCS. The major competitive factors among the peer group are an extensive branch network, greater funding capabilities, wider range of products and services, and advanced technology offerings.

Foreign Currency Risk

The Company has nil amount of foreign currency denominated assets and liabilities. Accordingly, there is no significant exposure to currency risk

Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices and related market variables whether caused by factors specific to an individual investment, its issuer and market.

The Company's exposure to price risk arises from investments in debt securities, units of mutual funds, which are classified as financial assets at Fair Value through Profit and Loss and amounts to as follows:

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Exposure to price risk	16,308	2,499

Sensitivity analysis

The table below sets out the effect on profit or loss due to reasonable possible weakening / strengthening in prices of 5% :

(₹ lakhs)

Effect on profit or loss (₹ lakhs)	As at March 31, 2023	As at March 31, 2022
Impact on profit before tax for 5% increase in prices	(98)	(16)
Impact on profit before tax for 5% decrease in prices	98	16

Interest rate risk

The interest rate risk is the vulnerability of the Company's financial condition to adverse movements in market interest rates. It corresponds to the potential effects of interest rate changes on the Company's profitability, in particular net interest income. Exposure to this risk primarily results from timing spread in the re-pricing of both on and off-balance sheet assets and liabilities as they mature (fixed rate instruments) or contractual re-pricing (floating rate instruments). The objective of interest rate risk policy is to establish boundaries on interest rate risk exposure for the Company and the governance and monitoring policies for interest rate risk management.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed rate borrowings		
Debt Securities*	1,40,270	65,600
Variable rate borrowings		
Debt Securities	46,700	53,800
Bank borrowing (including WCDL)	3,10,836	2,58,006
Total borrowings	**4,97,806**	**3,77,406**

* Includes Subordinated liabilities

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for the year ended 31 March, 2023

The following metrics are employed for measurement of interest rate risks:

- Repricing Gap analysis – measured by calculating gaps over different time intervals as at a given date, and measures mismatches between rate sensitive liabilities and rate sensitive assets (including off-balance sheet positions).
- Sensitivity analysis – interest rate sensitivity is monitored as per interest rate simulations, viz. potential loss due to an adverse movement in interest rates of 100 bps for mismatch up to 1 year.

Sensitivity analysis

(₹ lakhs)

Effect on profit or loss (₹ lakhs)	As at March 31, 2023	As at March 31, 2022
Impact on profit before tax of 100 bps increase in interest rate	(3,575)	(3,118)
Impact on profit before tax of 100 bps decrease in interest rate	3,575	3,118

Financial Instrument

a. Classification and Fair Values of Financial Assets & Liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at reporting date :

(₹ lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	FVOCI	FVTPL	Amortised Cost	FVOCI	FVTPL	Amortised Cost
Financial assets:						
Cash and cash equivalent	-	-	7,175	-	-	3,680
Bank balances other than cash and cash equivalent	-	-	30	-	-	39,955
Trade Receivables	-	-	76	-	-	51
Loans and advances	4,549	-	5,77,490	-	-	3,93,051
Investments	-	16,308	-	-	2,499	-
Other financial assets	-	-	5,072	-	-	2,825
Total financial assets	**4,549**	**16,308**	**5,89,843**	**-**	**2,499**	**4,39,562**
Financial liabilities:						
Trade payables	-	-	4,029	-	-	2,284
Debt securities	-	-	1,67,985	-	-	98,285
Subordinated liabilities	-	-	25,273	-	-	9,776
Borrowing other than debt securities	-	-	3,10,530	-	-	2,57,890
Other financial liabilities	-	-	30,622	-	-	14,348
Total financial liabilities	**-**	**-**	**5,38,439**	**-**	**-**	**3,82,583**

Fair Value of cash and cash equivalents, bank balances other than cash and cash equivalent, trade receivables, loans and advances to customers, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to short term maturities of these instruments.

b. Fair value hierarchy

As per Ind AS 107, 'Financial Instruments: Disclosures', the fair values of the financial assets or financial liabilities are defined as the price that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs.

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 Ind AS 107. An explanation of each level follows underneath the table.

The hierarchy used is as follows :

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

a) Financial assets measured at FVTPL at each reporting date

(₹ lakhs)

Particulars	Level 1		Level 2	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Investment	16,308	2,499	-	-
Total	**16,308**	**2,499**	**-**	**0**

b) Financial assets and liabilities measured at amortised cost at each reporting date

(₹ lakhs)

Particulars	As at 31 March 2023		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured			
Loans and advances to customers at amortised cost	5,93,541	-	5,93,541
Loans and advances to customers at FVOCI	4,587	-	4,587
Other financial assets at amortised cost	5,072	-	5,065
Total	**6,03,200**	**-**	**6,03,193**
Financial liabilities measured at amortised cost			
Debt securities	1,67,985	-	1,67,900
Subordinated liabilities	25,273	-	25,253
Borrowing other than debt securities	3,10,530	-	3,10,530
Lease liabilities	4,137	-	4,948
Total	**5,07,925**	**-**	**5,08,630**

(₹ lakhs)

Particulars	As at 31 March 2022		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured at amortised cost			
Loans and advances to customers *	4,17,268	-	4,17,268
Other financial assets	2,825	-	2,832
Total	**4,20,093**	**-**	**4,20,100**

Notes to Financial Statements
for the year ended 31 March, 2023

(₹ lakhs)

Particulars	As at 31 March 2022		
	Carrying Value	Fair Value	
		level 2	level 3
Financial liabilities measured at amortised cost			
Debt securities	98,285		98,557
Subordinated Liabilities	9,776	-	9,478
Borrowing other than debt securities	2,57,890	-	2,57,890
Lease liabilities	2,079	-	2,192
Total	**3,68,030**	**-**	**3,68,117**

***Gross value of portfolio loans**

Fair value of financials assets and financial liabilities at amortised cost (i.e., Loans and advances to customers, Other financial assets, Debt securities, Borrowing other than debt securities is calculated on pool basis at present values of future cash flows over expected tenure of financial instruments.

Following discounting factor are used for calculation of fair values:

Particulars	Discounting factors
Loans and advances to customers	These are floating advances hence fair value equals to amortised cost
Other financial assets, Debt securities, Borrowing other than debt securities	Incremental cost of funds as at reporting date

Valuation techniques used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries), derivative financial instruments, etc. at fair value.

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

Each class of financial assets	Techniques
Government securities	The fair value is determined by applying direct quotes available from the active market for such securities.
Certificate of Deposits	The fair value for such securities is determined by applying benchmark yield available in the public domain.

In order to assess Level 3 valuations as per Company's investment policy, the management reviews the performance of the investee companies on a regular basis by tracking their latest available financial statements / financial information, valuation report of independent valuers, recent transaction results etc. which are considered in valuation process.

50 Maturity Analysis of Assets and Liabilities

(₹ lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	7,175	-	7,175	3,680	-	3,680
Bank balances other than cash and cash equivalents	30	-	30	39,955	-	39,955
Investments	16,308	-	16,308	2,499	-	2,499
Trade receivables	76	-	76	51	-	51
Loans and advances *	74,152	5,07,886	5,82,039	57,430	3,35,621	3,93,051
Other financial assets	649	4,424	5,072	598	2,228	2,825
Non Financial assets						
Current tax assets (net)	-	1,449	1,449	-	1,350	1,350
Deferred tax asset (net)	-	5,287	5,287	-	6,560	6,560
Other non financial assets	652	813	1,464	326	336	662
Property, plant and equipment	-	1,068	1,068	-	278	278
Right of use assets	-	3,757	3,757	-	1,858	1,858
Other Intangible assets	-	225	225	-	170	170
Intangible assets under development	-	50	50	-	11	11
Total Assets	**99,041**	**5,24,959**	**6,24,000**	**1,04,538**	**3,48,412**	**4,52,950**
Financial liabilities						
Trade payables	4,028	-	4,028	2,284	-	2,284
Debt Securities	52,901	1,15,084	1,67,985	17,412	80,873	98,285
Subordinated liabilities	1,253	24,020	25,273	404	9,372	9,776
Borrowings	1,03,500	2,07,031	3,10,530	86,777	1,71,113	2,57,890
Other financial liabilities	25,253	5,369	30,622	12,089	2,259	14,348
Non-Financial liabilities						
Provisions	989	184	1,173	817	69	886
Other non financial liabilities	3,157	-	3,157	2,226	-	2,226
Equity						
Equity share capital	-	31,848	31,848	-	30,803	30,803
Other equity	-	49,383	49,383	-	36,452	36,452
Total liabilities	**1,91,081**	**4,32,920**	**6,24,000**	**1,22,009**	**3,30,942**	**4,52,950**

* Loans and advance are classified basis behavioral pattern and management estimation of future inflows and outflows which have been relied by auditors.

51 Additional Regulatory Information under MCA Notification dated March 24, 2021

a. Details of Benami Property held: There are no proceedings which have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

b. Additional information where borrowings are from banks or financial institutions:

i. The revised quarterly returns and statements of current assets filed by the Company with banks or financial institutions for the quarter ended June 22, Sept 22 and Dec 22 are in agreement with the books of accounts. Further for quarter ended Mar 23 the company has filed the provisional return and statement which will be revised subsequently based on audited numbers;

ii. 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.

c. Wilful Defaulter: The Company has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender

Notes to Financial Statements

for the year ended 31 March, 2023

d. Relationship with Struck off Companies : During the year, the Company does not have any transactions with the companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956

e. Registration of charges or satisfaction with Registrar of Companies (ROC): In case of borrowings, there are no charges or satisfaction pending for registration with ROC beyond the statutory period

f. Compliance with number of layers of companies: The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

g. Ratios:

Particulars	As at March 31, 2023	As at March 31, 2022
Capital to risk-weighted assets ratio (CRAR) (%)	22.27%	24.30%
Tier I CRAR (%)	15.78%	20.25%
Tier II CRAR (%)	6.49%	4.05%
Liquidity Coverage Ratio (%)	76.40%	NA

h. Compliance with approved Scheme(s) of Arrangements: The Company has no entered in any such arrangements during the year.

i. Utilisation of Borrowed funds and share premium:

During the financial year ended March 31, 2023, other than the transactions undertaken in the normal course of business and in accordance with extant regulatory guidelines as applicable.

(i) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

j. Undisclosed Income: The Company does not have any transactions 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). Also, there are nil previously unrecorded income and related assets.

K. Details of Crypto Currency or Virtual Currency: The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year

L. Capital work in progress and intangible assets under development: Company does not have any Capital work in progress and intangible assets under development as shown in note no.13 of the financial statements.

52 Details of Transferred financial assets that are derecognised in their entirety

During the year, the Company has sold some loans measured at amortised cost and loans carried at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plans, the Company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and financial assets carried at FVOCI, gain/(loss) on derecognition thereon:

(₹ lakhs)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Carrying amount of derecognised financial assets measured at amortised cost	17,362	3,998
Net Gain/(loss) from derecognition for the year	(450)	319
Carrying amount of derecognised financial assets carried at FVOCI	27,617	-
Net Gain/(loss) from derecognition for the year	**2,834**	**-**

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Carrying amount of continuing involvement in derecognised financial assets	5,430	5,161

53 The Company had faced a malware incident in March 2023. Upon identifying the incident, the Company engaged global expert firms for incident response management and to further investigate the incident. The Company with the help of such experts took necessary steps towards recovery and remediation of its systems. The Company has since restored normalcy to its operations and is working towards enhancing its security environment.

Notes to Financial Statements

for the year ended 31 March, 2023

54 As required by the RBI circular no. DNBS.CO.PD.No. 367/03.10.01/2013-14 dated 23 January 2014, the details of accounts restructured during the year ended 31 Mar 2023 are given below:

(₹ lakhs)

No	Type of restructuring	Restructuring Account as on 31 March 2022			Fresh restructuring during the year			Upgradations to restructured standard category during the FY			Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY			Downgradations of Restructured accounts during the FY			Write-offs of restructured accounts during the FY			Restructured accounts as on 31 March 2023		
	Asset Classification	No of borrowers	Amount outstanding	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2023	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2023	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2023	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2023	Provision thereon	No of borrowers	Amount outstanding	Provision thereon	No of borrowers	Amount outstanding	Provision thereon
1	**CDR**																					
	standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2	**MSME & Others**																					
	Standard	-	-	-	-	-	-	2	18	11	-	-	2	-	-	-	-	-	-	2	18	9
	Substandard	1	1	0	1	13	8	-	-	-	-	-	-	1	1	-	-	-	-	3	14	8
	Doubtful	7	95	61	-	-	-	(2)	(18)	(11)	2	47	10	(1)	(1)	-	1	4	20	1	25	20
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	8	96	62	1	13	8	-	-	-	2	47	12	-	-	-	1	4	20	6	57	37
3	**Grand Total**																					
	Standard	-	-	-	-	-	-	2	18	11	-	-	2	-	-	-	-	-	-	2	18	9
	Substandard	1	1	0	1	13	8	-	-	-	-	-	-	1	1	-	-	-	-	3	14	8
	Doubtful	7	95	61	-	-	-	(2)	(18)	(11)	2	47	10	(1)	(1)	-	1	4	20	1	25	20
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**8**	**96**	**62**	**1**	**13**	**8**	**-**	**-**	**-**	**2**	**47**	**12**	**-**	**-**	**-**	**1**	**4**	**20**	**6**	**57**	**37**

Note:

1. The outstanding amount and number of borrowers as at 31 March 2023 is after considering recoveries and sale of assets during the year.
2. The above table pertains to advances and does not include investment in shares which have been fully provided for.
3. The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
4. For the purpose of arithmetical accuracy as required by circular, movement in provisions in the existing restructured account as compared to opening balance is disclosed under column fresh restructuring (for increase in provision) and write-off/sale/recovery (for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.
5. MSME details

(₹ lakhs)

No. of MSME accounts	Amount outstanding as on 31 March 2023	Amount outstanding as on 31 March 2022	Provision thereon as on 31 March 2023	Provision thereon as on 31 March 2022
1	-	3	-	2

Notes to Financial Statements
for the year ended 31 March, 2023

55 Additional Disclosures Required By NHB

Disclosures as required in Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21) dated February 17, 2021 read with Circulars DOR.ACC.REC. No.20/21.04.018/2022-23 dated April 19, 2022 on 'Scale Based Regulation (SBR). These have been prepared on the basis of INDAS financials in line with Master Direction.

i) Capital to Risk Assets Ratio ('CRAR')

Particulars	As at March 31, 2023	As at March 31, 2022
CRAR (%)	22.27%	24.30%
CRAR- Tier I Capital (%)	15.78%	20.25%
CRAR- Tier II Capital (%)	6.49%	4.05%
Amount of subordinated debt raised as Tier-II capital (₹ lakhs)	24,500	9,500
Amount raised by issue of Perpetual Debt Instruments (₹ lakhs)	-	-

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

The Company has created a reserve fund as required by Section 29C of National Housing Bank Act, 1987, wherein a sum equal to twenty percent of its profit every year, as disclosed in the profit and loss account and before any dividend is declared, is transferred. The Special Reserve qualifies for deduction as specified u/s 36 (1) (viii) of the Income Tax Act, 1961 and accordingly, the Company has been availing tax benefits for such transfers.

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year		
Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	847	509
Addition / Appropriation / Withdrawal during the year		
Add:		
Amount transferred u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	803	337
Less:		
Amount transferred u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	**1,650**	**847**

Notes to Financial Statements

for the year ended 31 March, 2023

iii) Investments

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Value of Investments		
Gross Value of Investments (at fair value)		
In India	16,308	2,499
Outside India	-	-
Provisions for depreciation		
In India	-	-
Outside India	-	-
Net Value of Investments		
In India	16,308	2,499
Outside India	-	-
Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add : Provisions made during the year	-	-
Less : Write-off / write-back of excess provisions during the year	-	-
Closing balance	-	-

iv) Derivatives

a. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) The notional principal of swap agreements	Nil	Nil
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	Nil	Nil
(v) The fair value of the swap book	Nil	Nil

b. Exchange Traded Interest Rate (IR) Derivative

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year ended	Nil	Nil
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on year ended	Nil	Nil
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not “highly effective	Nil	Nil
(i) Mark-to-market value of exchange traded IR derivatives outstanding and not “highly effective	Nil	Nil

c. Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing derivative cover to third parties.

d. Qualitative Disclosure

(i) All hedging activities are carried out by Centralised treasury department possessing the appropriate skills, experience and supervision. The Company's policy is to hedge the exposure by taking derivative instruments and not to trade in derivatives for speculative purposes. By using derivative financial instruments to hedge exposures to changes in interest rates and foreign exchange risk. The company minimises counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties.

(ii) The Company has a risk management policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:

a) Treasury and Risk function is authorised to elect appropriate derivative instrument:,

b) The Company shall fully hedge the risk on account of foreign currency fluctuation and change interest rate towards external commercial borrowing;

c) Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled and reported in ALCO.

d) The Company has a hedging policy in place which mandates to have a hedge relation established before a derivative transaction is entered into. The Company ensures that the hedging effectiveness is monitored continuously during the life of the derivative contract;

e) The Company has put in place accounting policy covering recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts, provisioning and credit risk mitigation.

e. Quantitative Disclosure

(₹ lakhs)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Currency derivative	Interest rate Derivatives	Currency derivative	Interest rate Derivatives
Derivatives (Notional Principal Amount) for hedging	Nil	Nil	Nil	Nil
Marked to Market Positions				
a) Asset	Nil	Nil	Nil	Nil
b) Liability	Nil	Nil	Nil	Nil
Credit Exposure	Nil	Nil	Nil	Nil
Unhedged Exposures	Nil	Nil	Nil	Nil

v) Securitisation

a) The Company has not entered into any agreement for securitisation. Hence, no disclosure is made for the same.

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

During the year Company has not sold financials asset to securitisation/ reconstruction company for asset reconstruction.

Notes to Financial Statements
for the year ended 31 March, 2023

c) Assignment

Details of Assignment transactions Undertaken by the Company during the year:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Number of loans assigned	2,029	62
Amount of loans assigned (₹ in lacs)	27,617	3,998
Weighted average maturity (in months)	153	150
Weighted average holding period (in months)	29	36
Retention of beneficial economic interest	5%-10%	5%
Coverage of tangible security on secured loans	100%	100%
Rating-wise distribution of rated loans	NA	NA

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

(i) Details of non performing financial assets purchased during the year:

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
No. of accounts purchased during the year	NIL	NIL
Aggregate outstanding		
Of these, number of accounts restructured		
Aggregate outstanding		

The Company does not acquired any stressed assets during the year.

(ii) Details of stressed loans transferred or acquired based on RBI Circular No. RBI/DOR/2021-22/86 dated 21 September 2021 for the year ended March 31, 2023:

Details of stressed loans transferred during the year (to be made separately for loans classified as NPA and SMA)	To ARC	To permitted transferee	To other transferees
No. of accounts	Nil	756	Nil
Aggregate principal outstanding* of loans transferred (₹ in lacs)	Nil	17,362	Nil
Weighted average residual tenor of the loans transferred	Nil	175	Nil
Net book value of loans transferred (at the time of transfer) (₹ in lacs)	Nil	5,635	Nil
Aggregate consideration (₹ in lacs)	Nil	6,077	Nil
Aggregate consideration Additional consideration realised in respect of accounts transferred in earlier years	Nil	Nil	Nil

*Includes sale of written off portfolio

vi) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

(₹ lakhs)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Advances*	Investments	Bank Borrowings	Market Borrowings	Advances	Investments	Bank Borrowings	Market Borrowings
1-7 days	5,927	3,477	185	-	4,612	2,499	-	-
8-14 days	1,745	-	-	-	898	-	-	-
Up to 30/31 days	3,221	4,954	6,340	-	1,951	-	3,346	-
Over 1 month upto 2 Months	5,673	-	4,955	27,090	4,357	-	3,393	1,413
Over 2 months upto 3months	5,768	7,877	15,470	10,544	4,635	-	14,328	207
Over 3 months & up to 6 months	18,126	-	27,408	13,952	14,856	-	20,590	1,656
Over 6 Months & up to 1 year	33,692	-	49,141	2,568	26,121	-	45,120	14,540
Over 1 year & up to 3 years	97,238	-	1,32,844	1,15,084	72,226	-	1,38,307	78,800
Over 3 years & up to 5 years	60,199	-	64,677	-	48,531	-	31,163	2,078
Over 5 years	3,50,450	-	9,510	24,020	2,14,864	-	1,643	9,367
Total	**5,82,039**	**16,308**	**3,10,530**	**1,93,258**	**3,93,051**	**2,499**	**2,57,890**	**1,08,061**

*Advance as at year end are disclosed as per behavioral pattern.

The Company does not have any deposits , foreign currency assets and liabilities as on 31 March 2023 and 31 March 2022.

Based on Management estimation of future inflows and outflows which have been relied by auditors.

vii) Exposures

a) Exposure to real estate sector

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Direct exposure		
Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	5,37,932	4,01,064
Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose 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	1,34,663	47,308
Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
Indirect Exposure - Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total Exposure to Real Estate Sector	**6,72,595**	**4,48,372**

Exposure amount includes principal outstanding, Interest accrued thereon, undrawn amount and other adjustments for gross carrying value. The Company provides loans against property which are fully collateralised against a residential property, commercial property. All Residential collateral are reported under residential mortgage while commercials (including commercial real estate, shops, hotels and Industry) collateral are reported as commercial real estate. The

Notes to Financial Statements

for the year ended 31 March, 2023

end use of the loan may be business in case of a business customer or could be personal in case of a salaried and individual customer.

b) Exposure to capital market

The Company has no exposure to the capital markets directly or indirectly in the current and previous year.

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	Nil
b) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
c) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
d) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
e) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
f) Loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on the clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
g) bridge loans to companies against expected equity flows/issues;	Nil	Nil
h) All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	-	-

c) Details of financing of parent company products

The Company does not finance any of it's holding/parent company products.

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

The Company has not lent / invested / lent and invested in any borrower / group of borrower in excess of limits prescribed by the NHB.

e) Unsecured advances

The Company does not have any unsecured advances in the form of rights, licenses, authorisations, etc. that are charged as collateral for the purposes of financing. The Company does not have any unsecured advances. For details refer note 6 Loans and Advances

viii) Exposure to group companies engaged in real estate business (refer to Paragraph 21 of these directions)

Particulars	Amount (₹ in Lakhs)	% of owned fund
(i) Exposure to any single entity in a group engaged in real estate business	Nil	Nil
(ii) Exposure to all entities in a group engaged in real estate business	Nil	Nil

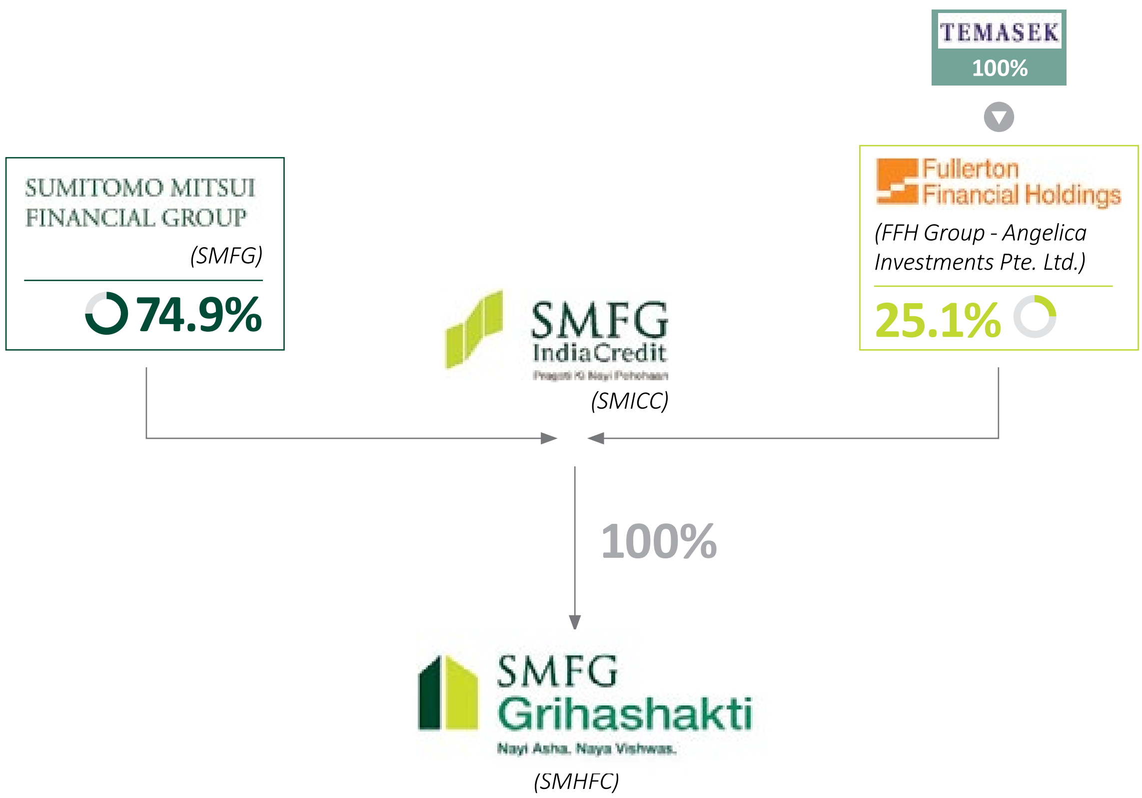
ix) Registration with other financial sector

The Company does not have registration with any other financial sector.

x) During Financial year 2023, there were no penalties imposed by NHB or any other regulator for contravention of paragraph 22 and 27A of the Housing Finance Companies (NHB) Direction 2010.

xi) Refer note 35 for related party transactions during the current and previous year.

Diagrammatic representation of group structure



xii) Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	CARE	CRISIL	CARE	CRISIL
Non convertible debentures/ Sub debt	AAA Stable	AAA Stable	AAA Stable	AAA Stable
Term Loan	AAA Stable	AAA Stable	AAA Stable	AAA Stable
Short term debt / Commercial Paper	A1+	A1+	A1+	A1+

Ratings are subject to annual surveillance.

xiii) Net Profit or Loss for the period, prior period items and changes in accounting policies.

The Company has not debited any prior period items in statement of profit & loss during the current year/previous year.

xiv) Remuneration of Non-Executive Directors

Refer note 35 for related party transactions for remuneration paid to non- executive directors during the current and previous year.

xv) Management : Refer the Management Discussion and Analysis section.

Notes to Financial Statements
for the year ended 31 March, 2023

xvi) Revenue recognition.

There has been no instance of revenue recognition being postponed pending resolution of significant uncertainties.

xvii) Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit & Loss Account

(₹ lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	For the year ended 31 March 2023	For the year ended 31 March 2022
Provision towards NPA portfolio loans	(5,136)	2,874
Provision made towards income tax (incl. adj. for tax of earlier period)	-	1,497
Provisions for depreciation on Investment	-	-
Other Provision and Contingencies (Refer Note 38)	287	341
Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)		-
- Housing (Incl. CRE-RH)	(1,704)	(566)
- Non Housing (incl. CRE)	(1,287)	1,048

The total provision carried by the Company in terms of paragraph 15 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, as follows:-

(₹ lakhs)

Break up of Loan & Advances and Provisions thereon	As at 31 March 2023		As at 31 March 2022	
	Housing	Non Housing	Housing	Non Housing
Standard Assets				
a) Total Outstanding Amount	3,53,584	2,22,154	2,29,801	1,61,471
b) Provisions made	3,649	3,851	5,353	5,138
Sub-Standard Assets				
a) Total Outstanding Amount	7,453	7,146	6,774	8,299
b) Provisions made	2,257	1,995	3,602	3,906
Doubtful Assets – Category-I				
a) Total Outstanding Amount	2,120	2,389	3,744	5,376
b) Provisions made	922	1,176	1,864	2,894
Doubtful Assets – Category-II				
a) Total Outstanding Amount	1,165	2,116	1,456	347
b) Provisions made	810	1,429	1,258	201
Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	**3,64,322**	**2,33,806**	**2,41,775**	**1,75,493**
b) Provisions made	**7,638**	**8,451**	**12,077**	**12,140**

xviii) Draw down from reserves

The Company has not withdrawn any amount from any of the reserves during the year ended 31 March 2023 (31 March 2022: Nil)

xix) Concentration of Deposits, Advances, Exposures and NPAs

(a) Concentration of Deposits

The Company has not accepted any deposits during the current and previous year. Also there are no outstanding deposit from earlier years.

(b) Concentration of Loans and Advances

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Total advances to twenty largest borrowers	20,825	12,287
Percentage of advances to twenty largest borrowers to total advances of the Company	3.48%	2.94%

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

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Total exposure to twenty largest borrowers / customers (Amount includes carrying value of loans and undrawn loan commitment)	51,274	17,557
Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	7.62%	3.92%

(d) Concentration of Non Performing Accounts

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Total Exposure to top ten NPA accounts	3,706	3,431

(e) Sector-wise Non performing accounts

Percentage of NPAs to Total Advances in that sector	For the year ended 31 March 2023	For the year ended 31 March 2022
Housing Loans		
Individuals	3.17%	5.04%
Builder/Project loans	0.00%	0.00%
Corporates	0.00%	0.00%
Others	0.00%	0.00%
Non Housing Loans		
Individuals	5.35%	8.22%
Builder/Project loans	0.00%	0.00%
Corporates	0.00%	3.65%
Others	0.00%	0.00%

xx) Movement of NPA's, provision, net NPA (op, add, reductions, closing)

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net NPA to Net Advances (%)	**2.34%**	**3.04%**
Movement of Gross NPAs		
(a) Opening Balance	25,996	21,647
(b) additions during the year	51,838	64,161
(c) Reductions during the Year	55,445	59,812
(d) Closing Balance	**22,389**	**25,996**
Movement in provisions for NPAs		
(a) Opening Balance	13,725	10,852
(a) Provisions made during the year	11,097	24,229
(b) Write off / Write back of excess provisions	16,233	21,355
	8,589	**13,725**

Notes to Financial Statements
for the year ended 31 March, 2023

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Movement in Net NPAs		
(a) Opening Balance	12,271	10,795
(b) additions during the year	40,741	39,272
(c) Reductions during the Year	39,212	37,796
(d) Closing Balance	**13,800**	**12,271**

On 12 November 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring regulated entities to change certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. The company has put in place the necessary system to implement the revised NPA classification and upgradation provisions w.e.f. 30 September 2022.

xxi) In terms of requirement of NHB's Circular No. NHB (ND) /DRS/ Pol.Circular. 61/2013-14 dated 07 April, 2014 following information on Reserve Fund under Section 29C of the National Housing Bank Act, 1987 is provided :

(refer note no. 55 (ii))

xxii) Overseas Assets

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Overseas Assets	N.A	N.A

xxiii) Off-balance Sheet SPVs sponsored which are required to be consolidated as per accounting Norms

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Off Balance sheet SPVs	N.A	N.A

xxiv) The Company does not have any subsidiary, associate or joint venture company, hence the disclosure is not applicable. Further the consolidated financial statements is not applicable to the company

xxv) Asset classification based on circular no. RBI/2019-20/170 dated 13 March 2020

(₹ lakhs)

Particulars	As at March 31, 2023					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
	2	3	4	5	6	7=(4)-(6)
Performing Assets						
Standard	Stage 1	5,60,965	3,681	5,57,284	2,135	1,546
	Stage 2	14,657	3,442	11,215	515	2,927
	Stage 3	116	54	62	0.5	53
Subtotal		**5,75,738**	**7,176**	**5,68,562**	**2,650**	**4,526**

Notes to Financial Statements

for the year ended 31 March, 2023

(₹ lakhs)

Particulars	As at March 31, 2023					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
	2	3	4	5	6	7=(4)-(6)
Non-Performing Assets (NPA)						
Substandard	Stage 1	603	92	511	89	3
	Stage 2	7,099	1,578	5,521	1,026	551
	Stage 3	6,828	2,583	4,245	974	1,609
Doubtful						
up to 1 year	Stage 1	40	10	30	10	-
	Stage 2	256	74	183	62	12
	Stage 3	4,253	2,015	2,238	1,000	1,015
1 to 3 years	Stage 2	53	30	23	21	10
	Stage 3	3,257	2,208	1,048	1,374	834
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		7,859	4,337	3,522	2,466	1,871
Loss	Stage 3	-	-	-	-	-
Subtotal of NPA		**22,389**	**8,589**	**13,800**	**4,556**	**4,033**
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	89,485	311	89,173	-	311
	Stage 2	48	12	36	-	12
	Stage 3					
Subtotal		**89,533**	**324**	**89,209**	**-**	**324**
Total	Stage 1	6,50,449	3,992	6,46,457	2,135	1,857
	Stage 2	14,706	3,454	11,252	515	2,939
	Stage 3	22,505	8,643	13,862	4,556	4,087
	Total	**6,87,661**	**16,089**	**6,71,571**	**7,206**	**8,883**

(₹ lakhs)

Particulars	As at March 31, 2023					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
	2	3	4	5=(3)-(4)	6	7=(4)-(6)
Performing Assets						
Standard	Stage 1	3,47,141	1,853	3,45,290	1,317	535
	Stage 2	44,131	8,417	35,713	567	7,850
	Stage 3	-	-	-	-	-
Subtotal		**3,91,272**	**10,271**	**3,81,003**	**1,884**	**8,385**
Non-Performing Assets (NPA)						
Substandard	Stage 3	15,002	7,509	7,493	2,258	5,251

Notes to Financial Statements
for the year ended 31 March, 2023

(₹ lakhs)

Particulars	As at March 31, 2023					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
	2	3	4	5=(3)-(4)	6	7=(4)-(6)
Doubtful						
up to 1 year	Stage 3	9,177	4,758	4,419	2,523	2,235
1 to 3 years	Stage 3	1,817	1,459	359	766	693
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful	**-**	**10,995**	**6,217**	**4,778**	**3,289**	**2,928**
Loss	-					
Subtotal of NPA		**25,996**	**13,725**	**12,271**	**5,547**	**8,179**
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	37,876	200	37,676	-	200
	Stage 2	108	21	87	-	21
	Stage 3	-	-	-	-	-
Subtotal		**37,984**	**221**	**37,764**	**-**	**221**
Total	Stage 1	3,85,017	2,053	3,82,966	1,317	735
	Stage 2	44,239	8,438	35,801	567	7,871
	Stage 3	25,996	13,725	12,271	5,547	8,179
	Total	**4,55,252**	**24,217**	**4,31,038**	**7,431**	**16,784**

1. Total Gross carrying amount represents loans at amortised cost as per Note 6. Other items in column 3 include undrawn loan commitments.

2. ECL provisioning is presented at the portfolio level for each stage while the Provisions required as per IRACP norms are presented in accordance with RBI/NHB guidelines and circular reference dated 17 April 2020.

3. Interest on NPA portfolio is not recognised under IRAC norms, while interest on Stage 3 assets is accounted as net of ECL provision and forms part of carrying value of portfolio loans.

xxvi) Details of Principal Business Criteria as per Paragraph 4.1.7:

Particulars	As at March 31, 2023	As at March 31, 2022
Housing Finance Assets of its total assets netted off by intangible assets	57.75%	51.42%
Individual Housing Finance assets of its total assets netted off by intangible assets	53.36%	50.32%

xxvii) Disclosure on complaints

a) Complaints received by the HFC from its customers

Particulars	As at March 31, 2023	As at March 31, 2022
i. Number of complaints pending at beginning of the year	4	7
ii. Number of complaints received during the year	99	167
iii. Number of complaints disposed during the year	100	170
a. Of which, number of complaints rejected by the HFC	-	-
iv. Number of complaints pending at the end of the year *	3	4

b) Maintainable complaints received by the HFC from Office of Ombudsman

Particulars	As at March 31, 2023	As at March 31, 2022
i. Number of maintainable complaints received by the HFC from Office of Ombudsman	NA	NA
a. Of i, number of complaints resolved in favour of the HFC by Office of Ombudsman		
b. Of i, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman		
c. Of i, number of complaints resolved after passing of Awards by Office of Ombudsman against the HFC		
ii. 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.

Top five grounds(a) of complaints received by the HFCs from customer

Particulars	Number of complaints pending at the beginning of the year		Number of complaints received during the year		Number of complaints pending at the end of the year		Of iv, number of complaints pending beyond 30 days *	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Foreclosure requests	-	3	16	28	-	-	-	-
Documentation requests	-	-	9	4	-	-	-	-
Interest rate disputes	-	1	8	15	-	-	-	-
Inability to pay/Settlement	1	1	8	14	-	1	-	-
Loan closure status disputes	-	-	7	4	-	-	-	-
PMAY	2	-	7	9	1	2	-	-
Customer Portal/Mobile App	-	-	3	25	-	-	-	-
Covid Stress Relief requests	-	-	-	21	-	-	-	-
Total	**3**	**5**	**58**	**120**	**1**	**3**	**-**	**-**

xxviii) The details of frauds noticed / reported are as below:

(₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Amount Involved	-	45
Amount Recovered from the reported fraud till date	14	-
Amount written off/provided	-	45
Balance	-	-

XXIX) The Company does not have any outstanding loan against gold jewelleries as at 31 March 2023 (31 March 2022: ₹ Nil).

Notes to Financial Statements
for the year ended 31 March, 2023

xxx) Sectoral Exposure (including funded and non funded exposure)

(₹ lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Total Exposure	Gross NPA	Percentage of Gross NPA to total exposure in that sector	Total Exposure	Gross NPA	Percentage of Gross NPA to total exposure in that sector
I. Gross Advances (II + III)	**6,85,698**	**22,390**	**3.27%**	**4,55,293**	**25,996**	**5.71%**
II. Food Credit	-	-	0.00%	-	-	0.00%
III. Non-Food Credit (1 to 5)	**6,85,698**	**22,390**	**3.27%**	**4,55,293**	**25,996**	**5.71%**
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services	**2,31,697**	**11,298**	**4.88%**	**1,83,539**	**13,544**	**7.38%**
3.a Retail Trade	1,64,524	10,125	6.15%	1,21,698	9,838	8.08%
3.b Commercial Real Estate	57,149	383	0.67%	56,279	3,054	5.43%
3.c Other Services	10,024	790	7.88%	5,561	651	11.71%
Total 3.a to 3.c	**2,31,697**	**11,298**	**4.88%**	**1,83,539**	**13,544**	**7.38%**
3.a Micro and Small	2,31,697	11,298	4.88%	1,83,539	13,544	7.38%
3.b Medium	-	-	-	-	-	-
3.c Large	-	-	-	-	-	-
4. Retail Loans	**4,54,001**	**11,092**	**2.44%**	**2,71,754**	**12,452**	**4.58%**
Housing Loans (incl. priority sector Housing)	4,45,128	10,966	2.46%	2,66,517	12,180	4.57%
Other Retail loans , if any, Please specify	8,873	126	1.42%	5,237	273	5.20%
5. Other Non-food Credit, if any	-	-	-	-	-	-

xxxi) Intra-Group Exposure

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Total amount of intra-group exposures		
(ii) Total amount of Top 20 intra-group exposures	NIL	NIL
(iii) Percentage of intra-group exposures to total exposures of the NBFC on borrowers/customers		

xxxii) Unhedged foreign currency exposure

a) The Company has no unhedged foreign currency exposure on March 31, 2023.

b) **Policies to manage currency induced risk**

The company has no unhedged foreign currency exposure hence policies to manage currency induced risk is not applicable.

xxxiii) Corporate Governance

Disclosure in relation to corporate governance are disclosed in the corporate governance section in accordance with SEBI (LODR) Regulation 2015 as amended from time to time.

xxxiv) Breach of covenant

There were no instances of breach of covenant of loan availed or debt securities issued during the years ended 31 March 2023 and 31 March 2022.

xxxv) Divergence in Asset Classification and Provisioning

There is no divergence assessed by NHB since last inspection carried out by the regulator.

56 SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.)* Limited Public Disclosure on Liquidity Risk - for the quarter ended March 31, 2023, pursuant to RBI circular no.RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019

i) Funding Concentration based on significant counterparty (both deposit and borrowings)

Financial Year	No. of Significant Counterparties	Amount (₹ in lacs)	% of total Deposits	% of Total Liabilities*
2023	21	4,54,227	Not applicable	83.69%
2022	17	3,41,831	Not applicable	88.60%

* Total liability excludes equity

Note:

1) A Significant counterparty is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of total liabilities.
2) Total liabilities excludes shareholder's funds
3) Principal outstanding as on 31 March 2023

ii) Top 20 large deposits: Not applicable

iii) Top 10 Borrowings:

Financial year	Amount (₹ lakhs)	% of Total Borrowings
2023	3,55,260	70.52%
2022	2,89,549	79.80%

Represents Principal outstanding as on 31 March 2023

iv) Funding concentration based on significant instrument / product:

(₹ lakhs)

Sr No	Name of the instrument*	Year ended 31 March 2023	% of Total Liabilities*	Year ended 31 March 2022	% of Total Liabilities*
1	Term Loan	3,10,530	57.21%	2,58,006	66.90%
2	Non-Convertible Debentures (NCD)	1,67,985	30.95%	95,300	24.70%
3	Sub-ordinate Debt	25,273	4.66%	9,500	2.50%

Note:

1) A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of total liabilities.
2) Principal outstanding as on 31 March 2023
3) Total liabilities excludes shareholder's fund

v) Stock Ratios:

(₹ lakhs)

Sr No	Name of the instrument	As at March 31, 2023	As At March 31, 2022
1	Short Term NCD (original maturity upto 1year)/Total Assets	0.00%	0.00%
2	Short Term NCD (original maturity upto 1year)/Total External Liabilities	0.00%	0.00%
3	Commercial Papers/Total Assets	0.00%	0.00%
4	Commercial Papers/Total external liabilities	0.00%	0.00%
5	Long Term Assets/ Total Assets	88.25%	76.92%
6	Short Term Liabilities/Total External Liabilities*	27.67%	26.09%
7	Other Short Term Liabilities/Total Assets	24.11%	22.21%

Notes to Financial Statements

for the year ended 31 March, 2023

Notes:

1) Other Short-term Liabilities includes borrowings, which are maturing within 12 months from the reporting date excluding Commercial papers.
2) Total liabilities excludes shareholder's fund.

vi) Institutional Setup of Risk Management

The Company's Board of Directors (BOD) is responsible for setting the strategic direction for the Company. This includes, establishing the liquidity risk appetite and the liquidity required to fulfil its strategic initiatives, setting boundaries/limits within such levels of tolerance and approving the policies that govern risk management under business as usual and stressed conditions. The Company's liquidity risk is managed by Asset Liability Committee (ALCO) based on guidelines provided by Risk Oversight Committee (ROC). ALCO is responsible for ensuring adherence to the liquidity risk appetite and asset-liability management limits set by the BOD and to oversee implementation of the strategic direction articulated by the BOD. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* has an Institutional Governance setup for Risk Management as below:

1) Board of Directors
2) Risk Oversight Committee(ROC)
3) Asset Liability Management Committee (ALCO)

The Company has a well-diversified funding mix with adequate proportion of long term borrowings

vii) Liquidity Coverage Ratio (LCR)

A Qualitative Disclosure

SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.)* has a Risk Oversight Committee (ROC), a Board level Sub-committee to oversee liquidity risk management. Liquidity risk is managed by the Asset Liability Committee (ALCO), based on the Company's Liquidity Policy and procedures which are based on guidelines provided by ROC. ALCO derives its authority from the ROC and is responsible for adherence to the liquidity and asset liability management limits and to oversee implementation of the strategic direction set by the Board.

RBI vide circular dated November 4, 2019 has made it mandatory for NBFCs to implement Liquidity Coverage Ratio (LCR) with effect from December 1, 2020. Accordingly, the Board and ALCO approved the Liquidity risk management policy which cover Liquidity Coverage Ratio requirements. The overall Liquidity risk management of SMHFC is under the guidance of the ALCO and within the overall framework of the Board approved policies. During the financial year the Company has crossed regulatory threshold limit required for applicability of LCR framework.

LCR requires SMHFC to maintain adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash promptly and used immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. SMHFC has investments in government securities and balance in current account with banks which has resulted in a high level of HQLA. SMHFC follows the criteria laid down by the RBI for month-end calculation of High-Quality Liquid Assets (HQLA), Net Cash outflows within the next 30-day period. SMHFC is funded through Term loans from banks, Non convertible bonds. The Company assesses the impact on short term liquidity gaps under stress scenarios and maintain sufficient liquidity buffers.

B Quantitative Disclosure

(₹ lakhs)

Particulars		As at June 30, 2022		As at September 30, 2022		As at December 31, 2022		As at 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									
1	Cash on hand	883	883	571	571	14	14	13	13
2	Balances in current account	3,600	3,600	2,961	2,961	3,654	3,654	3,315	3,315
3	Government securities	2,952	2,952	6,052	6,052	11,627	11,627	15,074	15,074
Total High Quality Liquid Assets		**7,434**	**7,434**	**9,584**	**9,584**	**15,294**	**15,294**	**18,402**	**18,402**

Notes to Financial Statements
for the year ended 31 March, 2023

(₹ lakhs)

Particulars		As at June 30, 2022		As at September 30, 2022		As at December 31, 2022		As at 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)
Cash Outflows									
4	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	-	-	-	-	-	-	-	-
6	Secured wholesale funding	8,908	10,244	11,287	12,980	8,559	9,843	12,041	13,847
7	Additional requirements	-	-	-	-	-	-	-	-
8	Other contractual funding obligations	22,310	25,656	27,582	31,760	41,045	47,338	54,472	62,643
9	Other contingent funding obligations	7,697	8,852	5,667	6,517	15,556	17,890	17,270	19,861
Total Cash Outflows		**38,915**	**44,752**	**44,536**	**51,257**	**65,160**	**75,071**	**83,783**	**96,350**
Cash Inflows									
10	Secured lending	-	-	-	-	-	-	-	-
11	Inflows from fully performing exposures	1,049	786	5,507	4,130	24,431	18,323	23,578	17,683
12	Other cash inflows	90,486	67,865	1,10,542	83,008	97,808	73,356	88,106	66,079
Total Cash Inflows		**91,535**	**68,651**	**1,16,049**	**87,139**	**1,22,239**	**91,679**	**1,11,684**	**83,763**
13	**Total Hqla**		**7,434**		**9,584**		**15,294**		**18,402**
14	**Total Net Cash Outflows**		**11,188**		**12,814**		**18,768**		**24,088**
15	**Liquidity Coverage Ratio (%)**		**66.45%**		**74.79%**		**81.49%**		**76.40%**

Note: The amounts in the above tables are daily position average during respective quarters, the information is extracted from the management reports and relied on by the auditors.

57 The Company has reclassified/regrouped previous year figures to conform to current year's classification, where applicable.

As per our report of even date attached.

For **M P Chitale & Co**
Chartered Accountants

Harnish Shah
Partner

For and on behalf of the Board of Directors of SMFG India Home Finance Co. Ltd.
(Formerly Fullerton India Home Finance Co. Ltd.)

Deepak Patkar
Managing Director & CEO
DIN : 09731775

Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Ashish Chaudhary
Chief Financial Officer

Jitendra Maheshwari
Company Secretary
Mem No. : A19621

Schedule to the Balance Sheet of a Non-Banking Financial Company

(as required in terms of paragraph 13 of Non-banking financials (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank of India) Direction 2007)

(₹ lakhs)

S. No	Particulars	As at 31 March 2023	
		Amount Outstanding	Amount Overdue
Liabilities side:			
1	**Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:**		
	(a) Debentures (other than falling within the meaning of public deposits)		
	Secured	1,67,985	-
	Unsecured	25,273	-
	(b) Deferred Credits	-	-
	(c) Term Loans	3,10,530	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits	-	-
	(g) Other Loans	-	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-

(₹ lakhs)

S. No	Particulars	As at 31 March 2023
		Amount Outstanding
Assets side:		
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**	
	(a) Gross Secured	5,98,128
	(b) Gross Unsecured	-
4	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities**	
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Finance Lease	-
	(b) Operating Lease	-
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other Loans counting towards AFC activities :	
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-
5	**Break-up of Investments :**	
	Current Investments	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-

Schedule to the Balance Sheet of a Non-Banking Financial Company

(as required in terms of paragraph 13 of Non-banking financials (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank of India) Direction 2007)

(₹ lakhs)

S. No	Particulars	As at 31 March 2023 Amount Outstanding
	(iii) Units of mutual funds	-
	(iv) Government Securities	16,308
	(v) Others	-
	2. Unquoted:	-
	(i) Shares:	-
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others - Certificate of Deposits	-
	- Commercial papers	-
	Long Term Investments	
	1. Quoted:	-
	(i) Shares:	-
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-
	2. Unquoted:	
	(i) Shares:	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-

(₹ lakhs)

Particulars	As at 31 March 2023		
	Amount net of Provision		
Category	Secured	Unsecured	Total
6 Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :			
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	5,82,039	0	5,82,039
Total	**5,82,039**	**0**	**5,82,039**

Schedule to the Balance Sheet of a Non-Banking Financial Company

(as required in terms of paragraph 13 of Non-banking financials (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank of India) Direction 2007)

(₹ lakhs)

Particulars		As at 31 March 2023	
Category		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
7	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**		
	1. Related Parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same management	-	-
	(c) Other related parties	-	-
	2. Other than related parties	16,308	16,308
	Total	**16,308**	**16,308**

(₹ lakhs)

S. No	Particulars	As at 31 March 2023 Amount Outstanding
8	**Other Information**	
	(i) Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	22,389
	(ii) Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	13,800
	(iii) Assets acquired in satisfaction of debt	-

For and on behalf of the Board of Directors of
SMFG India Home Finance Co. Ltd.
(Formerly Fullerton India Home Finance Co. Ltd.)

Deepak Patkar
Managing Director & CEO
DIN : 09731775

Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Ashish Chaudhary
Chief Financial Officer
Mem No. : A19621

Jitendra Maheshwari
Company Secretary

Place: Mumbai
Date: 29 May 2023

Place: Mumbai
Date: 29 May 2023

Notes

Notes

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SMFG
Grihashakti
Nayi Asha. Naya Vishwas.

SMFG India Home Finance Co. Ltd.
(Formerly Fullerton India Home Finance Co. Ltd.)

Registered Office

Megh Towers, Third Floor, New No. 165, Old No.307, Poonamallee High Road, Maduravoyal, Chennai – 600095, Tamil Nadu.

Corporate Office

Inspire BKC, Unit No. 503 and 504, 5th floor, Main Road, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra.

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