Entering a **new orbit**

Poonawalla Fincorp Limited
Annual Report FY 2021-22

POONAWALLA FINCORP
#EnablingDreams

Forward looking statement

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

Our big numbers for FY 2021-22

16,579
₹ Cr, Asset under management

158%
Disbursement growth Y-o-Y

*122 bps decline on normalised basis

109 bps
Average cost of borrowing decline*

1.1%
Net stage 3 assets

These are consolidated numbers

103 bps
Gross stage 3 assets decline Y-o-Y

375
₹ Cr, Profit after tax

Contents

Corporate **Information**

CIN: L51504PN1978PLC209007

Board of Directors

Mr. Adar Cyrus Poonawalla
Chairman, Non-Executive Director

Mr. Abhay Bhutada
Managing Director

Ms. Vijayalakshmi R Iyer
Independent Director

Mr. Bontha Prasada Rao
Independent Director

Mr. Prabhakar Dalal
Independent Director

Mr. Sanjay Kumar
Independent Director

Mr. G. Jaganmohan Rao
Independent Director

Mr. Amar Deshpande
Non Executive Director

Mr. Sajid Fazalbhoy
Non Executive Director

Mr. Atul Kumar Gupta
Non Executive Director

Chief Financial Officer

Mr. Sanjay Miranka

Company Secretary

Ms. Shabnum Zaman

Bankers/FIs

- State Bank of India
- Punjab National Bank
- ICICI Bank Limited
- UCO Bank
- IDBI Bank Limited
- Indian Bank
- Bank of Baroda
- Union Bank of India
- Canara Bank
- Indian Overseas Bank
- IDFC FIRST Bank Limited.
- Bank of Maharashtra
- HSBC Holdings plc
- Axis Bank Limited
- Kotak Mahindra Investments Limited

Statutory Auditors

Walker Chandiok & Co LLP
Chartered Accountants

Firm's Registration No.- 001076N/N500013
11th Floor, Tower II, One International Center,
S B Marg, Prabhadevi (W), Mumbai - 400013

Secretarial Auditor

M/s. MKB & Associates
Practicing Company Secretaries

Shantiniketan, 5th Floor, Room No. 511,
8, Camac Street, Kolkata - 700017

Registered Office

601, 6th Floor, Zero One IT Park,
Sr. No. 79/1, Ghorpadi,
Mundhwa Road, Pune - 411036, Maharashtra

Tel: (020) 67808090
Email Id: info@poonawallafincorp.com
Website: www.poonawallafincorp.com

Corporate Office

A-201 and 202, 2nd floor,
AP81, Koregaon Park Annex,
Mundhwa Road, Near Raga Lawns,
Mundhwa, Pune - 411 036, Maharashtra.

Registrar and Share Transfer Agent

Niche Technologies Private Limited
(Shares and Debentures through private placement)

3A, Auckland Place, 7th Floor,
Room No. 7A & 7B, Kolkata - 700 017, West Bengal

Tel No.: (033) 2280 6616/17/18
Fax No.: (033) 2280-6619
Email Id: nichetechpl@nichetechpl.com
Website: www.nichetechpl.com

KFin Technologies Limited
(Formerly KFin Technologies Private Limited)
(Retail Debentures)

Selenium Tower - B,
Plot No.: 31-32, Financial District
Nanakramguda, Serilingampally,
Hyderabad, Rangareddi, Telangana - 500032, India

Tel: (040) 6716 2222
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

Entering a **new orbit**

1

At Poonawalla Fincorp Limited, a series of sweeping changes transpired in one year.

2

A new management assumed control.

3

The new customer audience was targeted.

4

A new growth target was set.

5

A new technology blueprint was created.

6

The desired result is growth higher than the industry average.

7

The projected outcome is expected to graduate the Company into a new orbit.

This is the first full year's annual report of our Company following the assumption of management control.

The principal message we wish to send out is that we are at the right place, right time with the right aspiration.

Right place

India is likely to retain its position among the fastest growing major global economies

This outperforming GDP growth is likely to be driven by the world's second largest population and a consumption under-penetration correcting itself

Right time

India stands at the cusp of a major transition in terms of projected infrastructure spending, growth in personal incomes, transforming lifestyles and a willingness to seek debt

Right aspiration

Poonawalla Fincorp intends to capitalise on this national transition by restructuring its business model, enhancing its agility and responsiveness to market needs

PART **1**

WHO WE ARE AND **WHERE WE STAND**

CORPORATE **SNAPSHOT**

Poonawalla Fincorp Limited is one of the fastest growing NBFCs in India today.

Possessing a rich entrepreneurial tradition.

Bringing to the NBFC business a commitment to outperform in a sustainable way.

To emerge as one of the most respected within its space.

Vision

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

- **Trust:** Denotes legacy and brand promise
- **Financial services:** Holistic term that broadly defines the current and future business expansion

Mission

To help individuals and businesses - achieve more by offering best-in-class customer-centric products and solutions most conveniently.

Values

C	**R**	**E**	**D**	**I**	**T**
Collaborative	Responsible	Entrepreneurial	Direct	Innovative	Transparent

Our background

Poonawalla Fincorp Limited (formerly known as Magma Fincorp Limited) is a Cyrus Poonawalla Group-promoted non-deposit taking systemically important non-banking finance company (ND-SI-NBFC), registered with the Reserve Bank of India. The Company commenced operations three decades ago. Consequent to a capital raise of ₹3,456 Cr in May 2021, the Company is now part of the Poonawalla Group with a majority stake being owned by Rising Sun Holdings Private Limited, a company owned and controlled by Mr. Adar Cyrus Poonawalla.

The Company's new identity `P' stands for Passion, Principles, Purpose, People and Possibilities.

The Company focuses on consumer and small business finance through diverse product offerings like pre-owned car finance, personal loans, loans to professionals, business loans, small and medium enterprise loans, loans against property, medical equipment loans, affordable home loans and auto lease.

Business transformation

The new management set about transforming the business model with speed. The leadership team was strengthened across functions. The product suite was realigned to generate superior risk-adjusted returns. Credit policies were revised with stringent parameters implemented across existing and new business lines. The use of data analytics was deepened to enhance the customer value proposition and cross-sell opportunities. The Company implemented a Unified Loan Origination System (LOS), Loan Management System (LMS) and Customer Relationship Management (CRM) platforms. Most bank loans taken by the Company were re-priced; incremental borrowings were mobilised at a cost of below 7% per annum. Following the Poonawalla acquisition, both PFL (Standalone) and PHFL's long-term credit rating underwent two notch upgradations to 'AA+/Stable' by CARE. CRISIL too assigned the 'AA+/stable rating during Q4FY 2021-22.

Our pan-India footprint

The Company has 242 branches across 21 States in India. The Company addresses a dedicated and active customer base and possesses a loan book of ₹16,579 Cr as of 31 March, 2022. The Company's physical presence was accompanied by a widening digital footprint.

Our team members

The Company comprises qualified and experienced professionals, catalysing a culture of outperformance. The Company comprised 8,024 employees as on 31 March, 2022. The average employee age was 36.4 as on 31 March, 2022.

Our market capitalisation

The Company is listed on the BSE Limited and National Stock Exchange of India Limited, where its equity shares are actively traded. The market capitalisation of the Company stood at ₹20,760 Cr as on 31 March, 2022.

Our business divisions

Existing products

- Pre-owned Cars
- Affordable Home Loans
- Affordable LAP
- Medical Equipment Loans
- Auto Lease
- Digital Business Loans
- Digital Personal Loans
- Digital Loans to Professionals
- Digital SME LAP
- Digital Consumption Loans

Product pipeline

- Supply Chain Finance
- Merchant Cash Advance
- Consumer Finance
- EMI Card & Credit Card
- Machinery Loans

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The big numbers of our business

21

Number of States where Poonawalla Fincorp was present, FY 2021-22

500,000+

The number of satisfied customers

8,024

Employees as on 31 March, 2022

*includes employees of Poonawalla Housing Finance Limited

61.50

Promoters' holding, 31 March, 2022 (%)

20,760

₹ Cr, Market capitalisation, 31 March, 2022

16,579

₹ Cr, Assets under Management (AUM)

6,058

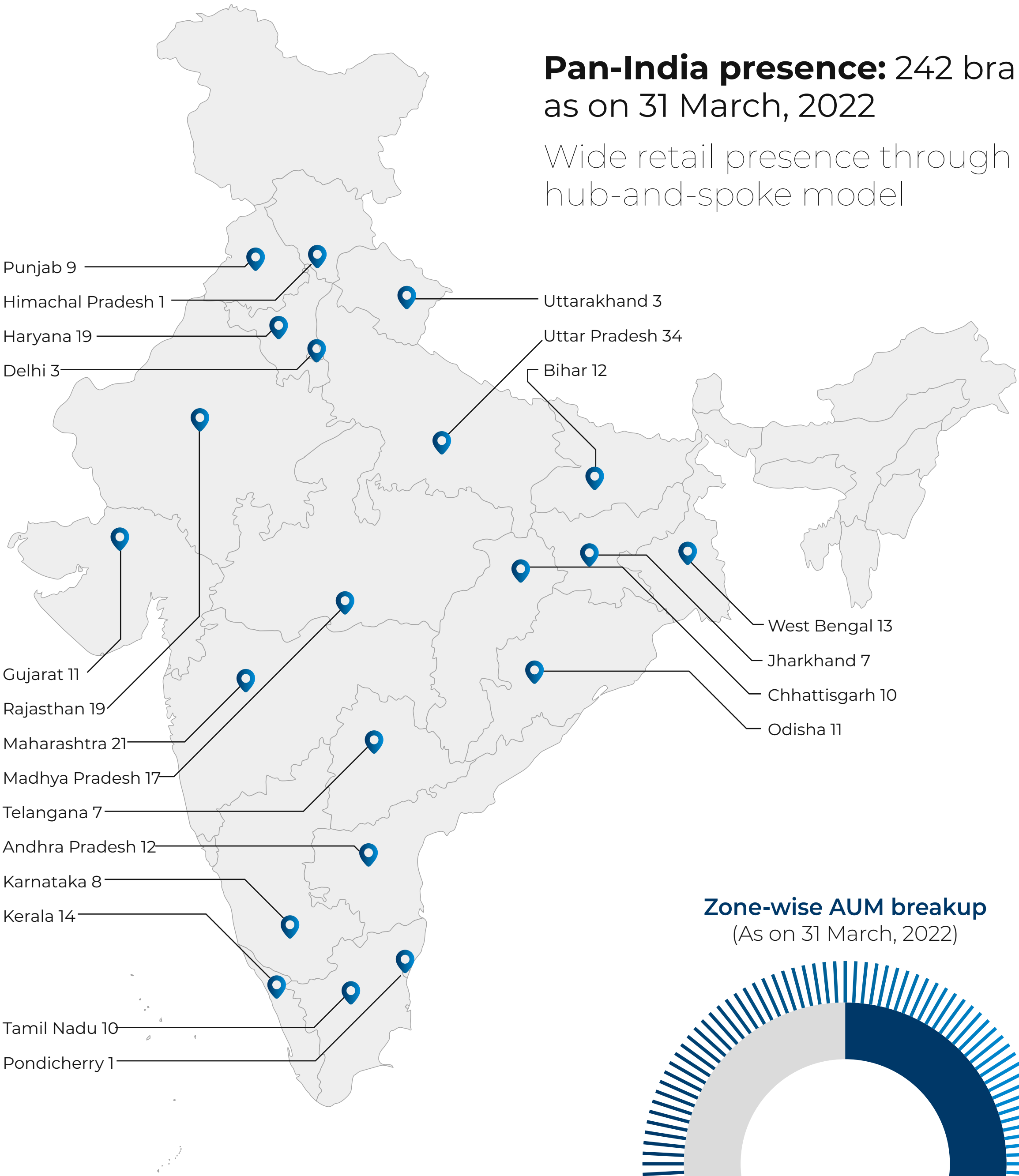
₹ Cr, net worth as on 31 March, 2022

These are consolidated numbers

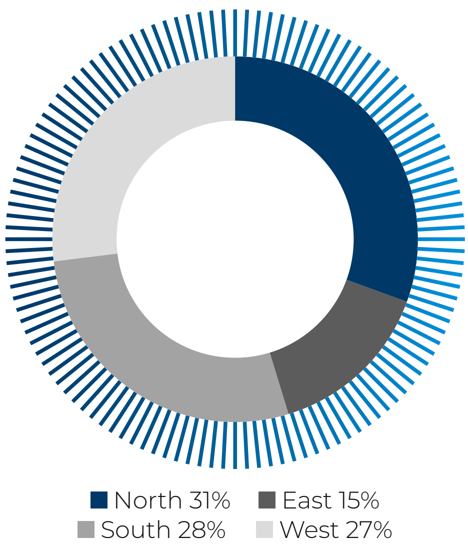
Our **presence**

Pan-India presence: 242 branches as on 31 March, 2022

Wide retail presence through the hub-and-spoke model

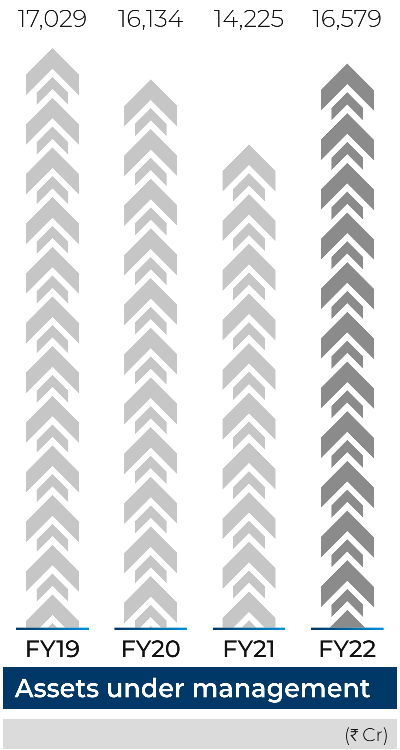


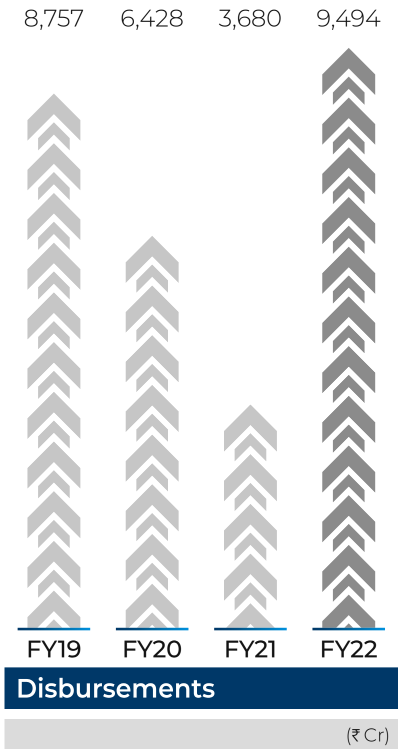
Zone-wise AUM breakup
(As on 31 March, 2022)

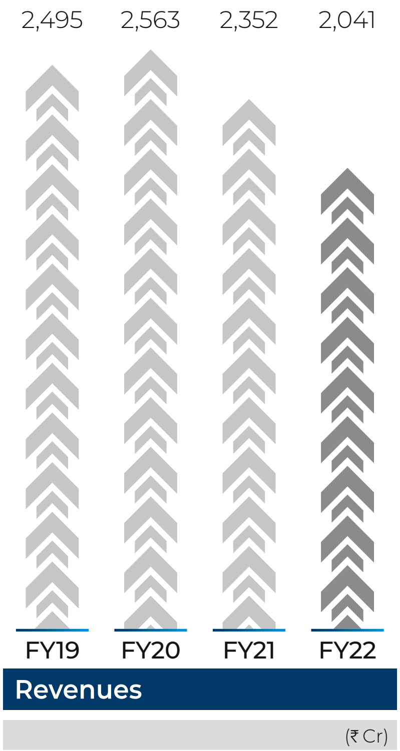


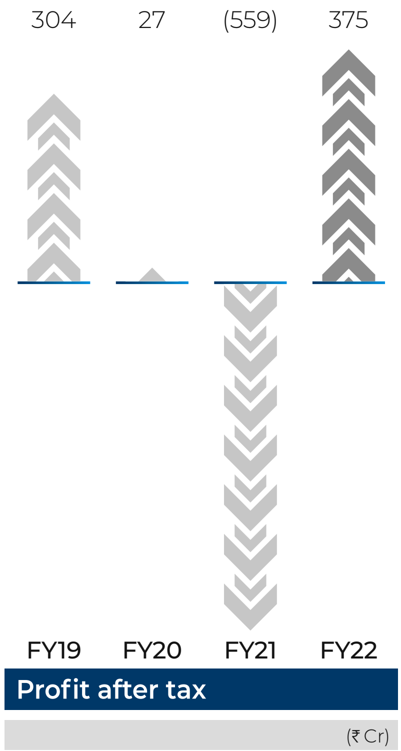
Disclaimer: Figures might not add up to the total due to rounding off.

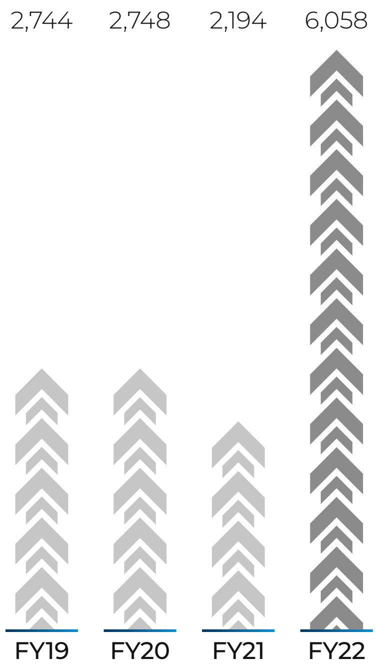
How we performed
across the years





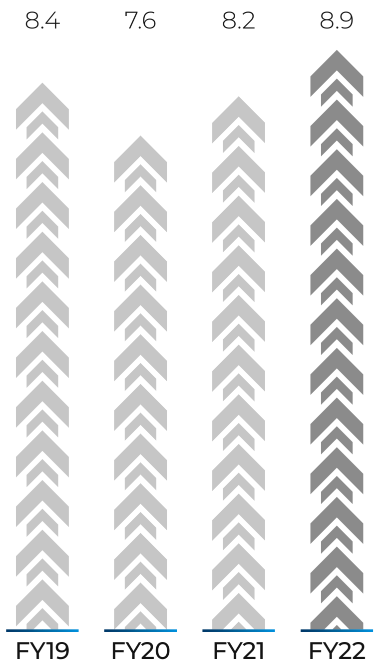






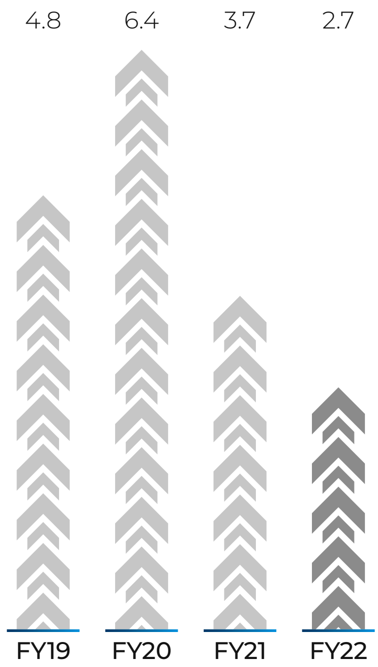
Net worth

(₹ Cr)



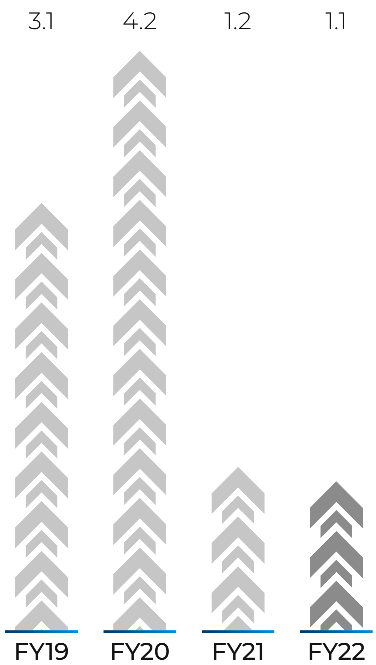
Net interest margin

(%)



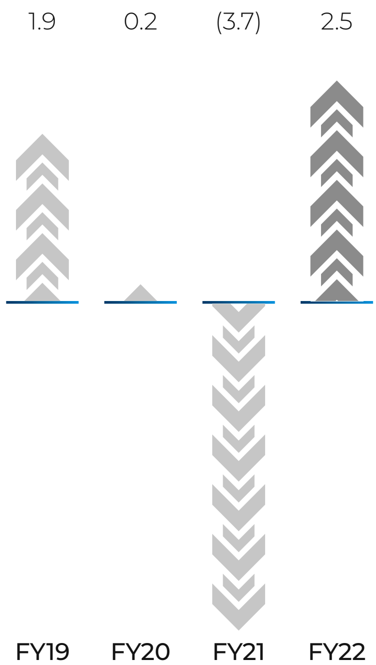
Gross Stage 3 assets

(%)



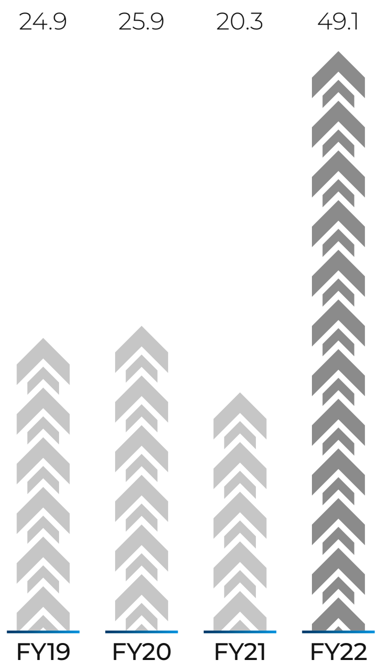
Net Stage 3 assets

(%)



Return on assets

(%)



Capital adequacy ratio*

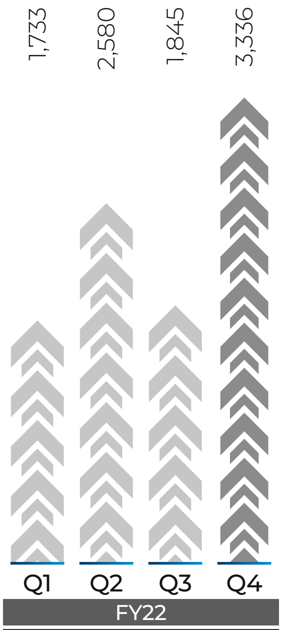
(%)

*This is for Standalone entity

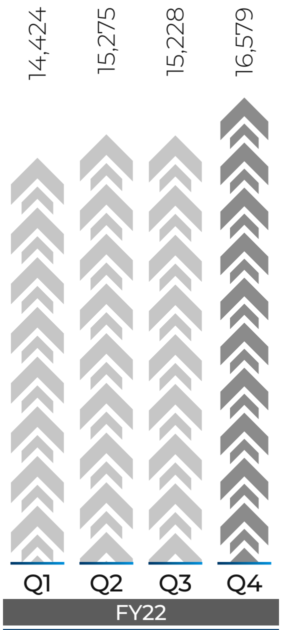
POONAWALLA FINCORP

The financial health
of our business

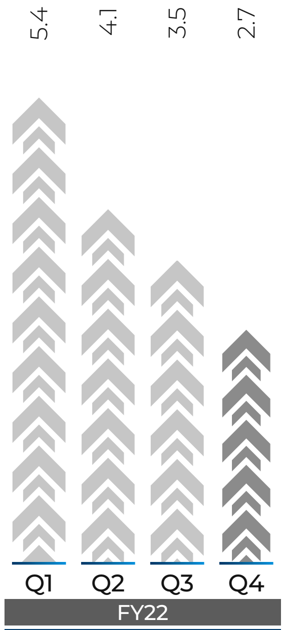
Key financial parameters



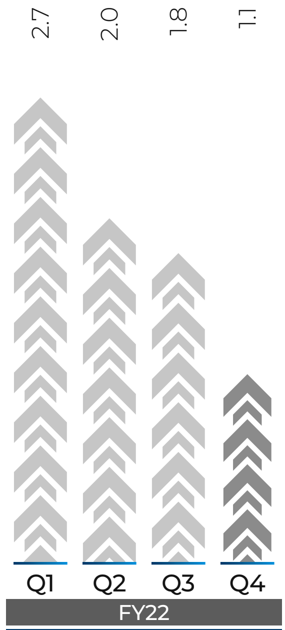
Disbursements
(₹ Cr)



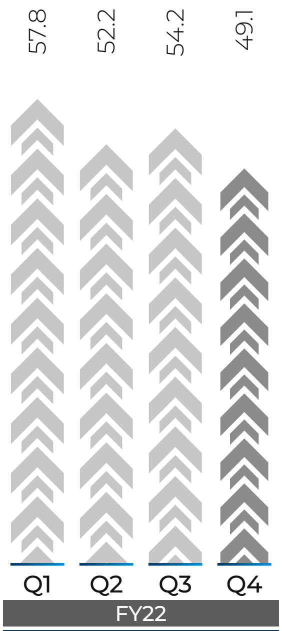
Asset under management
(₹ Cr)



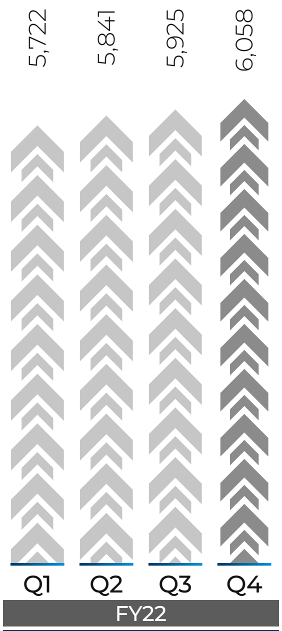
Gross stage 3 assets
(%)



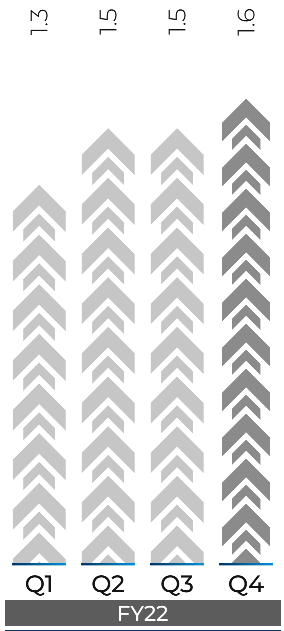
Net stage 3 assets
(%)



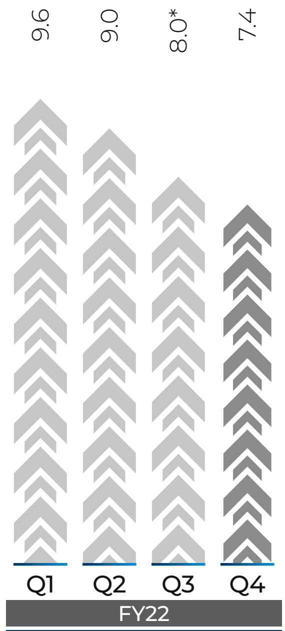
Capital adequacy ratio*
(%)



Net worth
(₹ Cr)



Debt / Equity
(x)



Average cost of borrowing
(%)

*This is for Standalone entity

*On a normalised basis

The quality of our **assets and ALM profile**

Significant improvement in asset quality | Comfortable liquidity position

Overview

The Company tightened the underwriting standards, front-ended the write offs, placed conservative portfolio guardrails, used analytics for policy optimisation and monitored early warning signals from the portfolio.

» The gross stage 3 (GS3) reduced by 103 bps YoY to 2.7% as on 31 March, 2022 whereas the net stage 3 (NS3) stood at 1.1% as on 31 March, 2022, amongst the lowest in the NBFC peer space.

» Healthy provision coverage ratios across all three stages: Standard asset's provision coverage ratio stood at 2.7% and the Stage 3 provision coverage ratio stood at 58.9% as on 31 March, 2022.

» Collection efficiency improved to 108.4% in March 2022 from 101.8% in March 2021, 93.1% in June 2021, 99.9% in September 2021 and 99.1% in December 2021.

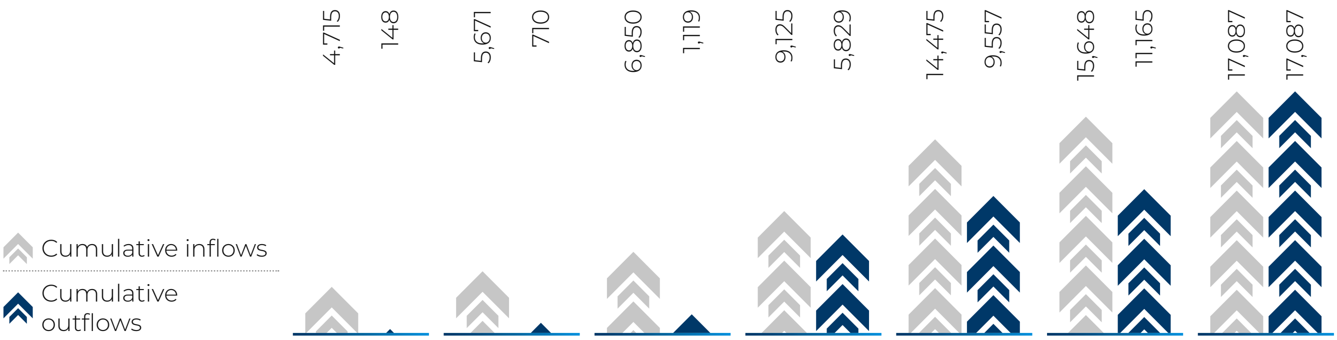
Asset classification as on 31 March, 2022

Particulars	PFL		PHFL		Consolidated	
	March 2021	March 2022	March 2021	March 2022	March 2021	March 2022
Stage 1 Assets %	81.8%	86.7%	89.7%	90.8%	83.6%	87.8%
Stage 2 Assets %	13.9%	10.1%	8.7%	8.3%	12.7%	9.6%
Stage 1 PCR (%)	4.9%	1.8%	1.0%	0.3%	4.0%	1.4%
Stage 2 PCR (%)	29.7%	15.8%	21.8%	12.8%	28.4%	15.1%
Stage 1 & 2 PCR (%)	8.5%	3.2%	2.8%	1.4%	7.2%	2.7%
Gross Stage 3 (₹ Cr)	419	372	46	41	465	413
Net stage 3 (₹ Cr)	124	144	22	26	146	170
Gross Stage 3 (%)	4.3%	3.3%	1.6%	1.0%	3.7%	2.7%
Net Stage 3 (%)	1.3%	1.3%	0.8%	0.6%	1.2%	1.1%
Stage 3 PCR (%)	70.4%	61.2%	51.8%	37.4%	68.6%	58.9%
ECL Provision on the Total Loan Book (%)	11.2%	5.1%	3.6%	1.7%	9.5%	4.2%

*Computed on On-Book AUM

ALM (Standalone)

Structural Liquidity as on 31 March, 2022 (₹ in Cr)



	0-1m	1-3m	3-6m	6m-1y	1-3y	3-5y	>5y
Cumulative Positive Gap	4,567	4,961	5,731	3,295	4,918	4,483	0
Cumulative (%)	3,093%	698%	512%	57%	51%	40%	0%

Based on PFL standalone numbers

Liquidity as on 31 March, 2022 was ~₹2,791 Cr in the form of cash and cash equivalents and available documented bank lines

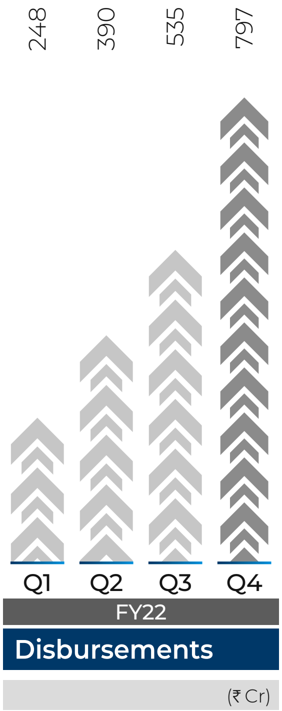
Significant reduction achieved in the average cost of borrowing

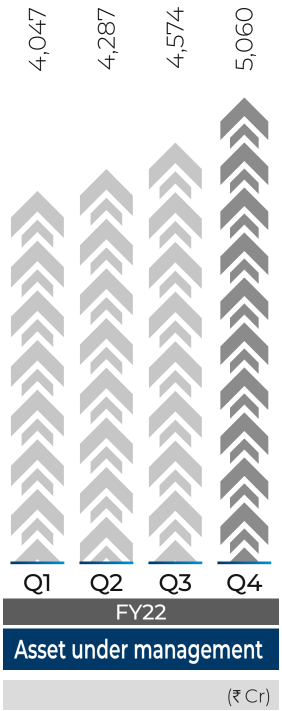
Well positioned to manage an expected rise in interest rates

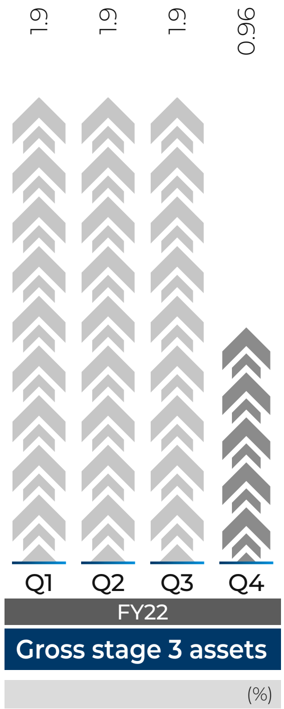
Relationships were initiated with the private sector and foreign banks or strengthened with PSU banks

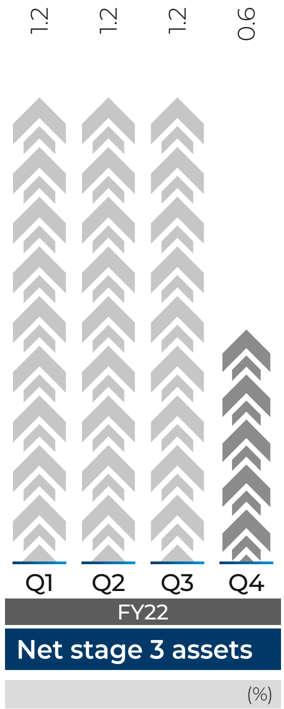
Performance **of our subsidiary**

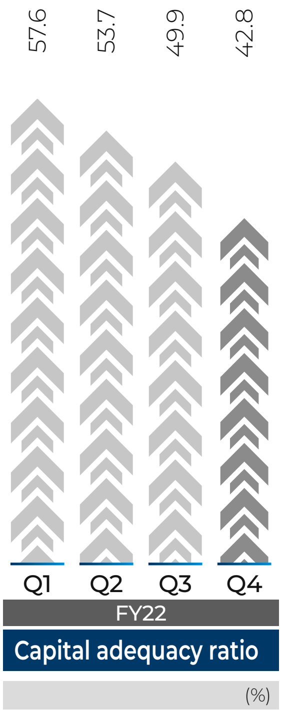
Key financial parameters – PHFL

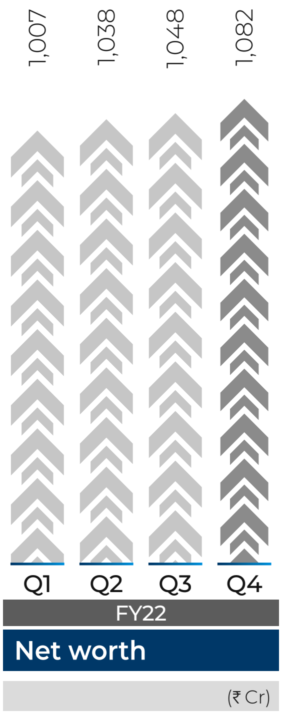


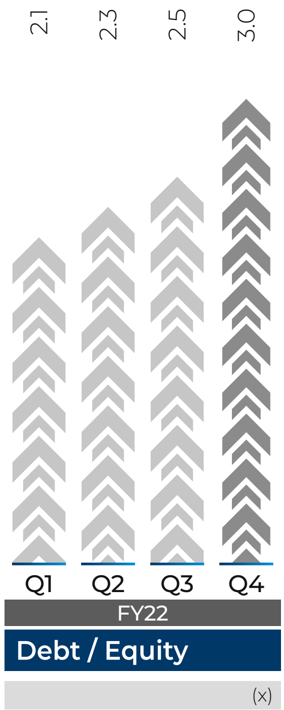


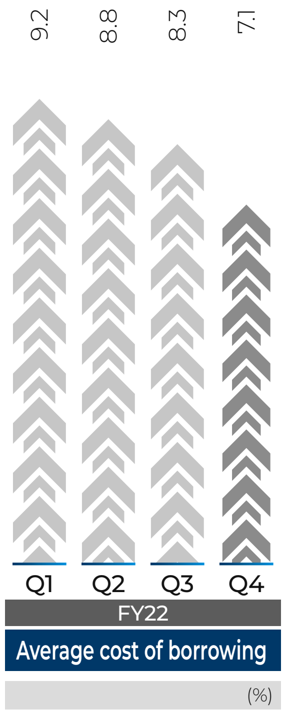








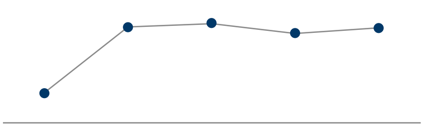




Business update as on 31 March, 2022

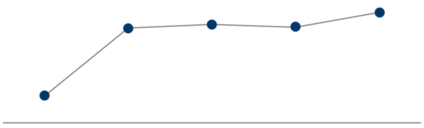
Direct Ratio (Units)

FY18	FY19	FY20	FY21	FY22
44%	78%	80%	75%	77%



Home Loan Ratio (Units)

FY18	FY19	FY20	FY21	FY22
37%	65%	67%	66%	71%



Notes:

Direct sourcing ratio was maintained at >75%

The ratio of Home Loans in fresh disbursements grew from 37% in FY 2017-18 to 71% in FY 2021-22

ALM (PHFL)

Structural Liquidity Statement as on 31 March, 2022 (₹ in Cr)

Cumulative inflows

Cumulative outflows

	0-1m	1-3m	3-6m	6m-1y	1-3y	3-5y	>5y
Cumulative inflows	207	530	847	1,463	3,606	4,950	7,148
Cumulative outflows	141	392	591	1,014	2,649	3,499	5,348
Cumulative Gap	67	138	256	449	957	1,451	1,800
Cumulative (%)	48%	35%	43%	44%	36%	41%	34%

Liquidity as on 31 March, 2022 was ~₹1,098 Cr in the form of cash and cash equivalents and undrawn documented credit lines

Significant reduction achieved in cost of borrowings

Reduced reliance on short-term debt; carrying well-matched ALM in line with the asset maturity profile

Strengthened relationships with National Housing Bank, PSUs and private sector banks

*Subsidiary company Poonawalla Housing Finance Limited (formerly Magma Housing Finance Limited)

PART **2**

A WIDENING INDIA STORY **AND HOW POONAWALLA FINCORP IS POSITIONED TO CAPITALISE**

The big picture:
India is proceeding towards a USD 5 trillion economy across the foreseeable future

Overview

By the close of 2021, United States, the largest global economy, was estimated at USD 21.4 trillion with a corresponding population of 331 Mn people. At that point, the economy of China, with a population of around 1.45 Bn, was estimated at USD 14.3 trillion. Meanwhile, India, with a population of around 1.40 Bn, possessed an economy estimated at USD 2.92 trillion. At the close of the calendar year, the Indian economy was the sixth largest in the world.

At Poonawalla Fincorp, we believe that India is likely to grow faster and emerge as the world's third largest economy by the end of this decade. This growth is likely to be driven by the government's estimation that India's services sector will grow to USD 3 trillion, manufacturing sector to USD 1 trillion and the agriculture sector to USD 1 trillion by the end of the decade.

Our understanding is that India's banking system will need an additional capital of USD 70 Bn (₹5.3 trillion) to support India's ambition to emerge as a USD 5 trillion economy. Correspondingly, the country's banking loan book of about USD 1.6 trillion is likely to grow to about USD 2.6 trillion, catalysing India's journey towards a USD 5 trillion economy.

Despite the large presence of public sector banks and a growing preference for equity, we believe there is a large room for the country's NBFC sector. Bank credit to gross domestic product (GDP) ratio is at about 56%; credit and market debt-to-GDP is at about 90%, less than half the corresponding percentage in USA. This indicates that there is a large headroom for debt expansion in India.

At the heart of this optimism lies the government's commitment to catalyse economic growth through increased infrastructure spending. In the recent Union Budget, the Indian government announced a 35% increase in infrastructure outlay, a strategic move to encourage its growth drivers on the one hand and infrastructure consumption on the other. This indicates accelerated spending on the construction of new roads, ports, airports, gas pipelines, Smart Cities, industrial cum defence cum dedicated freight corridors, renewable energy assets, rural 4G connectivity, digital backbone, national high-speed rail project and increased renewable energy capacity. The PLI schemes are expected to strengthen MSMEs, increasing their contribution to the Indian economy from 30% to 40%. Besides, the government's vision to 'Make in India for the world' and 'Local goes global' are expected to translate to USD 1 trillion worth of merchandise exports and USD 700 Bn in services exports by 2028.

India is the second most populous country and by 2027, it is likely to overtake China to become the most populous country and cross 1.5 Bn people by 2030. India's projected economic growth is expected to come from its demographic advantage. More than 50% of India's current population is below the age of 25 and over 65% of the population below 35. India's population is urbanising, evolving its preferences and aspirations. The country could have the third-largest number of high-income households by 2030. Around 55% of India's population could belong to the consuming class by 2030, a significant improvement from the prevailing 24%. (Source: Economic Times)

By 2030, India move from being an economy led by the bottom of the pyramid, to one led by the middle-class. The number of middle-income households is expected to rise from 50% of all households today to 80% by 2030, accounting for 75% of consumer spending by that year.

As 140 Mn households move into the middle-class and another 20 Mn move into the high-income bracket, they will spend 2-2.5x more on essential categories (food, beverages, apparel, personal care, gadgets, transport, and housing) and 3-4x more on services (healthcare, education, entertainment and household care). Upper middle-income and high-income entrants will drive a 15-20% increase in the ownership of durables (washing machines, refrigerators, TVs and personal vehicles).

Half the incremental consumer spends by 2030 will be simply to buy more products and services being consumed today. Affordable options will continue to be important. The remaining half will be split nearly equally on upgrading to premium offerings and including new variants in existing routines, such as adding

By 2030, India will move from being an economy led by the bottom of the pyramid, to one led by the middle-class.

USD 700 Bn in services exports by 2028.

organic food items and a new skincare regime or adopting app-based ridesharing. Premiumisation and category addition will drive a significant share of incremental spend on eating (food and beverages at home, and dining out), looking good (personal care and apparel) and staying connected (cell phones, data packs and gadgets).

These consumers will be able and willing to spend more but will also be more discerning. By 2030, more than 77% Indians will fall into the category of those who were born in the late 1980s and onwards. This generation of consumers will have had exposure to more product and service options than their predecessors. Connectedness will drive a significant difference in preferences, even at the same income level. As many as 50-70% of the most digitally connected consumers today, across income levels, already use digital platforms for product discovery and pre-purchase research. By 2030, more than 40% of all purchases will be highly digitally influenced, up from 20-22% today.

At Poonawalla Fincorp, we are at the right place and at the right time with the right business complement to address the needs of a New India.

There has been a revival in the market for pre-owned cars, which is expected to outperform the market into the long-term. India's insurance penetration of 4.2% is expected to improve towards the global average of 6.31%. India's mortgage finance penetration of around 11% is considerably lower than peer or developed countries. We believe that as personal incomes rise, the extent of India's under-penetration when compared with global average will narrow, strengthening our businesses. Besides, we see a growing role for Micro, Small and Medium Enterprises (MSMEs) within the Indian economy as their access to organised financing increases.

India attracted highest annual FDI inflow of USD 83.57 Bn in FY 2021-22, a validation of global investing confidence in India's growth story. FDI inflows in the last seven financial years is over USD 440 Bn, which is nearly 58% of the total FDI inflow in the last 21 financial years. India is expected to attract foreign direct investments of USD 120-160 Bn per year by 2025 (Source: CII and EY).

During the year under review, India's real GDP growth was 20.3% in Q1 FY 2021-22, 8.4% in the second quarter and even India's economic growth slowed to 5.4% in the third quarter of FY 2021-22, it was higher than China's GDP growth of 4% during the same period while the country retained its position as the world's fastest growing major economy. India was among the few countries to have recorded four consecutive quarters of growth amid Covid-19 (Q3, Q4 of FY 2020-21 and Q1, Q2 of FY 2021-22), reflecting the resilience of the Indian economy. India's real GDP was 4.1% in Q4 FY 2021-22, a reflection of Omicron-driven restrictions on movement, inclement weather, high commodity prices and a high base price effect. On the overall, India reported GDP growth of 8.7% in FY 2021-22 against a contraction of 6.6% in FY 2020-21, validating the country's handsome economic recovery following the Covid-19 pandemic.

Key numbers driving optimism about the Indian lending ecosystem

1.40
Bn, population of India in 2022

1.51
Bn, projected population of India in 2030

1.65
Bn, projected population of India in 2059

(Source: Hindustan Times)

35.4
% of the total population of India that resides in cities, 2021

40
% of India's population likely to live in urban centres by 2030

(Source: McKinsey)

1,850
USD, India's per capita income in 2022

2,100
USD, India's per capita income by 2030

(Source: Trading Economics)

3rd
largest startup ecosystem in the world

61,400
number of startups in India, 2021-22

733
number of startups in India, 2016-17

(Source: Mint, ETimes)

MSME sector is driving the growth of the lending ecosystem

Where India stands

~63
Mn, number of MSMEs in India

~50
Per cent of exports contributed by MSMEs in India

29
Per cent of GDP contributed by MSMEs in India

110
Mn, number of people employed in MSMEs in India

Where India wants to be in 5 years

60
Per cent, projected share of MSMEs in India's exports

50
Per cent, projected share of India's GDP

160
Mn, projected employment by India's MSMEs

(Source: analyticsindiamag.com)

PART **3**

OUR PREPAREDNESS **FOR TOMORROW'S INDIA**

The Poonawalla Group **DNA**

In an increasingly fast-paced and connected world

Money has become more than just currency

It has become an enabler to fulfil needs,

Achieve aspirations, to go to the next level

Financially, Professionally, Personally.

We have chartered into this journey with a purpose.

A purpose that our dynamic and growing team is fully committed to.

A united voice that defines what we stand for.

Our vision is based on legacy and our brand promise and as we translate this vision into something which each one of us at PFL can see ourselves.

We need to ensure that these words do not just remain ... words.

By being collaborative, we are working together towards our common goals

By being responsible, we are working together with our teams, customers, vendors, and the environment

By building an entrepreneurial mindset within our Company, we ensure high performance and adaptability

By being direct in our interactions and policies, we have an open connection with customers and stakeholders

By fostering innovation, we are challenging usual market conventions and encouraging new ideas

By being transparent in communication, we are participating in discussions and inclusive in decision making

We need to embody our values every day, **in every way.**

And then we shall realise our mission 'To help individuals and businesses, achieve more by offering the best-in-class products in the most convenient manner.'

Not some days, but every day

Not somewhere, but everywhere

Not in some ways, but in every way

We stand together, as one team with one voice

We are Poonawalla Fincorp

This is our
vision for 2025

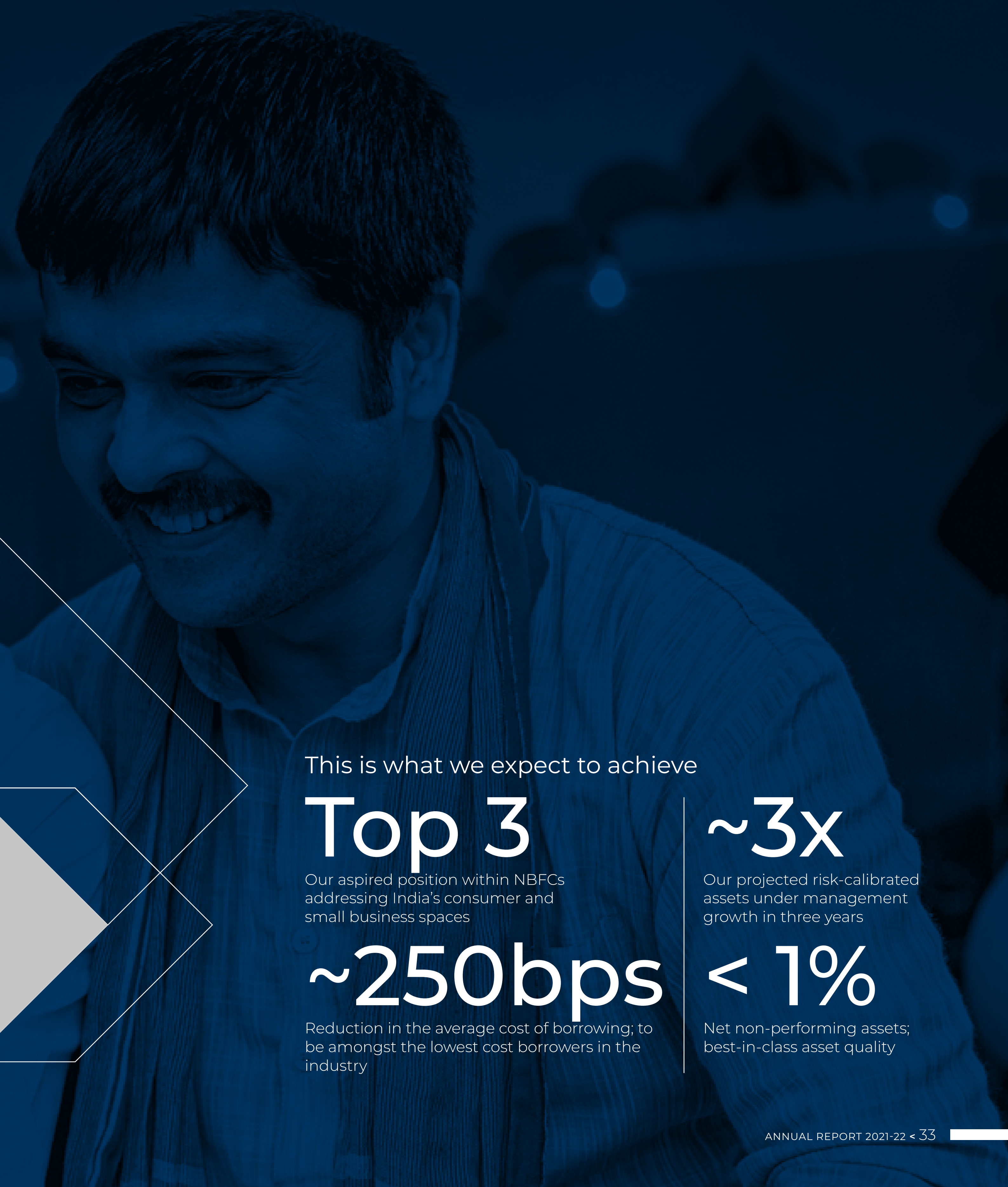
To be a diversified technology enabled NBFC

focused on risk calibrated growth,

with a customer-centric approach,

providing a growth-oriented environment for its people and

creating value for shareholders.



This is what we expect to achieve

Top 3

Our aspired position within NBFCs addressing India's consumer and small business spaces

~3x

Our projected risk-calibrated assets under management growth in three years

~250bps

Reduction in the average cost of borrowing; to be amongst the lowest cost borrowers in the industry

< 1%

Net non-performing assets; best-in-class asset quality

These strategic pillars are expected to help us treble our AUM in three years

1

Capital and parentage: Building on a decisive advantage of being a part of the Poonawalla Group

2

Professional management: Experienced management team; rich industry exposure

3

Product strategy: Targeting 'select' customers with secured / unsecured products for a better risk-adjusted return

4

Operating efficiencies: Process optimisation through digital technologies and process excellence

5

Liability management: Diversified liability mix; amongst the lowest funds cost in the industry

6

Asset quality and risk: Focus on asset quality; robust risk management framework

7

Digital focus: End-to-end digitisation using data analytics

ANALYSIS

The competitiveness of **Poonawalla Fincorp's business model**

Brand

The new management brought to the business the strength of the Poonawalla brand, synonymous with scale, excellence, governance, financial strength and leadership

Promoter support

The new management brought to the business the complete support of the Poonawalla Group, providing stakeholders a clarity on business growth and sustainability

Restructuring

The new management moved with speed to restructure its business portfolio, shedding low value-added businesses in favour of more remunerative segments with the objective to enhance RoCE

Deep pockets

The new management enjoys access to the deep pockets of the promoter Group, making it possible to grow the business largely through proprietary net worth, a sizable advantage in the NBFC sector

Credit rating

Following the Poonawalla acquisition, PFL (Standalone) and PHFL's long term credit rating underwent two notch upgradations to 'AA+/Stable' by CARE. CRISIL too assigned the 'AA+/stable rating during Q4 FY 2021-22. The promoter's flagship company (Serum Institute of India) was rated at CARE AAA / Stable, one of the highest in the country

Digitalised

The new management accelerated the Company's digitalisation programme with the objective to enhance organisational agility and responsiveness

Knowledge bandwidth

The new management has strengthened the knowledge bandwidth through the engagement of subject matter experts and specialists

Collection framework

An efficient instalment collection framework, enduring the timeliness of receivables from our customers, protecting the overall financial engine

Customer engagement

A culture of personalised engagement with customers will make it possible for the Company to engaged in their growth and prosperity

Tight opex culture

We inherited a culture of tight operating costs, enhancing operational sustainability from day one

Inclusive	Experience bandwidth	Branch footprint
A culture of widening the market in addition to enhancing our market share, taking the government agenda of financial inclusion ahead	Rich knowledge and experience bandwidth of more than 35 years in the Indian NBFC sector	A company with a pan-India footprint extending across more than 200 branch offices
Built from scratch	**Endurance**	**Balance Sheet integrity**
Deep roots in business spaces where each business segment was built from scratch, providing the Company with a comprehensive bottom-up process and business understanding	We acquired a resilient business that survived a number of economic cycles and global meltdowns, indicating a sustainability-focused DNA	We acquired a company where the Balance Sheet was credible; there were no unforeseen and unpleasant accounting discoveries since, validating the management's acquisition decision

Our desired outcomes

=

Quicker growth + Lower cost of funds

Larger reinvestment of net worth + Superior margins and return on asset

+ Enhanced business sustainability

Emerging realities that are expected to **deepen the relevance of our business model**

1 Growing MSME room for growth

India had approximately 6.3 Cr MSMEs in 2021. Registered micro-enterprises stood at 5,441,220 (94.34%), followed by small enterprises at 293,555 (5.09%) and midsized enterprises at 32,959 (0.57%). This sector contributes about 29% of GDP. India has become the third-largest start-up ecosystem after US and China.

(Source: ETimes)

2 India is being driven by its young population

India is one of the youngest countries, with more than 62% of its population in the working-age group (15-59 years) and adding around 12 Mn people annually. The study finds that those in the age group below 25 and in the 26-35 age bracket account for a larger proportion of small-ticket loans, consumer durable loans and two-wheeler financing even as affordable housing, business loans and commercial vehicle loans are availed by older borrowers (36-50 year category).

(Source: Times of India)

3 There is a growing demand for pre-owned cars

The Indian used cars market is the fifth largest in the world. Around 5 Mn used cars are sold in India every year. Millennials account for 80% of all pre-owned cars sold (Source: CARS24-IPOS). India's used car market is expected to grow to 7 Mn vehicles by 2025-26, driven by the pandemic, digitalisation, evolving demographics, increased aspirations and financing options. First-time buyers account for nearly half of all pre-owned cars sold in India. India's car ownership period has declined from around six to eight years to four years and pre-owned car sales are 1.5x new car sales.

(Source: Financial Express)

4 Technology is transforming India's personal loan market

Technology has been a game-changer for the personal loan market, making it possible for fintech firms to accelerate disbursals with minimum documentation. Lending institutions employ the latest data collection techniques (borrower digital footprint, smartphone data and other sources) to decode the customer's financial status and behaviour patterns better. Widening internet and smartphone coverage have widened digital lending in tier-II, tier-III, and tier-IV Indian cities. NBFCs are investing deeper in digitalisation to extend to self-service and omnichannel capabilities.

(Source: Artificial Intelligence, Machine Learning and Blockchain)

5

There is a larger appetite for consumer durable financing than ever

India is an extensively under-consumed nation when it comes to the acquisition of consumer durables. The under-consumption is correcting faster than ever. Young adults, below 25 years of age, availing short-term low-value credit, are driving personal loans, which have grown 2.3 times by value and 3.8 times by volume in terms of disbursals from FY17 to FY 2020-21. Between FY17 and FY 2020-21, the average ticket size of personal loans shrunk 40% to ₹1.5 Lakhs from ₹2.4 Lakhs, empowering customers to buy a wider variety of products. Within the personal loan segment, small-ticket personal loans (STPL — below ₹1 Lakhs), which are driven largely by non-banking finance companies, have grown threefold in terms of disbursements and over 11 times in volume in the period FY17 to FY 2020-21. These STPL borrowers now account for half of all the personal loan accounts in the country.

(Source: Times of India)

6

More families seek to move out of rented homes to owned homes

The pandemic brought home the reality that Indians seek to live in larger and better owned homes. This kickstarted a sluggish real estate sector, capitalising on decadal low interest rates and stable property prices. India's home loan market is anticipated to grow at around 22% by 2026 on account of increasing urbanisation and affordable mortgage rates. Besides, around 275 Mn people in India do not have access to adequate housing which is ~22% of the total population. The real estate sector in India is expected to reach USD 1 trillion in market size by 2030, up from USD 200 Bn in 2021 and contribute 13% to the country's GDP by 2025, catalysing the growth on home loans in India.

(Source: Mint).

7

India's lending ecosystem is widening faster

The size of India's lending market (as of March 2021) was ₹156.9 Lakhs Cr, a 100% growth from FY 2016-17 to FY 2020-21. In those five years, the retail lending portfolio grew 91%, micro lending by 157% and commercial lending by 93%. There was a gap of 67.3% that banks and other established financial institutions were unable to serve.

(Source: crifhighmark.com)

PART **4**

AN OVERVIEW OF THE COMPANY'S PERFORMANCE **AND PREPAREDNESS BY THE SENIOR MANAGEMENT**

Chairman's **overview**

Overview

One of the questions that I am often asked is where Poonawalla Fincorp is headed.

My answer is 'In the same direction as India.'

Our Company intends to be driven by the India story as much as it intends to catalyse the India story in its own way.

We are a young company in a rapidly growing sector seeking to do different things with speed and effectiveness.

We expect the next two decades to be fundamental to India's growth story, marked by increased aspirations, consumption and the need for financing.

The key to this lies in the extensive per capita under-consumption across various resources and products. India has touched the USD 2000 per capita income mark following which per capita has risen rapidly in other developing economies. India's growth is likely to be driven by its deep-rooted consumption story, which could make it relatively impervious to global volatility.

A convergence of these realities makes India one of the most exciting consumption-driven stories in the world and we are excited to be sitting during this opportunity with the commitment to play the role of a responsible catalyst. Our time begins now.

Right place, right time

We are at the right place at the right time for good reasons.

India enjoys one of the most remarkable social realities denied to most countries. India will be a growing market for years, marked by a near 1% annual increase in its population across the foreseeable future. This 1% increase may appear small at first glance; when one combines it with the fact that this comes on a 1.4 Bn base of an existing population, the increase accounts for the equivalent of, say, Australia's population being created every two years within our country.

There are two other growth numbers that are likely to widen and deepen our prospective market. Over the last 50 years, India's urban population grew substantially from 20.3% of its population to 35.4% even as the country's population itself continued to grow. The result is that today, India has possibly the largest population shift by quantum from rural to urban anywhere in the world.

Besides, India's middle-income group is witnessing a rapid shift in numbers from the lower middle-income group to the comfortable middle-income group, following an increase in per capita income. This middle-income group represents India's economic bulge and is responsible for the purchase of most products that drive the national economy, accelerating the offtake of demand.

We expect the next two decades to be fundamental to India's growth story, marked by increased aspirations, consumption, and the need for financing.

And lastly, India is likely to remain young even as it gets chronologically older. More than 50% of India's population is below the age of 25; over 65% is below the age of 35. This is a sizable advantage, which could translate into a high economic productivity of our youth, a willingness to spend (rather than save), an openness to borrow as a part of the asset acquisition budget rather than rely completely on savings and also graduate to a better lifestyle. These realities are likely to extend a one-off transaction to a growing need for wider product-based financing.

The Company's vision and mission statements are relevant to an overarching Poonawalla Fincorp reality: we are sitting at the cusp of an unprecedented opportunity.

The key to this phenomenon lies in an irreversible change in mindsets. The Indian of today is more willing to give his or her family a better lifestyle that was denied earlier on the grounds of thrift and austerity. The Indian of today is confident of making a better living, the basis of all product financing, which was again something that he or she would have resisted a couple of decades ago. The Indian of today is mindful of timely repayment, cognizant of the fact that an impaired credit record could impair prospects of taking another loan in future. This foundation of altered perspectives is helping create one of the most exciting financing markets in the world – aspiring at one end and under-consumed at the other.

Our vision

In view of the sectorial context and the direction in which the country is headed, it would be relevant to enunciate our vision and mission statements.

Vision

To be the most trusted financial services brand.

Mission

To help individuals and businesses - achieve more by offering best-in-class customer-centric products and solutions most conveniently.

The Company's vision and mission statements are relevant to an overarching Poonawalla Fincorp reality: we are sitting at the cusp of an unprecedented opportunity.

We are challenged by the need to do justice to it. If we play conservatively safe (as opposed to safely conservative, which is a completely different thing), we will undershoot and under-perform our rich potential.

We are addressing this opportunity through the drafting of a vision statement that sets down how we intend to address the future. Our process-influenced vision statement reads as follows:

'To be a diversified technology-enabled NBFC focused on risk calibrated growth, with a customer-centric approach, providing a growth-oriented environment for its people and creating value for shareholders.'

Audacious goal

The strength of this process-driven vision leads us to the 'what' of our achievement. At Poonawalla Fincorp, we intend to treble the assets under our management in the next three years. This implies that what the Company (through its acquired avatar) achieved in the last 30 years we expect to achieve three times that in just a tenth of the time. In doing so, we expect to leapfrog from a relatively medium-sized presence in India's non-banking finance sector space to among the largest in the country.

Industry observers have responded with incredulity at the scale and speed of our ambition. These are some of the reasons why we are optimistic that the ambition is not an exaggeration.

There has been a shakeout within India's non-banking finance sector in the last few years, creating a skew between a growing market on the one hand and the number of players on the other. The players address an unprecedented market opportunity; however, the rate of growth of a number of these companies is likely to be constrained by the size of their Balance Sheets or access to growth capital.

This is where Poonawalla Fincorp is attractively placed. The Company possesses the parentage that has demonstrated the credentials to think and achieve big. The Group possesses experienced professional management teams across verticals with subject matter specialisation. The Company enjoys access to among the largest net worth pools within India's NBFC sector, coupled with the lowest cost, a foundation that promises years of sustainable growth.

The digitalisation edge

To these realities, we are bringing the dimension of newness, consumer delight and convenience. The one word that is already evoking these realities even as you read this is 'Digitalisation.' We recognise that the modern Indian is impatient, needs solutions *now* and is embracing consumer-centric technologies faster.

At Poonawalla Fincorp, we are servicing the needs of this consumer through a new technology blueprint. We are rapidly becoming a 'Digital first' organisation that provides the customer with a new experience, reconciling the physical and digital to create a phygital, contactless and efficient way of doing business. We expect to leverage this phygital approach to widen our footprint with speed without proportionately increasing the number of branches, employees, or costs.

At our Company, we are replacing the manual with the digital; we are replacing the conventional personal engagement with customers through technology access. We are moving away from a reaction-driven approach to transforming market realities with proactive preparedness. We are extending from a point where we need to keep customers satisfied to a point where we will delight them.

We believe that the digital mindset of ours will extend to all our stakeholders. We will deepen our governance ethic through stronger processes and systems. We will empower our employees by enhancing their functional efficiency. We are investing in analytics, enhancing informed decision making. We are investing in robotic interfaces, replacing routine manual jobs.

Conclusion

I have no doubt that the convergence of these business drivers will accelerate our reinvention, deepen our market relevance and enhance our outperformance.

I invite my shareholders on this exciting journey. We are not merely focusing on nominal percentage growth; we are seeking to balance speed with scale and emerge as a new benchmark.

If there is just one message that I hope you will retain it is this: Poonawalla Fincorp intends to play a distinctive NBFC role in India's transforming growth story.

Adar Poonawalla

Chairman

Managing Director's **overview**

"Poonawalla Fincorp is at the bottom end of a long J-curve"

Abhay Bhutada
provides a perspective of where the Company is headed

Overview

This is the first annual report of the Company following the induction of a new promoter and management.

Even as several initiatives to reorient the Company were still work-in-progress by the close of the year under review, the Company reported a sharp improvement in performance. This improvement represents a validation of the Company's business model and prospects.

The new management infused fresh equity capital, introduced new team members across a range of competencies, realigned its distribution channel strategy and altered its product suite in line with the new customer segment. The outcome of these and other initiatives translated into a record performance, raising the optimism that this improvement will be sustained.

Disbursements witnessed strong momentum 158% YoY growth and stood at ₹9,494 Cr as on 31 March, 2022. At the close of FY 2021-22, AUM had increased 17% YoY to ₹16,579 Cr as on 31 March, 2022 (AUM was ₹14,225 Cr as on 31 March, 2021). The Company's bottom-line evolved from a net loss of ₹559 Cr in FY 2020-21 to a Profit After Tax (PAT) of ₹375 Cr in FY 2021-22.

It would be pertinent to indicate that the Company's affordable

The acquisition has transformed the Company's realities. In a single stroke, the Company (now Poonawalla Fincorp) received a sizable infusion of net worth that moderated its gearing.

housing finance subsidiary - Poonawalla Housing Finance Limited crossed ₹5,000 Cr in AUM in March 2022 and reported its highest annual disbursement of ₹1,970 Cr in FY 2021-22, a 57% YoY growth over the previous year.

The principal message that I wish to send out to readers is that the performance of the Company during the last financial year is in no way indicative of what lies ahead. There is a sharp divergence between where the Company is today and the direction and pace of where it is headed. There is every possibility that where we expect to be three to five years from now bears little resemblance in terms of scale or scope with what we are today.

Ship changes direction

When we inherited the Company from the Magma management last year, the Company was engaged in financing commercial and agriculture vehicles for first-generation entrepreneurs, most of whom lived in rural India and did not possess any income-validating documents. This business was relevant for the Company at that point, given the financial resources and funding lines at its disposal.

The acquisition has transformed the Company's realities. In a single stroke, the Company (now Poonawalla Fincorp) received a sizable infusion of net worth that moderated its gearing. Besides, the Company is now placed to access additional net worth should the situation arise. Following this decisive change in fundamentals, we believe that the management would be under-shooting its potential if it were to continue to be engaged in the previous business. The sizable access to funds has empowered the Company to think bigger and different.

During the last financial year, your Company selected to navigate its ship from financing rural customers to financing customers in a growing urban India. There is often an argument that financing opportunities are limited in urban India and that the markets of the future lie in India's rural and semi-urban locations. At Poonawalla Fincorp, we believe that a prudent median solution exists: address select pockets in urban India that are nascent and hence under-penetrated, empowering the Company to build its presence for years to come.

The one such niche that we perceive is personal urban mobility. This is a segment of growing importance, especially following the pandemic where there is a premium on the need for personal safety. India was always an under-penetrated passenger vehicle market; the pandemic has only widened this market; it has had an interesting outcome in that it has accelerated the growth of the pre-owned passenger car scheme that is expected to grow considerably faster than the broad passenger car market. At Poonawalla Fincorp, we believe that the pandemic has highlighted the coming of age of this pre-owned car segment. More importantly, it has brought this segment out from the shadows to the centre stage. The increased organising as well as formalising of this space is resulting in sharp projected increase in the size of this segment.

Initially, we will address the vast potential of this business across urban India, where we expect to generate superior risk adjusted returns on the one hand and a rapid increase in business on the other. We believe that this business is in line with our strategic direction to treble the size of our consolidated corporate AUM across the next three years.

At Poonawalla Fincorp, we see similar urban financing opportunities, which are relatively under-crowded and provide profitable financing options. One of them is loans to the small and medium enterprise segment in India. In an India that reported a sharp rebound from the pandemic low and where we foresee a capital expenditure revival – described as a 'tsunami' by a prominent Indian industrialist – we see a manufacturing sector revival. This is expected to raise the level of water for large companies as well as their smaller vendors. The result is that we foresee a re-energisation of India's small and medium enterprise sector.

Given the scale of growth that is being foreseen across India, there will be an unprecedented increase in the capital appetite across the country's SME space. We believe that the country's NBFC sector will be more equipped and adaptable to address this increased capital requirement. This SME segment will generate a superior spread for the Company, representing a relatively secure business opportunity.

By the virtue of transitioning our personality from the rural to the urban, we are optimistic about addressing a range of opportunities that were earlier not on the Company's radar. The vastness of the opportunity will be corresponded by the Company's deep pockets – the right company at the right time in the right place.

The Company launched products like Digital Business loan, Digital Loan to Professionals, Digital Personal loan, Digital SME LAP, Digital Consumption loan and Medical Equipment loan with a focus on 'select' and 'credit-tested' customers. These were added to the product suite whereas cash collection heavy products were discontinued. The focused product segment accounted for 82% of the total AUM as on 31 March, 2022 while 18% comprised discontinued products that will gradually moderate.

It would be relevant to indicate that the Company has not just marketed a new range of products but also shifted from an intermediary-driven distribution model towards direct sourcing, resulting in a reduction in customer acquisition cost and improved customer acquisition. The Direct, Digital and Partnership (DDP) distribution channel accounted for 17.5% of the Company's disbursements by the close of the financial year under review. The DDP approach is aligned with the Company's target customer segment. The Company continues to leverage technology to build differentiation in the marketplace, improve operational efficiencies and enhance customer delight.

Efficient liability management

At Poonawalla Fincorp, we recognised that the only way to build a profitable book in a sustainable way was through a substantial reduction in the cost of borrowings and staying in business.

The Company embarked on several initiatives in this regard from the last financial year.

The Company repriced all eligible borrowings in addition to the prepayment of high-cost borrowings, clean-up of high-cost PTC borrowings. This holistic approach moderated the Company's borrowing costs, creating an attractively competitive platform for scalable growth.

The result was that the Company's average cost of borrowing declined 109 bps YoY to 8.6% with an average borrowing cost for the last quarter being 7.4%, enhancing the optimism that this trend will be sustained.

Asset quality improvement

When the new management took over control in May 2021, it resolved to create a loan book that would be completely trusted.

The Company sharpened its underwriting standards, front-ended write offs, implemented the most stringent write-off policy practiced within India's NBFC sector, outlined conservative portfolio guardrails, employed analytics for policy optimisation and monitored early portfolio warning signals.

Besides, the Company strengthened collections while exercising a tight control on asset quality. The result is that during the year under review, the quality of the Company's book evoked enhanced confidence among lenders and other stakeholders related to liquidity and consistent repayment.

This improvement in operating hygiene translated into enhanced asset quality. The gross stage 3 (GS3) of the Company reduced 103 bps YoY to 2.7% whereas the net stage 3 (NS3) was 1.1% in March 2022, among the best among NBFC peers.

The Company enjoyed healthy provision coverage ratios across all three stages. The standard asset provision coverage ratio was

2.7% while the Stage 3 provision coverage ratio stood at 58.9% as on 31 March, 2022, indicating that adequate cover had been taken.

Besides, the Company deepened its engagement with customers on a periodic basis. Collection efficiency improved from 93.1% in June 2021 to 108.4% in March 2022.

These improvements, which transpired across the board, resulted in the Company's long-term credit rating undergoing an upgradation by two notches to 'AA+/Stable' by CARE. CRISIL assigned the 'AA+/stable rating during the last quarter of the year under review.

By the virtue of transitioning our personality from the rural to the urban, we are optimistic about addressing a range of opportunities that were earlier not on the Company's radar.

Growth headroom

At the conclusion of the first financial year under the new management, the Company is more optimistic of its prospects than ever.

The Company enjoys low leverage coupled with abundant liquidity, providing it with a multi-year growth platform without compromising fundamentals.

The Company's debt-equity ratio declined from 4.8x as on 31 March, 2021 to 1.6x as on 31 March, 2022. Besides, the Company (standalone) maintained a comfortable Capital to Risk weighted Assets Ratio (CRAR) of 49.5% while its affordable housing finance subsidiary Poonawalla Housing Finance maintained a CRAR of 42.8% as on 31 March, 2022. The Company's liquidity remained adequate even for stressed scenarios with ₹3,890 Cr liquid assets as on 31 March, 2022.

Outlook

At Poonawalla Fincorp, we are at the cusp of an unprecedented opportunity.

In the last few years, the country's NBFC sector has gone through a shakeout. The sector is gravitating from small to large players. A company like Poonawalla Fincorp is ideally placed to capitalise on this sectoral churn with a larger addressable market on the one hand and a relative decline in the number of large well-funded players on the other.

It is this optimism that I wish to communicate, convinced as I am that over the next few years, the Company will not only graduate up this curve but enhance value for all its stakeholders.

Abhay Bhutada

Managing Director

PART **5**

THE COMPANY'S **ESG BACKBONE**

At Poonawalla Fincorp, an Environment-Social-Governance (ESG) commitment **resides at the core of our culture**

The big message

At Poonawalla Fincorp, governance is about doing the right thing in the right way leading to enduring results. This governance framework establishes responsibility and profitability leading to sustainability

Overview

In a volatile world, security and stability are derived from a validated clarity on how business will be conducted. This puts a premium on process integrity that in turn makes it possible to sustain market-outperforming growth without compromising the Company's fundamentals. There is a growing conviction that a robust governance culture enhances corporate sustainability leading to enhanced stakeholder value.

At Poonawalla Fincorp, our governance framework comprises the statement of our vision, the values we will profess to pursue this vision, processes and practices we expect to follow and all the initiatives we need to take in line with our stated ambition of trebling our assets under management (AUM). We believe that at the outset of our corporate journey, this enunciation has helped define stakeholder expectations from us, including our employees who now possess clarity on how we intend to grow from this point onwards.

As an extension of our operating discipline, we believe that one of the spinoffs will be a superior credit rating that could translate into higher peer respect, stronger recruitment, lower funds cost and long-term profitability.

Our Company and ESG

At Poonawalla Fincorp, we believe that a culture of responsible environment-social-governance (ESG) holds our business together.

Our environment commitment comprises the priority to finance environmentally responsible assets and enhance our presence in environment friendly business segments that moderate the consumption of finite resources.

Our social commitment addresses a proactive investment in the people we recruit to work with us as well as relationships with external stakeholders (customers, lenders and vendors) and communities.

Our governance commitment focuses on all our business drivers that make it possible to enhance growth and profitability, comprising strategic depth, codes of conduct, Board membership, principles one lives by and de-risking, among others.

We believe that the interplay of this comprehensive platform – environment, social and governance – will make it possible to enhance long-term value across various economic cycles, the basis of our sustainability.

Our Social commitment

This ESG component comprises the interplay of the agencies we deal within on the inside and outside – employees, customers, vendors and community.

Employees: We strengthened our employee engagement by articulating our ambition, setting in process a culture of excellence, ethical commitment, resource productivity, competitiveness, talent renewal (recruitment, retention and training) and safety. The Company enhanced employee confidence at a time of change. The Company helped members relocate in view of a change in the Company's headquarters. The Company re-skilled its employees and provided career growth opportunities, micro-learning, on-boarding cum integration, succession planning, talent management and access to real time dashboards. The result is that the Company's employees engaged in informed decisions.

Poonawalla Fincorp's governance focus

Growth ambition	Group backing	Group brand	Board of Directors	Alignment
Positioning	Safety	Digitalisation	Priority	Strategic responsiveness

Customers and vendors: We maintained and diversified our stable eco-system of vendors (companies manufacturing the assets that we finance) and customers in view of the widening business mix. A decisive initiative was a conscious moving away from price-sensitive undocumented customers towards upwardly mobile customers.

Community: The Company engaged with the community across diverse rural and semi-urban locations. The Company sustained its CSR initiative in line with the United Nations' Sustainable Development Goals. The Company addressed a large unmet need of relief during the pandemic, truck driver welfare, relief for citizens impacted by natural disasters, scholarships for the meritorious and health care support for the marginalised.

Our Governance commitment

At Poonawalla Fincorp, we have defined our governance approach, enhancing clarity among our stakeholders on our governance journey and performance destination.

Growth ambition: We enunciated our ambition to treble assets under management in the next three years, establishing stakeholder expectations and taking ambiguity out of the planning.

Strong parentage: We believe that much of our direction will be influenced by the strength, stability and experience of our strong parentage.

Group brand: The Company's brand is drawn from the brand of the Poonawalla Group that is synonymous with vaccines across the world and reflected in extensive liquidity. The word that encapsulates all that we are and all that we do is 'trust'.

Board of Directors: Our strategic direction continues to be influenced by our Board of Directors. They comprise professionals of rich pedigree and they will continue to deepen our business understanding and direction.

Alignment: Our business is aligned with national priorities and the evolution of society towards income generation or convenience-enhancing lifestyle assets.

Positioning: Our recall is not as much of a financing company as it is of a solutions provider addressing the needs of an upwardly mobile customer profile in a transforming economy. We recognise that we are in business to empower customers with financed products that enhance their convenience or strengthen their income-earning capability.

Safety: The Company possessed ₹354.71 Cr in cash and cash equivalents at the close of FY 2021-22, a capital adequacy ratio of 49.06%. Some 80.0% of the Company's portfolio receivables had been secured by collateral or a sovereign guarantee cover.

Digitalisation: The Company is investing extensively in digitalisation to enhance functional efficiency, customer delight, communication clarity, operational integrity and cost effectiveness. We are an analytics-driven organisation, helping mature the organisation around modern standards of competitiveness. The Company digitalised the loan origination and loan servicing process, an end-to-end digital customer experience that helped moderate customer acquisitions costs, replace routine manual jobs with robotic process automation and emerge as a digitally assisted retail finance player.

Priority: The Company prioritised investments in the highest standards of assets, technologies, brands, people, locations, lenders, products, and trade partners.

Strategic responsiveness: We shifted our focus to the upwardly mobile segment; we also inclined the business in favor of loans to small and medium sized businesses. The business was directed towards profitable products, regions and customer categories.

How we transformed our technology backbone with the **objective to treble AUM in three years**

An insight into the various initiatives of FY 2021-22 to emerge nimbler

Overview

We intend to become a 'Digital first' organisation that provides an altogether new customer experience, combining the physical and the digital to create a phygital presence, representing a contactless, safe, fast and efficient way of doing business. This phygital approach has helped increase the Company's digital footprint and eliminated the need for aggressive and costly branch expansion.

The Company embarked on a range of initiatives during the last financial year to graduate its scale, scope and sophistication. These aspirations warranted a relook at the Company's technology backbone with the objective to empower it to enhance the Company's scalability without a corresponding increase in costs, invest it with futuristic technologies to enhance organisational speed and thread the operations of various organisational divisions to facilitate decentralisation.

In line with technology advancements, the Company intends to leverage technology to enhance its perception among peers, customers and partners, delivering a timely responsiveness through digital channels. The Company plans to enhance policy consistency for the benefit of its eco-system through digital channels without human interventions and branch visits. The bottom line of these initiatives was not just to enhance operational efficiency; it was to reinvent the Company through an altered customer experience and a transformed brand.

This experiential approach was largely influenced by a change in the Company's customer universe. In the past, the Company addressed customers with informal income documents across rural India, leveraging the power of local and social referencing. The Company's customer profile transformed following acquisition by the Poonawalla Group towards the formal income group. The focus now on seamless and enhanced customer experience, each engagement an opportunity to strengthen the Company's technology-oriented recall.

Technology process

The Company invested in cutting-edge technologies with the objective to completely transform the Company's persona and recall. The desired outcomes of the investment comprised the following:

Accelerator: The Company is focused on enhancing nimbleness and comprehensive customer engagement across digital channels. The technology investment is expected to accelerate growth in a holistic way.

Real-time update: The Company intends to leverage its data-intensive lake to ascertain customer account status in real-time, covering the profile, loan processing criteria, documentation status, payment updates & transactions and other demographics leading to a classification of customers that could influence a proactive decision-making on loans.

Experience: The technology investment is expected to enhance customer experience, reflected in a seamless access to customer accounts on the smartphone, enhanced loan disbursement speed and an omni-channel customer engagement (call centre, branch office, smartphone, and website).

Intelligence: The Company invested in futuristic technologies (artificial intelligence and machine learning) to enhance data availability for an informed and proactive understanding of market or customer realities (moderating probable defaults through corrective action).

Safety: The Company strengthened collections efficiency, moderating its gross non-performing assets on the one hand and enhancing systemic liquidity on the other.

Customer growth: The Company identified credible customers, who were then approached with the offer of top-ups for existing loans and the option to check if they needed loans for other needs, moderating marketing costs.

Enhanced partnership: The Company entered into multiple partnerships to seamlessly provide financing by leveraging the partner network.

Minimise human intervention: The Company intends to reduce its human interface and adopt a data-intensive, algorithm-based technology-driven system leading to a lower turnaround time on decision making, increased consistency and minimised human errors.

Website launch: The Company launched a responsive website with a new user interface and user experience resulting in a superior customer experience. The new website is faster, mobile-responsive and secured; it was accessed by more than 2 Mn visitors in FY 2021-22.

Digital campaigns & digital journeys: The Company prioritised customer acquisition through digital channels. It graduated customer journeys online, comprising loan application, document submission, document verification, loan approval and loan disbursal. While physical transactions were still carried out when customers asked for them, the digital transition proved seamless and frictionless.

Transformation outcomes

3

Number of times the Company intends to grow its AUM in three years

Transformation objectives of our digital investments

Manual systems
360-degree digitalisation

Personal customer access
Technology-enabled customer access

Legacy systems
Futuristic platforms

Moderate viability
Sector-leading competitiveness

Reaction risk understanding
Proactive risk management

Moderate momentum
Enhanced agility

Reasonable customer engagement
Enhanced customer delight

Conventional customer engagement
Experiential customer access

New Payment Gateway (IPG): Following the website relaunch, the IPG system went live, helping customers pay their Equated Monthly Instalments online. On successful payment, customers are now empowered to download the payment receipt. Customers can pay their loans using diverse modes (Internet banking, debit card, UPI and wallet).

No-objection Certificate (NOC) portal: For customers availing of a pre-owned car loan, we introduced a contactless NOC portal for pre-owned car loans, eliminating the need for a customer to go to a branch for one.

Social media channel activation: The Company widened its social media footprint and by the close of FY 2021-22, it had more than 100,000 followers on LinkedIn and nearly 30,000 followers on Facebook. In less than nine months since launch, the Company's YouTube channel garnered more than 760,000 views. The Company also developed a presence on Quora, Twitter and Instagram.

Competitiveness

The Company believes that technology advancements and superior customer experiences are driving competitiveness in a challenging business environment more than ever:

Responsiveness: How quickly a case is resolved and closed

Competitive interest rate: Interest rate in line with prevailing trends

Hassle-free documentation: Virtual completion of documentation

Home services: Queries, doubts and processing through call centres without visiting branches.

Scorecards & BRE (Business Rule Engines): Serving as initial check points and engines to differentiate valid and invalid profiles (automated as per polices and criteria of the business) without human intervention, classifying customer profiles are admissible or inadmissible for loans (the approved profiles/applications addressed by underwriters thereafter).

Outlook

The Company intend to take its technology competence ahead during the current financial year. The Company intends to deepen proprietary technology capabilities to build a captive 'data lake' that provides insights on customers and market trends.

The Company intend to leverage its technology backbone to enhance its responsiveness to market developments, reflected in the ability to launch new products customised to evolving customer needs in the shortest time and at the lowest cost.

The Company intends to build a digital marketplace that enhances the customer's access to a wider product choice coupled with an immediate access to financing options – a technology-driven solution.

The Company intends to enhance technology-driven productivity and efficiency.

The Company plans to develop and invest in data warehouses, cloud-based ERP, automated system for incentives calculation (in internal books), interactive customer facing mobile apps, cloud-based HRM system, integration of advanced

API (Application Programming Interface) and other areas.

Management's perspective

"What excites us at Poonawalla Fincorp is that we are a well-capitalised NBFC, leveraging the power of cutting-edge technologies on the one hand and a new management team on the other. The coming together of a new corporate growth hunger and a digital enabler will make it possible to grow a distinct technology-driven personality within a conventional NBFC sector. We deepened our problem-solving DNA through an investment in technologies and data sharing softwares. We modernised existing software and platforms, upgrading to FinnOne Neo (best-in-class cloud-based lending software used by leading banking institutions). We believe that this embrace of digital technologies will enhance scale, cost efficiency, adaptability and speed. The result is that we do not just intend to reinvent our personality; we intend to redefine some industry rules in the process. The vision of Poonawalla is therefore to be respected as 'A born-in-the-cloud NBFC'."

Deep investments in technology

To build a digital-first business architecture

Building an integrated onestop solution for our customers and partners

Core
Micro service based architecture

Cloud
Cloud based applicationms

API Factory
API based backbone for integrations

Infosec
Cyber resilience competencies and threat intelligence tools

Omni-channel presence getting powered through the data science engine

Big numbers

100+

Employees in technology, analytics and data science segment as on 31 March, 2022

50+

Specialists addressing technology issues (off roll) as on 31 March, 2022

Our E2E Digitised Process

Sales & Onboarding ▶	Digital KYC ▶ Smart Contract & Digital EMIs ▶	TAT reduction Digital onboarding & digital NACH
Operational & Collection Efficiency ▶	Digital Collections ▶ Unified Payments Platform ▶ Distributor Advocacy ▶ Digital Onboarding for Partners ▶	Efficient collections Easy payments Systems driven payouts Swift onboarding
Customer Engagement & Service ▶	24X7 Digital Service ▶ Portal & Mobile App ▶ Customer Advocacy ▶ Straight Through Processing (STP ▶	Multilingual digital interactions Increase portal usage Digitising touchpoint VOCs Maximum services on digital channels

New management	+	Digital technology
Treble AUM growth in 3 years	»	Transform corporate brand

How we are investing in cutting-edge technologies to transform with speed

Best-in-class Technology & Analytics

Technology-led: Expand technology capabilities through a dedicated technology center in Pune, which will represent the backbone for all technology-related requirements and support

Data & analytics-driven: Strong data and analytics team, delivering targeted value to customers and cross-sell opportunities

Customer service: State-of-the-art contact center to complement the digital acquisition channel and enhance conversion efficiencies. Integrated approach to customer service with a technology-driven 'Do it Yourself' approach

Digital first: Digital-first approach to enhance speed, control, scale and efficiency

Acquisition: Building a direct acquisition channel via digital to ensure that customer ownership and connect are optimised

Product innovation: Technology and digital-led product innovation to be at the core for product differentiation

Catalyse growth
- Accelerate product launches
- Onboard partnerships faster
- Complete migration to the new stack

Best-in-class practices
- Create integrated real time dashboards
- Enhance information security
- Strengthen cost effectiveness

Risk calibration
- Introduce credit score cards
- Digitise the collections module
- Integrate the data verification.

Governance
- Activate digital transformation teams for seamless solution to delivery

Customer experience
- Create an omni channel experience accessible online
- Enable pre-approved campaigns faster
- Shrink approvals and disbursements turnaround time

How we are investing in data science and analytics to enhance our market understanding

Digital acquisition: Strong digital acquisition channel for direct business capture

Online channel partner login: Online platform for channel partners to digitally login the loan applications

Integrated CRM: Integrated CRM with a website and channel platform

Online credit decisioning: Complete API-based integration for information access, online checks, validations, and credit rule engine

Online disbursement: Complete online process for pre disbursement activities like e-Agreement & e-Nach

Data & analytics-based upsell and x-Sell: Data & analytics-based offerings for existing customer base for high retention and product penetration

Technology-enabled customer service: Customer service enabled by technology for self-service, single-view of data and time-bound closure of requests. The online reputation tool was implemented in-house

Sales & Distribution initiatives

» Geo-expansion and rationalisation done using micro market data

» Pre-approved campaigns launched for multiple products on existing customer base using Machine Learning algorithm

Outcomes

» Access to high quality customers

» Lower acquisition cost

» Lower credit cost and improved IRR

Credit Underwriting & Risk Monitoring initiatives

» Machine Learning algorithm based under writing model under testing for some products

» Channel Score card launched for the pre-owned car business for optimising channel engagement

» Portfolio Deep Dive for BL business using Decision Tree and Vintage Curves leading to a rationalisation of policy and improve portfolio quality

Outcomes

» Cost optimisation

» Quicker turnround time and superior customer experience

» Policy optimisation leading to superior portfolio quality

How we invested deeper in talent management to **accelerate our transformation**

An insight into the various initiatives to create a future-ready organisation starting FY 2021-22

Deeper collective investment in training	Engagement with employees	Learning & Development (L&D) focus
Empowerment with cutting-edge competencies	Enhancing employee future-readiness	Empower the Company to treble AUM in three years

Overview

The subject of talent management is perhaps the most critical in non-banking finance companies on account of an upheaval within the sector, a transforming customer landscape, and a deeper regulatory focus on comprehensive and timely compliances. At Poonawalla Fincorp, this subject acquired an even sharp relevance following a change in management control that warranted a re-appraisal of existing realities (includes cultural, technological, policies and people transformation) and timely remedial action. The result is that at the Company the subject of talent management was now seen with a new pair of eyes.

There was a rapid change of the business landscape from a conventional paradigm towards digital technologies, warranting a new way of responding to business realities. Add to that, there was a revision in the business vision and goal of the Company warranting a reorientation of priorities; there was a change in the product lines of the Company following the entry of the new management that made it necessary to induct a new category of specialists and professionals; there was a change in the location of the Company's headquarters that made geographic relocation of a number of professionals within the Company a priority; there was a greater focus on people training and retention with the objective to enrich and protect proprietary knowledge; establishment of platforms for transparent communication; introduction of digital platform for employee convenience; altered hiring approach; pandemic waves 2 and 3 transpired during the space of the financial year that made it necessary to provide employees with a protecting environment. The fact that all these imperatives were required to be concurrently addressed made talent management a priority during the year under review.

Initiatives, FY 2021-22

At Poonawalla Fincorp, we recognised that in a competitive and fast evolving business environment, a company would be only as good as the holistic competence that it held within. Some principal initiatives undertaken by the Company comprised talent training and development. The Company announced a target to treble assets under management (AUM) in three years. This reality made it imperative to enhance knowledge (functional and behavioral). The priority therefore was not just to train, but to re-skill; the priority was not just to learn but to unlearn and learn anew.

HRMS Launch Phase: During the year under review, the Human Resource Management System (HRMS) – Galaxy was digitalised and powered by Zing HR (Cnergyis) as the HRMS technology partner to provide seamless access - 'HRMS on the Go'. This transition introduced a one-stop, on-the-go solution for employee HR-related needs in an app.

Skill Inventory: The Company developed a skill set-based ecosystem to recognise skill gaps, prompting training needs.

Talent Effectiveness (RnR): The Company introduced a lucrative monthly rewards and recognition framework for outperformers.

Employee Engagement: The Company introduced motivational and leadership seminars by prominent speakers; 'Fun at Work' emerged integral to employee engagement and an offsite 'Culture and Competency Workshop' proved critical to culture building.

Branch Connect: The Company introduced 'Branch Connect' to aggregate employee inputs to design interventions with larger impact.

Buddy programe: The Company's Buddy Program was conceived to ensure that new joinees got necessary support, the programme covering relevant policies and practices.

The Company focused not on training as usual but training as a change driver. The Company trained 11831 employees across 104255 person-hours; it covered 128 subjects and 92% of the organisation. The result was a stronger preparedness to address the Company's ambitious AUM growth target on the one hand and marketplace challenges on the other. The Company possesses the right number of talented professionals in the right positions with the right knowledge to grow the business profitably and sustainably.

Outcomes, FY 2021-22

The Company created a 'Brilliant Basics' programme focused on doing things in a prescribed and correct manner. This behavioral intervention emphasised the need for strategic and operational propriety – to address the high ethical standard of the Company, to address the increased need for regulation and to address the need to minimise rework. This programme could lead to strategic clarity and tactical efficiency, strengthening organisational efficiency and effectiveness.

Besides, the Company created a manual emphasising the importance of a review discipline. The focus of this manual was to review everything (on the lines of Plan-Do-Check-Act) that minimised unintended outcomes. What made this standard operating protocol (SOP) different was that it was written in a simple manner, addressed most organisational functions and focused on making the employee imbibe learnings into everyday working. While it would be early to put a number on the impact of this annual, it is expected that customer service – internal and external – will strengthen, enhancing the basis of organisational sustainability.

The fabric of organisation was tested by the ongoing pandemic in various ways: several companies were tested in their need to engage deeper with the market, collect receivables on time and engage wider for fresh business generation; a number of companies were also tested from within as they were required to work from home, creating challenges in coordination and responsiveness. More than these challenges from a business perspective was a need to address the overarching challenge from a health and safety dimension: the Covid-19 made it imperative for organisation to work in a cohesive manner to address employee emergencies and protect their overall interests.

This is where the best of Poonawalla Fincorp became visible during the year under review. Even as the organisation worked in a disaggregated manner through parts of the year, the Company responded as one when it came to Covid-related challenges faced by employees. The Internal Emergency Response Team (comprising employees) coordinated with health care providers (hospitals) and equipment suppliers (oxygen concentrators) for beds, medicines, counsel and equipment, so that their affected colleagues could be navigated to erstwhile health. What surprised everyone was that the employees did not think that this was enough; they voluntarily pooled a day of their salaries across the organisation which eventually became a corpus available to address a range of medical emergencies (not limited to Covid-19). It was the speed and enthusiasm with which the Company's talent responded to help colleagues that validated that the foundation for all prospective outperformance lies in a culture where people come together in times of need to collectively address challenges.

Outlook

The management at Poonawalla Fincorp articulated its positioning as a digital company driven by best practices, caring, meritocracy and a culture of entrepreneurship. At a time of change, what worked for the Company in the past may not necessarily work in the future. In view of this, the Company needs to respond with a corresponding approach: it intends to double the number of training hours in 2022-23; it will focus on moderating attrition; it intends to widen the training coverage in the Company; it intends to enhance the proportion of specialised subject matter coverage.

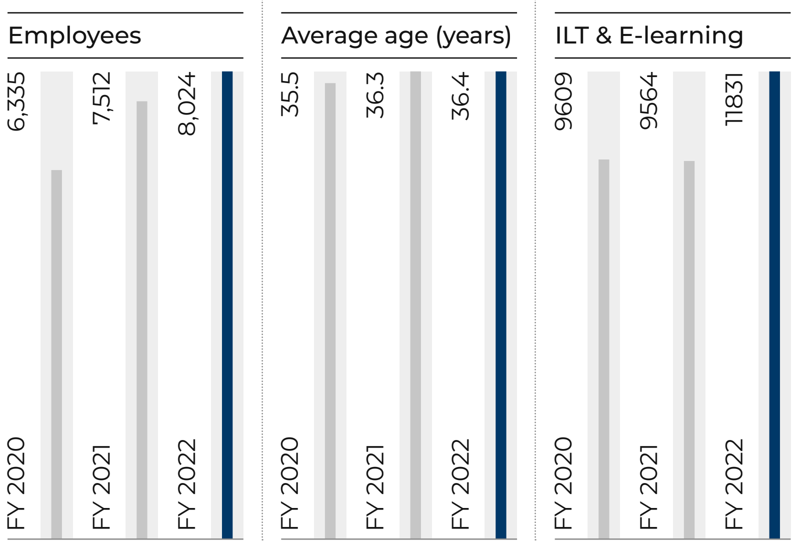
This aggressive investment in capability building should translate into superior outcomes across the foreseeable future.

Management's perspective

"A decisive change in the Company's priority during the last financial year – the first since the new management assumed control – was the extent and intent behind its training. The Company trained more, trained longer and trained wider for a disruptive outcome: not merely to grow the Company at the velocity of its sector but to treble AUM size in just three years. The disproportionate investment in training comprised a programme that trained employees in doing things in a prescribed manner and creation of an operational review manual. This investment had a heartening outcome: the employees responded as one to the Covid-19 pandemic, coordination for beds, medicines, counsel and equipment for the benefit of their colleagues."

Big numbers

Employees | **Average age** | **Training coverage of the organisation**



What we focused on in FY 2021-22	What we intend to achieve in FY 2022-23	Our desired organisational personality
Training at the induction stage	Increased training (person-hours)	Ethical pedigree
Capability building	Widen organisational coverage of training	Digitally driven NBFC
Product offerings	Deepen understanding of specialised subjects	Respect for the best standards and practices
Behavioural responsiveness		Passion for outperformance
Regulatory compliance		Driven by 'intrapreneurs'
Training in governance standards		Driven by a service mindset
Introduction of shorter and simpler processes		Contributing to nation building through engaged CSR

How we countered the Covid-19 challenge

Flexibility

We permitted a range of operations to be addressed from home or field

We implemented a roster system that ensured that only those needing to work from office were called upon to do so

Protection

We sanitised and fumigated our offices periodically

We reinforced our frontline teams with face shields and kit

We tied up with Apollo Telehealth for a doctor-on-call service, medicine delivery, pathology tests and imaging facilities (Wave 2)

We engaged with the M-Fine app for similar facilities (Wave 3), the Company bearing medical expenses for employees and their kin

Support

Our Emergency Response Team supported employees for hospitalisation, medicine delivery and RT-PCR tests

We launched a Covid Care Fund for quarantined employees to address treatment costs

We started a 24x7 employee emergency helpline for employees

We arranged vaccination camps for employees in 25+ cities; we reimbursed vaccination expenses to employees and family members

We created a bank of oxygen concentrators, cannisters and vapourisers at key locations for use by employees (and their family members)

Awareness

We engaged in an extensive communication campaign to enhance employee awareness on Covid-19

We conducted online sessions and webinars with reputed doctors (tying up with Dr Reddy's Foundation for medical webinars)

'We are optimistic of accelerating revenues from **this year onwards leading to our desired AUM goal'**

Overview

A year is a short time in the transformation of a company; when this transpires in the middle of pandemic, there is an even bigger premium on the need to transform with speed and sensitivity.

During the year under review – the first full year following a change in ownership and management – your Company was required to make sweeping changes in its people management, processes, culture and systems. This was more challenging that one would have expected; this warranted a need to understand how things could work and thereafter, work even better.

If this cultural mountain was not enough, the Company was required to address the challenges of the market place in terms of growing its book while addressing the related priorities of margins, collections and credit mobilisation.

This combination of cultural and commercial challenges made the year under review a demanding one for the Company.

New personality

One of the biggest challenges that the Company faced during the year under review was a new business model.

In its previous incarnation, the Company was engaged in the financing of tractors and commercial vehicles, addressing a largely informal income-documented audience across rural India. During the year under review, the Company selected to make a decisive transition in its customer profile towards retail and micro-retail loans addressing personal lifestyle requirements. This transition may appear as one of target audience; it was a decision that transformed the DNA of the organisation; it was a decision that warranted a complete personality reinvention.

This reinvention warranted the selection of spaces within the lifestyle genre that promised a security in lending coupled with a multi-year growth headroom. The reinvention also necessitated the Company redrawing its geographic locations – from one that was rural-oriented to one that now warranted a more urban and semi-urban positioning. Besides, one could not simply walk away from customers who had been funded by the business in its earlier avatar; they needed to be serviced and addressed to protect the overall quality of the lending book. Even as it this was transpiring, there was a premium on the Company's nimbleness to move into new business spaces, recruit afresh, and move them towards a Poonawalla Way of Business and build for the future.

It is this amalgamation between the old world at our Company and a new one that emerged as the principal reality of our Company's working during the year under review.

Your performance

Reinvented company recognised the need to employ all the channels available to maximise disbursements. The Company deepened its core lending operation, acquisition, direct channels, cross sell and upsell.

The result of this concerted initiative was that your Company reported a ₹9,494 Cr of disbursements during FY 2021-22 compared to ₹3,680 Cr during the previous financial year. Loans to professionals, business loans and personal loans accounted for 26.1% of the disbursement; loans against property (LAP) accounted for 2% of the Company's disbursements and SME LAP offerings captured ~75% of MSME industry clusters during the year under review.

The Company's assets under management increased from ₹14,225 Cr at the start of FY 2021-22 to ₹16,579 Cr towards the close.

Gross performing assets increased from 96.3% of our on-book assets to 97.3% indicating a better loan recovery, an improving business environment and a stronger collections focus.

The Company reported a profit after tax of ₹375 Cr in FY 2021-22 compared to a loss of ₹559 Cr in the previous year, largely on account of the extensive provisions that had been in FY 2020-21 that were now recovered and similar provisions not having to be made during the year under review.

The big picture

At Poonawalla Fincorp, we believe that a big picture is the most effective driver of strategic direction and organisational momentum.

In view of this, the Company outlined an asset under management goal of 3x AUM growth in three years. This is a big hairy audacious goal (BHAG), which will require us to reinvent virtually approach to business-building. To give this goal a perspective, it is what it means: what the Company has not achieved in the last 30 years, it intends to treble in a tenth of that time.

This BHAG evokes the analogy of a duck that appears calm and graceful above water but is paddling furiously underneath. Similarly, our Company will need to reinvent its process orientation across a number of fronts with the objective to consistently outperform. We are presently creating a foundation to build a new company that grows faster across the following pillars.

One, we are building a technology company that also provides loans as opposed to an NBFC that has also invested in technology supports. We believe that this technology-centric positioning is critical to our business model and desired direction. This can only be done with the help of a technology backbone that electronically stipulates the lending guidelines and empowers the field offices to make loans within established guidelines.

It is this amalgamation between the old world at our Company and a new one that emerged as the principal reality of our Company's working during the year under review.

This quick turnaround time is only one aspect of the Company's technology orientation. The Company is investing in digital technologies to provide the Company's offerings on an app, widen choice, engage transparently for the benefit of consumers; on the other hand, the Company intends to strengthen controls, generate a real-time picture of the Company's health, automate the routine, and draw deep insights through artificial intelligence.

This will empower the Company to scale the business in a sustainable manner without a corresponding increase in costs and without a compromise in its lending book, the basis of its profitable sustainability.

Two, the Company will seek to deepen its presence as a pan-Indian company. We believe urban and semi-urban India are not only under-penetrated for product consumption and credit availability but possess a deeper credit worthiness. In view of this, the focus of the Company will be to provide financing solutions to them, marked by growing incomes and aspirations.

Three, we will finance the growing needs of consumers residing in the middle of India's economic pyramid. This bulge largely comprises the middle-income segment where we see the biggest lifestyle-financing opportunities emerge. We also believe that India is at the per capita income level of around USD 2000, around which time consumers are seen to be visibly spending considerably more, partly financed through net worth but largely seeking external financing.

Four, we will access this vast middle-income consumer block – rated by many as the largest of its kind in the world – through a combination of the direct channel and collaborative co-lending, reconciling a wider reach on the one hand with higher profitability on the other.

Five, our objective will be to service this vast market with products of relatively low-ticket size that makes it possible for us to service a large number of consumers and moderate risks that could arise out of default.

Six, we intend to engage in disciplined cost management and capital allocation that helps amortise our fixed costs better and strengthen margins.

Outlook for FY 2022-23

During the current financial year, we expect the green shoots of a rapidly transforming company to become visible.

As the lending in our new businesses becomes visible, we expect to see the transition of our Company from its legacy to modern retail-driven revenues. This is expected to translate into lower operating costs as a percentage of our revenues, higher operating delta and high volumes – a robust foundation of sustainable profitability.

We are optimistic of accelerating revenues from the year onwards leading to our desired AUM goal, enhancing value for all the stakeholders associated with us in our journey.

ANALYSIS

How we created an integrated risk management approach to **enhance business sustainability**

An insight into how we enhanced our protection against a range of variables affecting the economy, sector and company

What our management says

"The Company broad-based its risk management across Credit risk, Operations risk, Fraud risk, Systems risk and Monitoring risk. What made this approach effective was that prudent guardrails were derived from a granular understanding of each business, marked by early warning indicators, influenced by data science, managed by subject matter experts heading each risk management component and the use of nuances in risk appraisal. The effectiveness of this approach was reflected in declining gross non-performing assets, credible credit rating and enhanced systemic liquidity"

Sharad Pareek
Chief Risk Officer

Overview

An integrated approach to comprehensive risk management represents a fresh approach that has been brought into the Company by the new management. This approach represents two upsides: it is comprehensive and proactive – both – that makes it as adaptive as it is effective. This approach addresses the external market environment, marked by extensive changes in regulation, interest rates, economic growth, commodity swings, uncertain health environment and geo-political disturbances.

The biggest outcome of this integrated approach is the formulation of a structured risk management framework. The Company's risk management approach has been structured around the following buckets: Credit risk, Operations risk, Fraud risk, Systems risk and Monitoring risk. What makes this approach distinctive is that there is a commitment to ongoing risk appraisal as opposed to a conventionally periodic review; there is an underlying traction for active remedial solution over observation.

The overhaul became imperative in view of the sweeping transformation in the Company's business model across the last year. The customer segments addressed by the Company changed during the last year; the scale of the business transformed; the erstwhile relationship-driven approach was replaced by the digital. The changes at various levels within the business prioritised the need for robust granular guardrails that would translate into predictable and sustainable business outcomes.

Initiatives, FY 2021-22

An effective risk management approach draws from the deep knowledge and rich experience of a company on the one hand and a technology-centric approach on the other. This combination represents an effective hybrid: what can be routinely monitored will be addressed by technology; what will warrant eyeballing and human judgement is addressed by professionals. This effective combination empowers the Company to detect incipient signals even before the symptoms first show up in performance. This will enable the Company to respond with remedial initiatives before they turn into full-blown outcomes, the basis of any extensively de-risked company.

The new management designed a distinctive approach, influenced by the following factors.

One, the risk management guardrails were influenced by a granular understanding of each business where we are present, ensuring that the risk management responses were customised and bottom-up.

Two, the approach was invested with early warning indicators, making the Company's risk management investigative or proactive rather than reactive.

Three, the approach leaned effectively towards data science, ensuring that our risk management was built around irrefutable evidence as opposed to gut-feel.

Four, the Company's risk management discipline has drawn on subject matter experts heading each risk management component, encouraging a culture of specialisation.

Five, factors influencing our risk management were based on an understanding of nuances (as distinct from generalities).

The result is that the Company now has a robustly responsive risk management framework to address a growing business and evolving marketplace.

The primary aspect of this risk management discipline was the vision: a commitment to create a Centre of Competence. Central to this vision was a commitment to create a competent Risk Management Committee within the Board that met each quarter and engaged in a clinical assessment of the Company's risk management competence. This committee reported its findings to the Board; the Board, in turn, was empowered to navigate the Company's strategic direction. The next aspect that warranted attention was the creation of a suitable organogram comprising the creation of relevant risk management positions and their plugging with competent professionals. This organogram is broader and deeper than the conventional structure. This organogram was enriched with the inclusion of Credit risk, strengthening the overall approach.

The Company strengthened the recruitment of professionals engaged with the industry; it onboarded professionals from credit rating agencies; it engaged specialists to track economic trends. The broad-based approach empowered the Company with perspectives related to macro-economic factors, regulatory functions and market dynamics. Poonawalla Fincorp developed a fish-eye business view, making it possible to respond with speed and sensitivity, deepening its preparedness to holistically address risks.

Our integrated risk management approach

Credit risk
» Design policies

» Actively monitor the portfolio

» Make changes ongoing

Fraud risk
» Focus on prudent loan processing

» Sample transactions to prevent at source

» Investigate gaps deeper to minimise recurrence

Operational risk
» Cover the Finance, Human Resource and Credit functions

» Check documented workflows

» Build risk register

» Review activities each quarter

Systems risk
» Plug data leaks

» Create resistance to systems collapse

» Protect system against cyber attacks

Risk governance
» Automate and maintain a rules engine

» Minimise routine human intervention

» Map, ascertain and project expected credit losses better

» Comply with internal adequacy norms

» Assign risk weights when assigning capital

Poonawalla Fincorp: **A caring and concerned corporate citizen**

3 priorities we faced during the year under review

To address the needs of a world needing succour from the pandemic	To sustain our CSR engagement without endangering the safety of our people	To sustain our culture of extending beyond cheque book philanthropy to hands-on engagement

3 CSR areas we addressed

Promoting education	Promoting health care including preventive health care	Promoting environment sustainability

Overview

At Poonawalla Fincorp, we bring a differentiated commitment to our corporate social responsibility programme.

For one, we engage not merely to liquidate a statutory commitment but to address unmet needs with the passion of our conviction to make the world a better place.

We engage not as a short-term intervention based on our cash flows but with the commitment to sustain enduring programmes into the long-term.

We respond to the needs of communities within the areas of our influence not in an ad hoc manner but on the basis of a formulated policy derived from the findings of a formal CSR committee.

We respond not as much to this subject from a centralised location distanced from challenging realities but through an effective leverage of our pan-India footprint.

We address this part of our corporate personality not just through dedicated CSR team but through the extensive footprint of our branch network and the engagement of our large team.

Over the years, we believe that this differentiated approach has helped us translate our CSR intent into effective action, emerging as a body deserving of respect and benchmarking.

Our projected-based engagements

At Poonawalla Fincorp, we sustained some programmes inherited following the acquisition because we believed in the rationale of those engagements and for reasons of continuity.

The buckets of our CSR focus	The areas of our CSR engagement	The programmes of our engagement
Education	Rural India	M-Scholars
+	+	
Health	Semi-urban India	
+		
Environment		

Project M-Scholars

A number of deserving and meritorious students seek to study further but are constrained by their family circumstances. During the last couple of years, there was a sharp increase in students seeking to discontinue their studies on account of a loss in family incomes or stressed family incomes, especially in peasant or farmer families. The Company addressed this unmet social need by funding in part of full the fees of such students at the under-graduate level. The Company leveraged its rich analytical framework used to ascertain family incomes to address deserving cases.

Initiatives

The Company appraised the needs of students belonging to families earning less than ₹10,000 a month, especially where the student from that family generated 80% marks in the Board examination and was 20 years or less as 15 August in the year of funding. This intervention was classified as per different family income groups. These interventions addressed the needs of families earning under ₹5000 a month, enhanced awareness through a word of mouth and connected local communities not serviced by local doctors with mobile health interventions.

Outcomes

The Company provided financial support to around 650 students. What is creditable is that a reasonable proportion of this number (more than 15%) comprised engineers. It is a matter of pride that this priority helped support 27 students who went to Indian Institute of Technology while 18 became doctors. We believe that our timely intervention helped transform destinies that should translate into life-long careers and corresponding incomes.

The big numbers of our CSR engagement

650
Number of students financially supported by the Company to pursue their studies

20
Out of 650, number of students funded for MBBS

Assisting meritorious students

"I grew up in a family with a nominal monthly income around ₹6,000 that was inadequate to support the education of my brother and I. Since I scored 98.80% in the 10 +2 examination and achieved the 7,000 rank in the engineering entrance examination, I got a chance to study in NIT Tiruchirappalli. We applied for the M-Scholar support offered by Poonawalla Fincorp, recognising that I had a slim chance. However, I did get the M-Scholar scholarship, which addressed all my educational expenses (tuition, hostel and mess). The M-Scholar programme taught me that life is not about taking but giving. Because I knew that the Company was behind me, I performed better."

N Sai Keerthi,
presently working as an Engineer at HPCL, Andhra Pradesh

"The day I got admission to my law course was when I saw the M-Scholar advertisement. I was selected as I had secured 93% in my 10+2 examination, which backed me to study an expensive course (₹25,000 per semester). The scholarship gave me ₹60,000 a year, which covered my fees and book costs. This was opportune since my brother was studying in Ghaziabad and the family could scarcely afford both our expenses. The M-scholar programme changed my life as it helped me for three years of a five-year course during which I pursued LLM from Banaras Hindu University. The Company did not just fund and forget; it called me periodically to track my educational progress. The result: I got an internship at Allahabad High Court as a law researcher.

Samriddhi Mishra,
qualified to join Supreme Court, Uttar Pradesh

"Since childhood I have seen my family of seven struggle. My father is differently-abled and had no option but to beg. I completed my Higher Secondary education from Jateswar High School funded by my father's begging proceeds; I scored 94.20% in XII standard in 2016, a turning point. That is when I saw the M-Scholar advertisement; I did not give it much thought, thinking that I stood no chance. The Company called to say I had been selected, which is when I realised that miracles do happen. I graduated in Bachelors of Arts from Acharya Abnsil College, receiving ₹5000 per month for three years, which covered my college fees years, tuition costs, paying guest charges and travelling expenses. I spent some part of the scholarship for the education of my four siblings. Poonawalla Fincorp helped me when no one did. Today, I have a job at Grameen Dak Seva, India Post (salary ₹12,000 per month). I am preparing to crack the West Bengal Civil Services (WBCS) exams. This support has changed me as a person. With whatever little I have, I donate books to those in need as well. The cycle of goodness must continue.

Manowar Hossain,
presently working in Grameen Dak Seva (GDS) under India Post, West Bengal

My father is a farmer with a nominal income and debt on his hands. This loan was moderated by the M-scholar program provided by Poonawalla Fincorp. I became a part of the Super 30 program, where I met Anand Kumar. Following this programme, I was placed in IIT Allahabad in 2016. Anand sir asked me to apply for the M-Scholar programme; its scholarship paid for a significant portion of my fees. After I graduated, I was employed by the R&D department of Samsung in Bangalore. If it had not been for M-Scholar, my destiny would not have gone into the next orbit."

Prabhat Ranjan,
presently working in Samsung (R&D), Bangalore

"My mother, older sibling and I relocated from rural Bihar to Kolkata for a better education, where my father worked as a driver. My father would remit money to the village to support his brothers. There was a possibility of discontinuing my education and returning to the village. A turning point came when I enrolled for the Super 30 programme of Anand Kumar. I was selected for IIT-Kharagpur in 2015 and was given the M-Scholar support - a annual amount of ₹60,000. I also got IIT-Merit cum scholarship which fetched me ₹90,000. My educational expenses were fully covered by these scholarships, which is how I completed my B.Tech in Electronic and Electrical Communication Engineering. Had I taken an education loan, we might have entered a debt trap for years. Today I work for Taiwan Semiconductors Manufacturing Company in Taiwan."

Niraj K Jha,
presently working at Taiwan Semiconductors Manufacturing Company in Taiwan

PART **6**

VALUE **CREATION**

At Poonawalla Fincorp, we are committed to three priorities: **sustainable value-creation, long-term focus and enhanced stakeholder value**

Our business model is directed to enhance value across markets, geographies and economic cycles

We are at the cusp of an attractive value-creation journey for diverse stakeholder benefit

Our customers	Our employees	Our communities	Our investors and financiers
» Empower upwardly mobile customers who seek debt to climb into the next orbit » Provide timely debt to India's MSME sector, strengthening the national economy » Provide a seamless customer experience through the interplay of digital technologies	» Create career-enhancing opportunities through a presence in fast moving verticals » Provide career stability through access to a strong Group Balance Sheet » Provide a fair, diverse, encouraging and inclusive workplace	» Inspiring communities to transform their economic realities » Contribute to the government exchequer (through taxes) » Reinforce communities through structured engagement and development	» Focus on shareholder value creation and distribution » Strengthen the business and climb to a better credit-rating » Communicate transparently; leverage the Group's financial access

We protected our stakeholders **during the Covid-19 pandemic**

We moved with speed to protect our eco-system business during one the most challenging years in living memory

Customers

Initiatives

» New financing requirements were affected owing to business slowdown during the lockdown

» There was a temporary crisis of confidence among customers whenever the pandemic revived, affecting repayment

Responses

» The Company counselled, appraised and enhanced their confidence

» The engagement enhanced recovery, protecting the Company's Balance Sheet

Employees

Initiatives

» Keeping employees secure and motivated was a priority

» Protecting productivity became important

Responses

» The Company discontinued office attendance during the lockdown

» The Company transitioned to working from home

» The Company's safe working environment comprised thermal screening, sanitation and distanced working

Investors

Initiatives

» Sustaining top line and protecting the bottom line was a challenge

» There was a threat of rising non-performing assets

Responses

» The Company rationalised costs, de-risking the business

» Outstanding ECL provision as on 31 March, 2022 stands at 4.2% of on book Assets.

» Net Stage 3 Assets of 1.1% was less than the industry average

Community

Initiatives

» The Company's offices are across 21 states

» Local communities were affected as most people lost their jobs

» The local communities needed to be educated about proper sanitation

Responses

» The Company engaged and supported peripheral communities

How we protected our employees during the pandemic

» We moderated the role of cash collection that reduced physical engagement and could have endangered the lives of our employees

» We enhanced the role of digital and contactless cash transfers

» We created an Employees Emergency Response Team that coordinated between employees, addressing their need for medicines or hospitalisation

» We entered into alliances with Apollo Hospitals and Apollo Pharmacy for access to hospital beds and the home delivery of medicines (Wave 2)

» We entered into an alliance with an aggregator platform called M Fine, which connected the Company to 500 hospitals for immediate relief (Wave 3)

» The Company's employees voluntarily contributed a day's salary towards Covid Care Fund, with an equivalent amount being matched by the Company. The Company utilised this corpus to reimburse employees for their medicines and diagnostic equipment; this arrangement is likely to extend beyond Covid and become a recurring fixture

» The Company purchased oxygen cylinders, concentrators, canisters and medicines to address relief needs during Wave 2 of the pandemic

What employees have to say **about working at the Company**

Relocating to Pune

"I have been with the Company for a decade, focusing on learning and development. We invested around 40,000 person-days across ten years. I was asked to relocate from Hyderabad to Pune in 2021; I shifted with my family of six members (pet Rottweiler dog included). If there is one reason that encouraged us to think in this direction was the friendly people-centric work environment. Besides, the Company enjoyed a groundswell of goodwill in our minds; I was given the '101 Top Learning and Development Professionals' award. The memory closest to me was when the Company sent me an appreciation note to my family members for providing emotional support. If I had to encapsulate the Company's fabric, I would say 'progressive', 'world-class' and 'people-centric'."

Soumendu Chakraborti, General Manager (Human Resource), Pune

"My four-member family shifted from Kolkata to Pune in December 2021. We felt we would be lost for some time; on the contrary, Poonawalla Fincorp took care of every detail during the relocation - hotels, conveyances and doctors (when needed). The Company helped me find a house in a respectable residential neighborhood. The products portfolio handled by me resulted in bigger responsibilities. I have no doubt that the amalgamation of new and old employees and the relocation of some seniors to Pune will help build a scalable foundation."

Mahender Bagrodia, Collection Head, Pune

Assisting during the pandemic

"Following the Yaas cyclone and during the course of the pandemic in May 2021, a team of five members was deployed to address the needs of the affected in Midnapore. We spent more than a month, surveying and approving claims for roof damage, home inundation and drowned family members. We did not just limit our aid to customers; we pooled resources for the others as well. Usually a company engages an external agency for such interventions. Poonawalla employees provided first-hand support, validating the Company's commitment to the well-being of society."

Arindam Chakraborty, Deputy Manager, Insurance Claims

“I once received a call at 10:30 pm from someone in Mumbai with family members in Kolkata and an ailing mother-in-law needing hospitalisation. He called me with zero hope. I responded by providing a choice of two hospitals where his mother-in-law could be admitted. So, it was a surprise to him that I gave him a choice of two hospitals when there was no hope of getting into even one. By 1:00 am, his mother-in had been admitted. This comes from a deep Poonawalla culture of helping people beyond the usual call of duty. This was a validation of what we always said: ‘Remember that if you face any problem, our entire team is only a call away!”

Nirjhar Pramanik, Assistant Vice President (Agency Sales)

“Our colleague Ashish Singhania’s relative in Gurgaon was infected during the pandemic and he was unable to arrange for an oxygen concentrator or cylinder. I stayed at home, getting hourly updates on availability and the patient’s health. I managed to get an empty oxygen cylinder on credit that was taken to an oxygen refilling centre in Manesar (in another state). We arranged for the necessary documentation; our office colleague reached Manesar at 11 pm and the refilling consumed four hours. The cylinder was installed at Ashish’s relative’s residence at 4 a.m., transforming the mood from despair to hope. Instances like these sent out a message that we are a humane company, enhancing employee pride.”

Bharat Lamba, Associate Vice President, North Zone Administration team

“During the second pandemic wave, two colleagues tested positive. They needed Remdesivir but not a single dose was available. I contacted the zonal office and my colleagues got the necessary approvals for us to procure medicines from the municipal corporation. Besides, when another colleague tested positive, all employees pooled one day’s salary to fund his treatment (under the Sahyog programme, wherein any infected employee up to the post of Assistant Manager under home isolation would be assisted with ₹10, 000). My experience in other organisations is that after a certain managerial level there is no one willing to care or help; at Poonawalla Fincorp, seniors help before being asked. This assures me that if I am ever in a crisis, this company will stand by me.”

Syed Mohsin, Relationship Manager, Pre-owned cars business

Board of **Directors**

Leading the Way

Mr. Adar Cyrus Poonawalla, *Chairman*

Mr. Adar Cyrus Poonawalla is chairman of Poonawalla Fincorp and also the CEO of Serum Institute of India. An innovator to the core, Mr. Adar Cyrus Poonawalla has been dedicated to developing affordable children's vaccines and providing the same across the globe.

He spearheaded the Clean City initiative (APCC) in Pune, and since, has been actively involved in bringing dignity to the task of waste collection. In 2013, Forbes India included Mr. Adar Cyrus Poonawalla in the of 'Four Scions to Watch Out For' list. In 2018, he was recognised for his relentless and passionate efforts make our society a better (and cleaner) place, and accorded the Corporate Social Responsibility award by CNBC Asia.

Further, the award-winning GQ magazine included Mr. Poonawalla in its elite list of 50 most influential young Indians;- another feather on the cap for the young innovator and promoter.

Mr. Abhay Bhutada, *Managing Director*

CA Abhay Bhutada is a seasoned finance professional with over 15 years of diversified experience in the commercial and retail lending domain. He is passionate about using technology in financial services and has been instrumental in setting up the lending business for the Poonawalla group.

His visionary thinking and flawless execution earned him the Young Entrepreneur of India 2017 bestowed upon by the Chairman of State Bank of India and Promising Entrepreneur of India 2019 by The Economic Times. Asia One has recently felicitated him as "40 under 40 Most influential leader for 2020-21".

Abhay is a qualified Chartered Accountant and firmly believes that "Every day is a new opportunity, every failure is a stepping-stone, every milestone is a chance to introspect and improve."

Mr. Amar Deshpande, *Non-Executive Director*

Mr. Amar Deshpande is an M. Sc. in Statistics and holds a Diploma in Financial Management; and has over 36+ years of experience in the BFSI Sector mainly into NBFCs with expertise in areas including Fund Mobilisation, Corporate Funding, Project Finance, Debt Syndication, Credit Appraisal and Management Consultancy. Mr. Deshpande comes with long-standing experience in Finance, Banking, Legal and Management spheres.

He was awarded as the "most influential CFOs of India" in 2015 by CIMA (Chartered Institute of Management Accounts).

Mr. Deshpande is a Chief Operating Officer of Poonawalla Finance Private Limited, a systemically important non-banking financial company and Ex. Vice President-Finance and Strategy at Electronica Finance Limited. He has spear-headed an arena of various departments such as Legal, Compliance, Operations, Finance, Treasury, Collections, etc. Mr. Deshpande has been a visiting faculty to NIBM (National Institute of Bank Management), Pune and Reserve Bank of India, College of Agriculture Banking, Pune.

Mr. Prabhakar Dalal, *Independent Director*

Mr. Prabhakar Dalal, holds degrees in M. Com, LL.B., CAIIB, FIIBF, PGDFERM and PGDSL, and certificates in French and German languages. He is a highly experienced banker in commercial and development banking, with 37 years of experience and extensive international exposure across the globe. He has worked with the Export-Import Bank of India (Exim Bank) for 31 years, including as the Executive Director for over 3 years.

Mr. Dalal has been serving as Independent or Nominee Director on the Boards of several companies/organisations in various sectors, including West African Development Bank. He also served as a Member of the Jury for Business Excellence Awards and has appeared as an expert on top-rated business news TV channels in their several call-in shows.

Mr. Dalal's expertise lies in retail and wholesale banking, international trade and project financing, institutional and international relations, stressed assets management, resource management, corporate and securities law and corporate governance.

Ms. Vijayalakshmi Rajaram Iyer, *Independent Director*

Ms. Vijayalakshmi Rajaram Iyer is an Independent Director on our Board. Ms. Iyer holds a master's degree in commerce from the University of Mumbai and also a fellow of CAIIB of Indian Institute of Banking and Finance. She has previously served as an Executive Director of the Central Bank of India and the Chairperson and Managing Director (CMD) of the Bank of India with nearly four decades of service and contributions to the Indian financial sector. In her role as CMD, Ms. Iyer revamped Bank of India as a Financial Supermarket offering all kinds of banking and financial services under one umbrella. Ms. Iyer was also a Whole Time Member (Finance and Investment) in the IRDAI.

Mr. Sajid Fazalbhoy, *Non-Executive Director*

Mr. Sajid Fazalbhoy is a Business Management Graduate (BBA) from European Business School, London UK and Regents College London UK. Additionally, he has completed executive education courses on Private Equity and Venture Capital at the Indian School of Business (ISB). He has over 10 years of work experience in Private Equity and Venture Capital. He has led investments in over a dozen companies across seed, growth and late stages in sectors covering technology, financial services, retail and healthcare. He has significant experience in deal sourcing, structuring, portfolio management, fund management and fundraising.

Mr Sajid Fazalbhoy is a Partner at growth and late stage venture capital fund, Iron Pillar. He was formerly engaged as Principal Investments and Venture Advisor at Blume Venture Capital, a early stage venture capital fund from 2012 until 2021.

He has served on the Boards of several high growth businesses. He was also the founder CEO of Amedeo Software (focused on call centre solution software and mobile value added services) from 2005- 2010, which rolled out several large scale contracts for Alcatel Lucent, Genesys Telecom Labs, Nuance, Reliance Communications etc.

Mr. Bontha Prasad Rao, *Independent Director*

Mr. Bontha Prasad Rao is a Mechanical Engineering Graduate from Jawaharlal Nehru Technological University, Kakinada. He is a Post Graduate in Industrial Engineering from NITIE, Mumbai. Mr. Rao has served as the Chairman and Managing Director (CMD) of Bharat Heavy Electricals Limited (BHEL), India till 31 December, 2015. During a career spanning more than 37 years, Mr. Rao handled various assignments and has diversified, versatile and varied experience both in strategic and operational areas in all business segments of BHEL. He has held many senior level positions in BHEL and was elevated to the Board of BHEL in 2007. In 2009, he served as the Chairman & Managing Director of BHEL. Mr. Rao laid the foundation for diversifying BHEL into non-power businesses such as Railway Transportation, Defence Equipment, etc. Forbes magazine ranked BHEL at No. 9 on the World's Most Innovative Companies list in July 2011. He has been the Chairman of CII Public Sector Enterprises Council, and was on the Board of Governors of IIM, Kashipur.

Mr. Sanjay Kumar, *Independent Director*

Mr. Sanjay Kumar is Master of Arts in Economics from Lucknow University and Bachelor of Commerce. He has 38 years of rich working experience in critical areas of Banking – Branch Banking, Credit Administration, International Operations, HRD & Training, Corporate Planning, Economic Research & Intelligence, and AML & Regulatory Compliances.

Certified Anti-Money Laundering Specialist with excellent exposure to handling Group Compliance portfolio of the second largest Bank in India viz. Bank of Baroda. Headed the Compliance Function in Bank of Baroda as the Chief Group Compliance Officer in the rank of Chief General Manager, followed by as an Advisor. Headed Hong Kong operations of Bank of Baroda for over 2 years and worked as CFO of Bank of Baroda (for 1 year). He has wide experience in dealing with Indian Regulators, mainly RBI, and overseas Regulators.

Mr. G. Jaganmohan Rao, *Independent Director*

Mr. G. Jaganmohan Rao is MA (Economics) from Andhra University and graduated from Sir. C.R.R. College, Eluru. He served as the Managing Director of Bank Note Paper Mill India Private Limited (BNPM) (A JV of SPMCIL – A Govt. of India Enterprise and BRBNMPL – A Subsidiary of RBI) between December 2013 to December 2018. BNPM was established by Mr. Rao and he ran it for five years successfully and was ranked as the biggest and the best mill in Asia.

Prior to that, he was the Principal Chief General Manager in Reserve Bank of India – Department of Banking Supervision, Central Office. He was credited with pioneering the introduction of risk-based supervision in India, which is now emulated by other Central Banks. He has also headed the Bhubaneshwar Regional Office as Regional Director of the Bank.

In his career spanning over 33 years in the Bank, Mr. Rao has worked in areas of Currency Management, Exchange Control, Banking Supervision and Customer Services in senior executive capacity and as Principal Chief General Manager in the Department of Banking Supervision in RBI and has been part of Internal and External Working Groups and Committees in areas related to central banking. Mr. Rao is on the Board of Indiabulls Trustee Company Limited.

Mr. Atul Kumar Gupta, *Non-Executive Director*

Mr. Atul Kumar Gupta, Commerce and a Law graduate and a Chartered Accountant.

Mr. Atul Kumar Gupta acquired the position of President of The Institute of Chartered Accountants of India for the year 2020-21.

He has also been Chairman of ICAI Accounting Research Foundation and Extensible Business Reporting Language (XBRL) India. He has also been Director of the Governing Board of Indian Institute of Insolvency Professionals and Registered Valuers Organisation

With his diverse and deep knowledge, he has served in various governmental bodies in past. He has been first Chairman of the Accounting and Finance Services Sectional Committee constituted by the Bureau of Indian Standards. He has also been member of Government Accounting Standards Advisory Board (GASAB), Insurance Regulatory & Development Authority (IRDA), SEBI's Primary Market Advisory Committee; Mr. Gupta has authored many relevant books and has published numerous articles in leading newspapers, magazines and professional newsletters.

On International front, he is the Council Member of International Federation of Accountants (IFAC), XBRL International.

Management **Team**

Mr. Sanjay Miranka, *Chief Financial Officer*

Mr. Sanjay Miranka, the CFO of the Company, has more than two and a half decades of experience across a diverse set of industries like Financial Services, Edible Commodities and Telecom. In his last role, he was associated with Aditya Birla Finance Ltd (ABFL) for close to 18 years in various capacities such as Head of Capital Market Lending Business and later as CFO.

In his tenure as CFO, ABFL's long term credit rating moved up from "AA+" to "AAA", and he was instrumental in diversifying the funding sources and achieving one of the lowest costs of funds in the NBFC sector.

For his outstanding contribution, he was conferred with "The Best CA CFO Award in Large Corporate BFSI Category" by the Institute of Chartered Accountants of India (ICAI) in 2020. Sanjay is a qualified Chartered Accountant and Company Secretary by qualification.

Mr. Manish Chaudhari, *President & Chief of Staff*

Mr. Manish Chaudhari is a Business Economics graduate from Delhi University and holds a Management degree with specialisation in E-Commerce & Finance. He has over 20 years of experience managing various retail assets in various lending functions of Credit, Risk, Product, Sales, Strategy and Partnerships. He has worked in various leading banks and as NBFCs like ICICI Bank, Standard Chartered Bank, GE, Cholamandalam, Reliance & Magma. He has also been an entrepreneur as co-founder of CoinTribe, an online lending SME marketplace for 5 years. In his last role, he was Chief Strategy Officer at Poonawalla Finance where he was handling multiple functions of digital lending business. He has expertise in setting up and scaling up businesses, building teams, and leading technology initiatives.

Mr. Vineet Tripathi, *Chief Business Officer*

Mr. Vineet Tripathi is a seasoned financial services professional with more than two decades of experience in lending industry. He has worked in retail assets across diversified spectrum of banks and NBFCs. Prior to joining Poonawalla Fincorp he has been associated with players like TATA Capital, ING, General Electric, Citigroup & Bandhan. He has successfully built and managed large balance sheets. He was last associated as Business Head for Secured and Unsecured assets at TATA Capital and as Head-Retail Assets at Bandhan Bank. He is an astute planner and adept at building new businesses, cross–sell franchise, ensuring branch profitability and cost control.

Mr. Anup Agarwal, *Chief Internal Auditor*

Mr. Agarwal is a qualified Chartered Accountant, Cost Accountant and MBA Finance with around 2 decades of experience across multiple industries, viz. Financial, Equipment, Construction, Education, Infrastructure, Textile, etc. He has spearheaded numerous domains like Credit/ Risk, Sales, Business Development, Loan Origination, Relation Management, Legal, IT Applications, Digital Marketing, etc. He is known for his work with the State Bank of India, Kotak Mahindra Bank and Citibank across multiple divisions and geographies.

Specialised in designing and testing the risk efficacy of the portfolio (including formulating policies on Risk Management Framework and Loan Products), Mr- Agarwal was heading the Risk and Audit function at Poonawalla Finance. He has also played an instrumental role in automating multiple processes across a borrower's digital loan journey to reduce manual intervention and errors. This step has helped in improving the overall efficiency of resources and TAT for decision.

With his expertise in multiple domains across various lending products, like Project Finance, Trade Finance, Working Capital, Retail and Commercial Lending, he provides continued education and advice to different business units and teams, including the board of directors, senior management, staff, and employees on compliance and risk assessment. His continuous engagement with multiple divisions across the organisation has helped iron out issues and challenges to ensure the smooth processing of tasks.

Mr. Manoj Gujaran, *Chief Compliance Officer*

Mr. Gujaran is a qualified Company Secretary and comes with a long-standing experience of around 23 years in the areas of Company Law, NBFC compliance, listing regulations, contract management, litigations, FEMA & PMLA compliance, intellectual property rights and human resource across various industries relating to financial, media, multi-national chemical sectors, etc.

He has played a pivotal role in setting up the overall compliance and regulatory framework for NBFC business relating to loan products such as unsecured lending, lending against security, IPO funding and loans against property, during his earlier stints as the Chief Compliance Officer and Company Secretary at Poonawalla Finance Private Limited and as the Company Secretary and Compliance Officer at IIFL Wealth Finance Limited.

He has also spearheaded various key assignments pertaining to strategic and private equity investments, acquisitions, corporate restructuring, listing of equity shares, non-convertible debentures and commercial paper, borrowings from financial institutions, co-lending, co-branded credit card project, special loan scheme tie up with the Institute of Chartered Accountants and the Institute of Company Secretaries of India, liaison with domestic & overseas regulators, etc.

Ms. Smita Mitra, *Head Human Resources*

Ms. Smita Mitra, Head – Human Resources, is a seasoned professional with over 18 years of rich experience across various domains. She is an alumnus of Institute of Management Technology, Ghaziabad with experience spanning across NBFC, Banking, Real Estate & Education industry. She has been instrumental in managing multiple gamut's of HR roles encompassing Strategic HR, Front facing Business Partnering roles, COE & operational rigor resulting in best of people & culture practices. She is known for driving excellence, people connect and innovative thinking. In her last role she was leading HR function for Poonawalla Finance Pvt. Ltd. She is also a HOGAN certified coach. She was the proud winner of The Femina Women Super Achiever Award in Human Resources by the World HRD Congress in 2017. Smita has been adept at setting up effective and humane HR functions grounds-up and successfully delivering complex business restructuring projects.

Mr. Rajendra Tathare, *Chief Credit Officer*

Rajendra is the Chief Credit Officer and spearheads the credit function. He has a rich experience of more than two and a half decades in Credit Risk and Policy function. In his last role, he was "Head of Credit Underwriting" for all Secured and Unsecured Loan products with Fullerton India Credit Company Limited. Earlier he has also led policy function for unsecured loans, viz., personal loans, business loans and Digital Loans. He spent almost 15 years with Fullerton and prior to that was associated with HDFC Bank where he handled credit underwriting for various retail products like business loans, personal loans, car loans, two-wheeler loans, etc. He is qualified as MBA from Pune and PGDGM from Emeritus Institute-Singapore.

Mr. Kandarp Kant, *Chief Technology Officer*

Mr. Kandarp Kant is a seasoned professional with 23 years of experience in the lending industry. He is a Computer Science graduate from University of Delhi with Post Graduation in Management from Birla Institute Of Management Technology. He has recently earned Certificate in Data Science and Machine Learning from Harvard University edX. Kandarp has played a multitude of roles in NBFC business and has rich experience in technology implementation with marquee companies like Sundaram Finance, Polaris Software Labs, Citi and Oracle. In his last role, he was Chief Technology Officer of Poonawalla Finance. He loves coding, is an avid wild lifer and an accomplished guitarist.

Mr. Ankur Kapoor, *Chief Operating Officer*

Mr. Ankur Kapoor is the COO and is responsible for Operations, Customer Service and Cross Sell. He is an engineer by qualification and a certified six sigma master black belt. Ankur has vast experience of more than two decades spanning across various institutions, sectors and geographies. He has been associated with companies like Standard Chartered Bank, Barclays Bank, GECIS, LG and Blue Star in his earlier roles. He was last associated with Aditya Birla Finance Limited, where he was Head – Operations and Customer Service.

Mr. Sharad Pareek, *Chief Risk Officer*

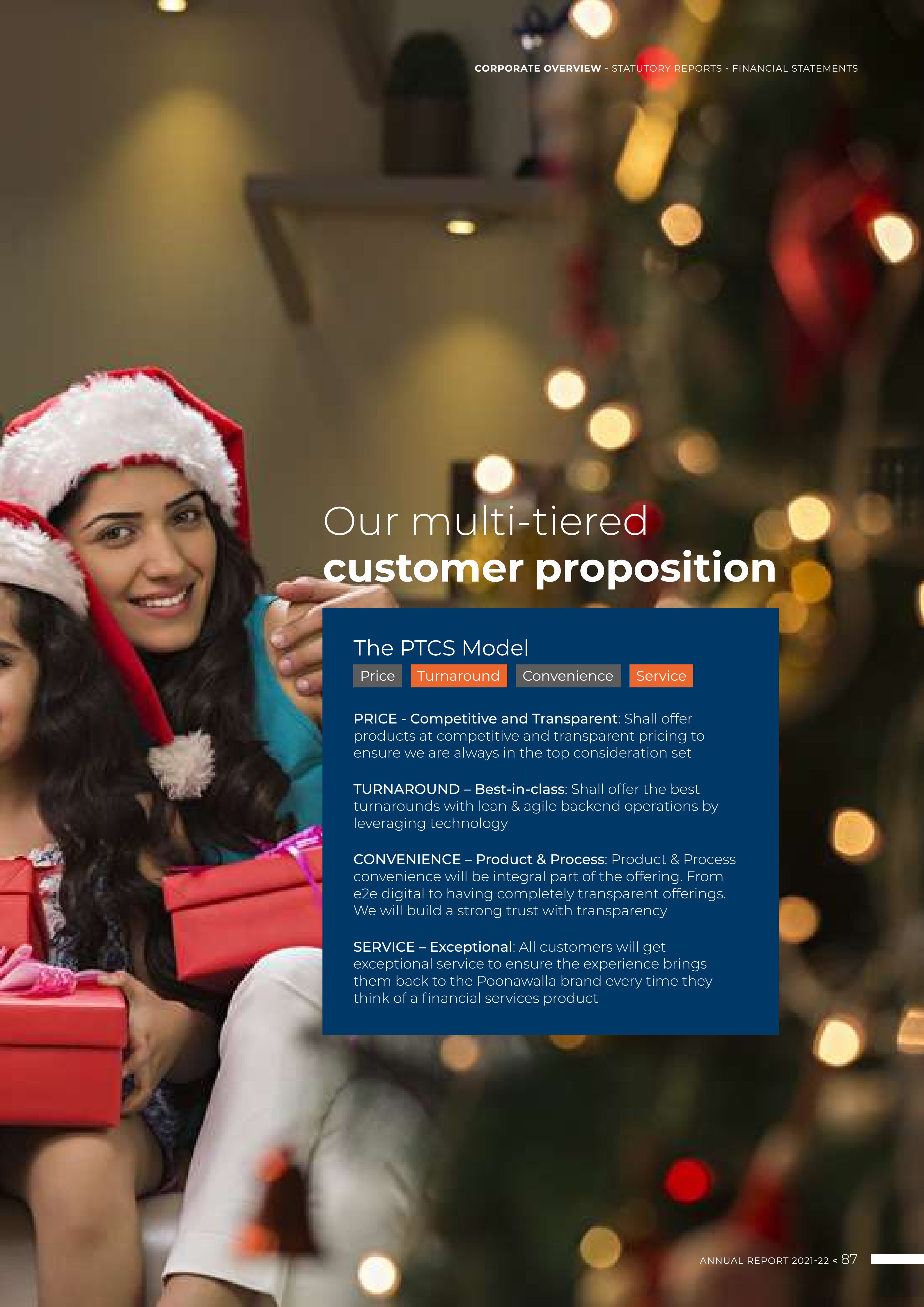
Mr. Sharad Pareek, is the Chief Risk Officer and will be responsible for strategising, implementing and further enhancing the risk management framework for the Company. He will oversee the functions of product risk, portfolio risk, credit risk along with enterprise-wide risk management and help build a strong risk culture for the future growth of the organisation. Sharad joins Poonawalla Fincorp from HDB Financial Services Limited, where he was last working as the Policy Head for Consumer Finance. He spent more than 13 years with HDB and spearheaded portfolio of INR 40,000 Cr (6 Bn USD) across multiple retail products. He also successfully led initiatives spanning across diverse functions of credit, operations and collections. A Management graduate from South Gujarat University with over 2 decades of rich experience, he has successfully launched multiple lines of businesses across Cards, Consumer Durables, Digital Product Loans, Lifestyle loans, Two-Wheeler Loans and Microfinance Loans.

Mr. Mahender Bagrodia, *Head Collections*

Mr. Bagrodia is a fellow member of the Institute of Chartered Accountants of India (ICAI). Over the past 20 + years in the Company he has worked in different roles in leadership Position - Risk, Credit, Business , Operation, & Collection and has been instrumental in Designing and Implementation of process in different roles. Currently, his role involves Collection and Recovery Management.

PART **7**

THE HEALTH **OF OUR BUSINESSES**



Our multi-tiered **customer proposition**

The PTCS Model

Price | Turnaround | Convenience | Service

PRICE - Competitive and Transparent: Shall offer products at competitive and transparent pricing to ensure we are always in the top consideration set

TURNAROUND – Best-in-class: Shall offer the best turnarounds with lean & agile backend operations by leveraging technology

CONVENIENCE – Product & Process: Product & Process convenience will be integral part of the offering. From e2e digital to having completely transparent offerings. We will build a strong trust with transparency

SERVICE – Exceptional: All customers will get exceptional service to ensure the experience brings them back to the Poonawalla brand every time they think of a financial services product

BUSINESS SEGMENT #1

Pre-owned car loans

Overview

The business of pre-owned car financing is attracting increasing importance for various reasons. The segment is growing on account of large growth in the country's middle-income segment that needs personal mobility. Pre-owned car finance provides financing option thereby enhancing accessibility and affordability.

This business comprised retail customers with an average ticket size in March 2022 of ~₹3.5 Lakhs, which helped broad-base risks arising from large credit losses.

Strengths

» Strong brand recall

» Dedicated sales force at branches

» Deep channel penetration

» Controlled post disbursal documents (PDDs) management

» End-to-end digital approach

» Restrictions on negative customer profile, geographies and arresting early delinquency

Highlights, FY 2021-22

» Amongst the leaders in the pre-owned car financing segment, the Company graduated to a leadership position in March in POC financing on a monthly disbursement basis

» Highest ever monthly disbursement in March 2022; Q4 FY 2021-22 disbursement was up 45% QoQ

» Disbursement via partnership contributed 17.4% in Q4 FY 2021-22 compared to 7.3% in Q3 FY 2021-22

Partnerships

During the year under review, the Company entered into partnerships with various digital aggregator platforms for accelerating the growth of this business segment. This led to a 4% YoY increase in disbursements in FY 2021-22.

Scope and optimism

The pre-owned car market is expected to report sustained growth at a CAGR of around 11%. This segment is shifting towards organised players; share of organised players in the pre-owned car market is expected to grow from 25% in FY 2020-21 to 45% by FY 2024-25, driven by new business models, changing customer preferences, reliable products and services as well as increasing demand in Tier 2 & 3 locations. This market is expected to grow on account of expensive new launches, government regulations and the pandemic impact.

Opportunities

» Car ownership declining from 6-7 years to 3-4 years

» Extended waiting period for new cars

» Quick access to finance due to digital journeys

» Consumer age reduction, with the new generation becoming first time buyers

» Focus on formal segment customers

Outlook

The Company plans to grow this segment by 15-20% by FY 2024-25, enhance digital aggregators to provide efficient services and an end-to-end digital journey resulting in 100% transparency, quick processing and timely financing.

BUSINESS SEGMENT #2

Unsecured loans

Overview

Unsecured loans when made to credible customers represent one of the most attractive segments for NBFC businesses. Personal and business loans represent a sourcing funnel with a cross-sell opportunity for products like loan against property, among others.

During the year, the Company entered the space of digital loans through long-term partnerships.

Strengths

» Digitalised end-to-end process, enhancing convenience

» Attractive net interest margin

» Increased cross-sale possibility

» Process-driven checks, helping minimise probable defaults

Highlights, FY 2021-22

» The Company witnessed significant traction in the unsecured loans segment. Disbursements increased by 32.4% QoQ in Q4 FY 2021-22

» The Company graduated to a leadership position in March for Loans to Professionals on a monthly disbursement basis

Opportunities

» The Company provides a competitive proposition when compared with banks, opening it to a large financing opportunity

» The Company is building a direct engagement with customers following aggressive marketing campaigns

» The Company intends to progressively moderate turnaround time for business loans, strengthening its business

» The Company will widen its footprint pan-India for loans to professionals (Chartered Accountants, Company Secretaries and medical professionals, among others.)

Outlook

The Company's three-year vision is to leverage its digital access, broadbase customers, grow the business, establish a direct franchise and widen its geographic footprint. The Company will also build on the co-lending proposition to catalyse growth.

BUSINESS SEGMENT #3

Loans against property

Overview

The Company broad-based the business of affordable loans against property (LAP), with add-ons of SME LAP and small ticket LAP during the year under review. The LAP business, launched in second half of the year, crossed ₹100 Cr disbursement in March 2022.

Strengths

» Strong brand recall

» Launched an industry-first end-to-end digitalised process

» Strong customer centricity and trust

» Addressed a range of property categories

» Business generated a competitive ROI for LAP customers

» Longer and flexible loan tenures

Highlights, FY 2021-22

» The business was commenced in the second half of the fiscal year. The business achieved ₹212 Cr in disbursements following commencement

Opportunities

» The business will focus on credible customers with superior CIBIL scores, moderating defaults risk

» The Company will focus on loans against residential properties (high attachment value and marketability)

Outlook

The Company intends to build a robust LAP business, leveraging its position as one of the most trusted brands.

BUSINESS SEGMENT #4

Affordable housing finance

Overview

Poonawalla Housing Finance Limited (PHFL), the pan-India pure play affordable housing entity offers home financing loans for long and flexible tenures around competitive rates. The Company prioritises business growth through direct sourcing through the branch-led model.

The business comprised more than 46,000+ customers; average ticket size was ~₹11 Lakhs by the close of the year under review.

Strengths

» Strong pan-India brand as a prominent affordable housing finance company

» Strong geographical presence across 21 States

» Customised loans for all customer needs

» Competitive interest rate, benchmarked against the most affordable in the country

» Capacity to offer loans of upto 30 years, if needed

» Credit rating of 'AA+ / Stable' by CRISIL and CARE

Highlights, FY 2021-22

» AUM crossed ₹5,000 Cr

» Disbursement momentum increased in Q4 of FY 2021-22, up 49% QoQ

» The direct relationship model was formalised around a `Go Direct' strategy: 77% loans were derived through direct sourcing

» Gross stage-3 assets at 0.96% at the end of FY 2021-22 (declined 63 bps year-on-year) were the lowest ever

Opportunities

The Company's business is aligned with the 'Housing for All' commitment of the Indian government.

This is opening opportunities to finance the affordable housing segment, the fastesy growing segment of the housing finance sector

Outlook

Poonawalla Housing Finance Limited has grown at a CAGR of ~29% over the last 4 years and the disbursement growth for this fiscal was has been ~57% over the last year. Given the deep unserved potential of the affordable housing segment, favourable demographics and supportive government policies, the Company proposes to raise growth capital for its network expansion and support AUM growth. The Company intends to double its book over the next three years and carve out a niche to realise its potential.

BUSINESS SEGMENT #5

Auto lease

Overview

At PFL, the auto lease facility is provided to medium and large corporations for fleet acquisition or employee benefits, with the corporate entities guaranteeing payments under Master Lease Contracts. Under this product, vehicles are leased to corporate employees with an average salary of ₹15 Lakhs or more.

FY 2021-22, the Company reported approximately 53% YoY growth in disbursements compared to a YoY decline of 42% in FY 2020-21.

Strengths

- Brand recall at the right place
- Strong financial foundation
- Diversified geographic presence
- Experienced and dedicated team
- Product flexibility with a personalised approach
- High on operating profits
- Best-in-class asset quality

Scope and optimism

A mere 5% vehicles are leased in India; the industry is expected to report a CAGR of 20% across the future. The Company intends to deepen its footprint in the corporate sector (B2B).

Opportunities

- Personal mobility has become a priority following the pandemic, strengthening demand
- The car lease model delivers a superior tax saving tool for salaried employees

Outlook

The Company intends to enhance auto lease visibility through a digital platform with a three-year vision to upgrade the business to a car lease franchise.

Board Report and Management Discussion & Analysis

Dear Shareholders,

Your Directors have pleasure in presenting the 42nd Annual Report along with the Audited Financial Statements of the Company for the financial year ended 31 March, 2022.

FINANCIAL HIGHLIGHTS (STANDALONE AND CONSOLIDATED):

₹ In Lakhs

Particulars	Standalone		Consolidated	
	FY 2021-22	FY 2020-21	FY 2021-22	FY2020-21
Total income	156,707.93	187,685.10	204,102.94	235,247.75
Profit before interest and depreciation	94,335.10	15,409.97	126,089.25	40,245.35
Less: Interest and finance charges	50,928.64	87,459.56	71,616.97	110,045.40
Less: Depreciation	4,949.56	5,215.44	5455.02	5,625.29
Profit/(loss) before tax	38,456.90	(77,265.03)	49,017.26	(75,425.34)
Share of profit of joint ventures	-	-	150.15	548.48
Tax Expense	9,136.91	(19,428.95)	11,626.41	(18,980.42)
Profit/(loss) after tax	29,319.99	(57,836.08)	37,541.00	(55,896.44)
Add: Other Comprehensive Income/ (loss)	163.54	294.16	911.28	57.85
Total Comprehensive Income	29,483.53	(57,541.92)	38,452.28	(55,838.59)
Profit available for appropriation				
Profit/(loss) after tax	29,319.99	(57,836.08)	37,541.00	(55,896.44)
Less : Non-Controlling Interest	-	-	29.39	-
Profit Available for Owners of the Company	29,319.99	(57,836.08)	37,511.61	(55,896.44)
Balance of profit for earlier years	(28,984.93)	28,653.27	(10,385.47)	45,911.39
Profit available for appropriation	335.06	(29,182.81)	27,126.14	(9,985.05)
Add: Other Comprehensive Income/ (loss)	(1.63)	197.88	(64.59)	208.25
Transfer to statutory reserve	(5,870.00)	-	(7,411.99)	(608.67)
Balance carried forward	(5,536.57)	(28,984.93)	19,649.56	(10,385.47)

ECONOMIC AND INDUSTRY OVERVIEW

Global Economic Overview

The corona virus pandemic, or COVID-19, continued to have an impact on the global economy in 2021 and the war in Ukraine set back the global recovery. In Calendar Year (CY) 2021, the global economy growth is estimated at 6.1% compared to contraction by 3.3% in CY2020 and growth of 2.8% in CY2019. The global trade growth was projected at 10.1% in CY2021 as we came out of pandemic and static recovery supported by rebound in merchandise volumes but was restricted by subdued cross-border service trades. The war in Ukraine has further increased commodity prices and intensified supply disruptions, adding to inflation, resulting in sharp rise in interest rates and increase in asset price volatility since the beginning of CY2022. These changes are occurring faster than previously expected even as many parts of the global economy, particularly countries with low vaccination rates must contend with continued strain on health care systems because of the pandemic.

War-induced commodity price increase and broadening price pressures have led to CY2023 inflation projections of 5.7% in advanced economies and 8.7% in emerging market and developing economies.

The International Monetary Fund's (IMF) recent report on World Economic Outlook projects 3.6% growth for the global economy in CY2022, which assumes that the conflict remains confined to Ukraine, further sanctions on Russia exempt the energy sector, and the pandemic's health and economic impacts abate over the course of CY2022.

Indian Economic Overview

The outbreak of COVID-19 had a significant impact on the social and economic situation in India, putting its collective resilience to test. The Indian economy, which was recuperating well in early 2021 after the onset of COVID-19, was again impacted by the grueling second wave of the pandemic. To alleviate the impact of the second wave and revive businesses, the government had undertaken active measures and unveiled a range of macro-level reforms while developing a robust vaccination strategy. These initiatives played a pivotal role in the country's economic recovery. The measures combined with the pace of vaccinations enhanced the country's economic prospects considerably.

The GDP growth during Financial year (FY) 2021-22 is estimated at 8.9% as against a contraction of 6.6% in FY 2020-21. For India, with a strong growth in agricultural output in FY 2021-22, going forward, adequate policy support for investment and consumer spending was expected to strengthen the growth momentum. The scenario, however, has been reshaped by the Russia-Ukraine war, the economic fallout of which has affected the overall global growth and price conditions sharply.

India, which covers nearly 80% of its oil needs through imports, possibly faces a widening trade deficit, a weaker rupee and higher inflation after crude prices spiked above $100 a barrel, in such a scenario, growth seen as the main concern.

The IMF, in its latest World Economic Outlook report, forecast India's FY23 gross domestic product growth to 8.2%. Additionally, the country's CPI-based inflation is seen at 6.1% in FY23. While, as per the recent report by RBI, the real GDP growth for 2022-23 is projected at 7.2 per cent, with Q1 at 16.2 per cent; Q2 at 6.2 per cent; Q3 at 4.1 per cent; and Q4 at 4.0 per cent, with risks broadly balanced.

Industry Overview

NBFC Sector

India has a diversified financial services sector undergoing rapid expansion. Expansion is in terms of strong growth of existing financial services firms and new entities entering the market.

The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching Emergency Credit Line Guarantee Scheme (ECLGS) for MSMEs, issuing guideline to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by Government and private sector, India is undoubtedly one of the world's most vibrant capital markets.

After facing challenges in the past few years following the default by some NBFCs leading to liquidity challenges and then the COVID-19 pandemic, there was a visible growth in credit uptake in FY 2021–22, with agricultural and industrial sectors along with personal loans driving the uptick. Falling gross non-performing asset (GNPA) ratios in the industry sector contributed to a significant rise in lending to this sector. NBFCs have healthier balance sheets and provisions compared to the levels seen in 2018.

In absence of any negative event, NBFCs would see normalization of business activities, it would begin the year with sufficient capital buffers, stable margins, and sizeable on-balance sheet provisioning. Also, the adequate system liquidity would aid funding. Nevertheless, an expected increase in systemic interest rates and asset quality issues in some segments due to the lagged impact of pandemic would be a drag on the operating performance.

On 4 May, 2022, RBI increased the repo rate to 4.4 % from 4.0 % earlier while the cash reserve ratio (CRR) has been hiked by 50 basis points to 4.5 %. The RBI governor cited the geo-political tensions, high crude oil prices and shortage of commodities globally, as factors behind the rate hike. The RBI has changed the key lending rate after two years. The repo rate was cut last time in May 2020, and it was kept unchanged since then.

As per ICRA report, NBFC disbursements grew sequentially in Q3 FY2022 (quarter-on-quarter; QoQ) while housing finance Company (HFC) disbursements were flat and lower than the peak of Q4 FY2021. HFCs faced competition from other lenders, especially banks. Consequently, the sequential AUM growth for NBFCs was seen to be the highest in the last 11 quarters, while the HFC AUM growth rate dipped marginally.

For Retail NBFCs, the disbursement growth is expected to remain healthier aiding in sustained AUM growth. NBFC-Retail credit and HFC credit are estimated to grow at 5-7% and 8-10%, respectively, in FY2022, while the growth would improve to 8-10% and 9-11%, respectively, in FY2023. This is considering the fact that the entities faced limited AUM rundown in FY2021 as a sizeable portion (~45%) of their book was under moratorium. Also, the AUM in 9M FY2022 was supported by portfolio restructuring (~3-4%), though at a much modest level vis-à-vis the moratorium portfolio in FY2021. Restructuring, in most cases, had a principal moratorium of 3-6 months.

About 55% of a sample of 21 NBFCs and 75% of the 11 HFCs (in AUM terms) have aligned their GS3 reporting with the tightened NPA norms provided by the RBI via its clarification of 12 November, 2021. While the RBI provided some relaxation in the applicability of the same (from October 2022), entities which have already aligned are less likely to revert to the older norms. Some segments, namely commercial vehicles (CVs) and gold loans witnessed asset quality related headwinds while the performance of loan against property (LAP) + small and medium enterprises (SME) and passenger vehicles (PVs) was largely stable, which also led to the increase in overdues in Q3 FY2022. ICRA expects the GS3 to moderate from the current levels in Q4, though the same would remain higher by about 50-100 bps vis-à-vis March 2021. The asset quality is expected to improve further in FY2023 with further stabilization in the operating environment and improvement in the

AUM growth. The NBFC GS3 is expected to improve in the next few quarters by up to 80 bps from the December 2021 level.

Overview of Underlying Segments

Automobile sector

- The overall automobile domestic sales volumes in FY22 declined by 6% y-o-y, marred by several headwinds like supply chain bottlenecks and semi-conductor shortages. The impact caused by the successive waves of the pandemic and the consequent lockdown restrictions by various states across the country adversely affected the rural as well as the urban markets.
- The overall EV sales volumes have increased from 133,831 units in FY21 to 429,342 units in FY22. The percentage share of EVs in overall vehicle sales increased from 0.87% in FY21 to 2.61% in FY22 with the highest growth in the two-wheeler EV segment.
- The passenger vehicle industry domestic sales declined by 3.9% y-o-y in March 2022. This segment continues to face the effect of semi-conductor shortage. However, sales have improved on a month-on-month (m-o-m) basis showing a growth of 6.3% led by some new launches and a slight reduction in the waiting periods with an improvement in supply-side issues. The average inventory days for this segment stood at 15-20 days versus around 12-15 days during February 2022.
- The domestic tractors sales declined by 14.3% compared on a y-o-y basis due to the high base effect of last year along with subdued commercial demand for tractors. On a m-o-m basis, sales increased by 40.3% led by good reservoir levels and continued government focus on the agriculture sector.
- The commercial vehicle domestic sales improved by 19.6% y-o-y in March 2022. The MHCVs segment saw an improvement in domestic sales by 31% y-o-y during the month which was primarily led by increased construction and infrastructure activities across various parts of the country. There has been traction in sales in the HCV and tippers segment along with increasing replacement demand. The LCV segment sales also improved by 13.7% on a y-o-y basis during the month which benefitted from the rise in e-commerce and the increasing need for last-mile delivery.
- Used vehicles, which is Company's focus product, is considered as one of the least impacted segment as consumers prefer more personal yet affordable mobility solutions during the pandemic. The online used car market is seeing an increased uptake, online used car marketplaces and platforms have seen a tremendous growth over past few years, according to a Deloitte report.

SME Sector

- MSME sector was directly impacted due to pandemic and the uncertain economic situation. Uncertainties in cash flows in MSME sector are likely to remain in the short term. However, measures from RBI and Government are likely to expedite the recovery process post opening up of the economy.
- India has approximately 6.3 Crore MSMEs. The number of registered MSMEs stood at 80.16 Lakhs units as on 31 March, 2022. As of 31 March, 2022, under the top five state-wise Udyam registrations, Maharashtra recorded maximum number of registrations with 16.29 Lakhs units, followed by Tamil Nadu (8.55 Lakhs), Gujarat (6.48 Lakhs), Uttar Pradesh (6.32 Lakhs) and Rajasthan (6.30 Lakhs). Majority (64%) of the registered MSMEs were service enterprises, while manufacturing covered remaining 36%.
- The Budget 2022-23 announced a slew of measures to help bolster India's MSME sector, by increasing the allocation for MSMEs from last year's ₹15,700 Crore to ₹21,422 Crore now (up by 26.71%). In addition to the increased allocation, the Budget has also extended the Emergency Credit Line Guarantee Scheme (ECLGS) to March 2023. Besides, the guaranteed cover has also been extended by an additional ₹50,000 Crore. The total allotment under the scheme would increase to ₹5 Lakhs Crore.

Secured LAP

- The Indian Loan Against the Property Market is forecast to grow at a CAGR of over 14% from FY2020 to FY2026. These loans offer large sums with low rates of interest along with longer tenures for repayment, thus driving the market. Loan against property works in favor of the borrower's wishes as the borrower remains the owner of the property by law during the loan tenure and is entitled to repay the loan according to his/her financial condition, further attributing to the growth of the Loan Against Property Market.
- The India Loan Against Property Market is segmented based on property type, type of loan, interest rate, source, tenure, region, and Company. Based on the source, the market is further bifurcated into bank and housing finance companies (HFCs). Among these, the bank segment dominated the market in FY2020, and the trend is likely to continue until FY2026 as they provide lower interest rates along with benefitting the customers with myriad lucrative loan schemes.
- Based on the type of loans, the market is further fragmented into personal loan, SME loan, building and construction loan, and others. Among these, a SME loan is expected to dominate the market during the forecast period, closely followed by building and construction loans as most of the small and medium-sized enterprises demand funds for business and capital purposes.

Housing Sector

- The significance of owning a home to avoid the uncertainties of living in a rented accommodation was reinforced during the pandemic and work from home era. The desire to own a home is perhaps now stronger than ever.

» In latest April 22 report ICRA has revised its outlook for HFCs to Stable from Negative. The long-term growth outlook for AHFCs remains favorable, given the large underserved market, favorable demographic profile, housing shortage and Government support in the form of tax sops and subsidies.

» ICRA as per April 22 report expects on-book portfolio of HFCs to grow by 9% to 11% in FY23 compared to estimated growth of 8% to 10% in FY22 while the growth for AHFCs is expected 17-20% in FY23 compared to 12-15% in FY22.

» In India, the real estate sector is the second-highest employment generator, after the agriculture sector. It is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi, and Dehradun.

» In FY23, a further improvement in sales across all housing segments is expected. However, development focus on mid and affordable segments is expected to continue. The government is also committed towards boosting affordable housing.

» As delivery timelines remain a key concern even now, demand for ready to move in homes is likely to be remain strong. However, the effective and uniform implementation of RERA across all states/UTs in India is expected to improve the confidence of homebuyers and ultimately, lead to greater sales traction in under construction residential projects.

OVERVIEW OF COMPANY'S PERFORMANCE

In a volatile economic environment, the Company focused on capital preservation, collections, stringent operating expenses management and strengthening Balance Sheet.

The new initiatives undertaken by the Company continue to show positive impact in all areas during the current year.

Disbursements and Loan Assets

The standalone disbursements for the year increased from ₹2,430 Crores in FY2020-21 to ₹7,524 Crores in FY2021-22. Similarly, the consolidated disbursements increased from ₹3,680 Crores in FY2020-21 to ₹9,494 Crores in FY2021-22. The increase was mainly due to addition of new products to the existing bouquet and discontinuation of non-focus products (New Cars, CV, CE, Tractors) which involved Cash collection. The focus of the Company was on maintaining the portfolio quality and focusing more on credit tested customers.

Total Loan Assets as on 31 March, 2022 on standalone basis stood at ₹11,765 Crores against ₹10,563 Crores for the previous year and on consolidated basis at ₹16,579 Crores against ₹14,225 Crores for the previous year.

Asset Quality

The consolidated Gross Stage 3 Assets ratio, stood at 2.7% as on 31 March, 2022 compared to 3.7% as on 31 March, 2021. Similarly, the Net Stage 3 Assets ratio on loans stood at 1.1% as on 31 March, 2022 compared to 1.2% as on 31 March, 2021.

Improvement in Asset Quality is evident from the significantly improved Collection Efficiency of 108% in March, 2022 compared to 96% in December 19 which was a pre-Covid period.

The Company holds cumulative provision against the potential impact of COVID-19 to the tune of ₹152 Crores (₹714 Crores as on 31 March, 2021) and basis management estimate is adequate to cover any further impact of COVID-19 on the entire loan portfolio.

Liquidity

The Company maintained strong liquidity throughout the year. Liquidity is composed of cash/cash equivalents, available bank lines and stock of unencumbered assets:

a. Company exited March 2022 with liquidity of ₹3,890 Crores comprising of available cash and cash equivalent unutilized credit limits and partially undrawn term loans.

b. During the year, the Company has received secured term loans of ₹3,716 Crores from Banks and Financial Institutions for an average tenor of 2 to 8 years, this has resulted in tenor extension. Close to 50% of the incremental credit lines were received from private sector and foreign banks to diversify the borrowing base. Company also raised commercial paper aggregating to ₹400 Crores.

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

d. The long-term credit rating of the Company was upgraded by 2 notches to AA+ (stable) by CARE. Further, CRISIL assigned AA+ (stable) long term rating to the Company, in this period.

Business – Strategy and Outlook

Key Initiatives FY 2022:

» We strengthened our product basket during the year by launching new products in Secured and

Unsecured space.

- In Secured space we relaunched Pre-Owned Cars (POC) and introduced Loan against property (LAP). In Unsecured we added Loan to Professionals and Personal Loans to Salaried besides Company's existing SME Business Loans where we built up volumes.
- We took our first large pure digital partnership live. We also tied up with leading players for partnership in POC space. Partnerships will continue to be our focus for the next year, and we will focus on DDP strategy for origination with Direct, Digital and Partnership as pillars strengthening it.
- In our continued thrust for digitization, we have built an End-to-End paperless journey for Loan to Professionals, Business and Personal Loans and business volumes have been encouraging.

Asset Backed Finance (ABF)

- POC finance was relaunched with new Process and Policy and active disbursals were pursued in Q2-Q4 of the year.
- Company disbursed ₹950 crores for the year surpassing last year ₹914 Crores in last year despite negligible disbursals in Q1. We continued uptrend in all Quarters and had a disbursal of ₹392 crores in Q4 FY22.
- In continuation with our partnership philosophy -we tied up with leading fintech's. Close to 18% of Q4 origination was from the above-mentioned partnerships.
- Company has moved its customer segment within POC to credit tested and banking habituated customers which is showing a very healthy early portfolio behavior.

SME and Retail Unsecured Loans

Post Q1 FY22, there was strong rebound in demand for business loans and Individual Personal loans on account of a strong macro-economic recovery due to a receding pandemic effect.

- Disbursement in Unsecured business (Business loans (BL), Loan to Professionals (LTP) and Personal Loans (PL) to salaried) grew by 312% YOY from ₹601 crores in FY21 to ₹2,479 crores in FY22. The asset under management for Unsecured loans increased by 139% from ₹1,183 crores as on 31 March, 2021 to ₹2,855 crores as on 31 March, 2022.
- On a like-to-like basis, SME - BL disbursements increased from ₹601 Crores to ₹1488 Crores, a growth of 147% YoY. BL segment also saw a strong improvement in collection performance over the last three quarters of the financial year, with strong numbers across buckets.
- Two new unsecured products were launched during FY2021-22–LTP and Salaried PL. The journey for both products is end-to-end digital, with the aim to target high quality bank-segment customers who are agreeable to pay a premium for the convenience of smooth delivery. LTP and PL salaried we closed the year with AUM's of ₹641 crores and ₹224 crores respectively. We will continue to focus on both the segments as they provide a good balance to the portfolio.

Secured LAP

- We have commenced our LAP business in later part of H2 FY22 in selected locations covering the top business locations. Choice of locations was basis industry delinquencies and potential validated through credit bureau.
- In our continued philosophy of doing business digitally, LAP journey processing is largely digital.
- The business trajectory is positive with MOM improvements. We exited March 22 with a monthly disbursal more than ₹100 crores. March AUM stood at ₹211 crores.
- LAP will be our focus area for FY23 with substantial share of Incremental disbursals.

Housing Business

Housing AUM reported growth of 27% YoY and crossed milestone AUM of ₹5,000 Crores. It stood at ₹5,060 Crores with 3 year CAGR of 28%.

Disbursement under housing business ramped up significantly each quarter to report growth of 58% at ₹1,970 Crores in FY2021-22 as against ₹1,251 Crores in FY2020-21.

- The total loan book of AHFCs was estimated at ₹66,221 Crore as on 31 December, 2021 (PHFL has 5.6% market share).
- The disbursement in home loans grew by 23% from ₹867 Crores in FY2020-21 to ₹1,066 Crores in FY2021-22 in line with "GO HL" strategy implemented by the Company.
- The contribution of home loan portfolio increased from 25% in FY2016-17 to 63% in FY2021- 22 in the overall Housing AUM.
- Company's "GO DIRECT" strategy for transition from DSA model to direct sales model improved direct sourcing from 28% in Q1FY18 to 75% in Q4FY22.
- Focused deep market penetration in 128 locations across 20 states/union territories using unit model implementation.
- The credit rating of the Company has improved by 2 Notches during the year to AA+ (stable) from CRISIL and CARE.

The push for affordable housing by the Government of India will further expand the Company's current Housing portfolio. The Company is poised towards being a unique affordable finance Company having a national presence.

Insurance Business

Insurance business achieved ₹1,815 Crores Gross Written Premium (GWP) for FY2021-22 registering a growth of 34.6% YoY. The industry Gross Direct Premium Income (GDPI) grew by 11.1%, with the private insurers GDPI registering a growth of 12.0%; against which Magma HDI registered a growth of 36.9%. The business has crossed an active customer base of 3.0 million in FY2021-22 with ~10,000 channel partners as of March 2022. The Company continues to witness productivity improvements in all retail and corporate channels. Magma HDI is empaneled with 21 OEMs as at 31 March, 2022 (including New Age Electric Vehicle OEMs), of which 7 were added in FY2021-22. The Company continues to increase its Non motor commercial portfolio backed by a strong panel of reinsurers and a diversified product suite. The Health segment has contributed 6% of the total GWP in FY2021-22. Magma HDI has launched innovative coverages in the health products which is backed by a strong hospital network of over 7100 hospitals. The business has focused on diversifying the portfolio in retail lines of business comprising of Motor and Health and to achieve a sufficiently large population of risks to reduce variability of the expected outcome within each of these categories. In addition, continuous adoption of technology in claims processes, a strong focus on claims cost management with workshops and hospitals, and a culture of quality consciousness, has ensured that the loss ratio journey continues southwards, from 79.6% in FY21 to 68.7% in FY22. During the year, Motor Own Damage claims assessment through video streaming has increased to 55% from 45% in FY2020-21.

While the business delivered a loss of ₹12.3 crores, its core operating metrics, as measured by Combined Ratio (CoR) is down from 120% in FY2020-21 to 117.5% in FY2021-22. Our investment leverage (defined as AUM to Capital deployed) continues to improve, and the investment AUM has now crossed ₹3800 Crores with 96.5% investments in AAA rated securities. Magma HDI has issued Rated Unlisted Unsecured sub-debt worth ₹100 crores in the month of March 2022. The solvency position of Magma HDI as of 31 March, 2022 is at 1.76x, which is well above the regulatory limit of 1.50x.

Branch network

Company's branch network stood at 242 branches in FY2022. The Company has a pan India presence with good geographical diversification. The Company continues to exploit the untapped potential of existing branches and ensure that more products are available across our branch network while simultaneously focusing on Digital transformation to better cater to the needs of our customers. With the evolving eco-system of Fintechs and new-age NBFCs and lenders, Company believes going forward a key lever in our book building shall be the partnerships that we forge with them. During the year, we operationalized partnerships with multiple new partners. This channel is not only a low operating cost channel for us but helps us optimize branch network.

SWOT ANALYSIS

Opportunities, Challenges and Outlook

Strengths

Brand strength: Poonawalla Fincorp is the flagship financing arm of Poonawalla Group with shared brand identity and full support from parent organization.

Robust Balance sheet: Post infusion of ₹3,456 crores in May'21 , the Company's debt/equity stands at 1.6x which provides ample room for growth without the need to raise further equity in near term as on 31 March, 2022.

Experienced Management team: Poonawalla Fincorp is a professionally run organization. The completion of hiring of senior management is a step in that direction. The senior management has taken charge and comes with a varied experience. The amalgamation of management team with diverse experience has further enriched the Company.

Efficient liability franchisee: Driven by two notch improvements in long term credit rating to AA+ (stable) by CARE and AA+ (stable) rating assigned by CRISIL supported by Brand strength, robust Balance Sheet and effective Management team, the Company has the capability to raise low-cost debt capital at competitive rates. Low borrowing cost has enabled the Company, to realign its focus from 'high yield - high credit cost' customer segment to better credit quality customer segments, to have the headroom for appropriately pricing the products and hence to achieve higher risk adjusted returns.

Retail consumer franchisee: Having seen multiple market cycles, the Company has 'deep understanding' of retail customer segments. This arms the Company with knowledge on risks embedded, the behavioral pattern of customers and the needs and wants of the customer segments it operates in. The usage of this institutional knowledge in underwriting policies and sensing of market opportunity gives inherent strength to the Company.

The granularity of the Company's retail book given its low average ticket size and its Pan-India geographical spread shields the Company from concentrated credit losses and helps spread the localized risks.

Digital First and Technology Focus: The Company has made end to end transformation of the customer journey by using digital and technology in lending processes. This has resulted in reducing turn-around-time (TAT), reduction in customer acquisition cost, better customer experience and agility in partnering with market aggregators and other digital service providers in credit space. The Company also leverages data analytics to develop AI / ML models for unearthing business insights which supplements decision making capability.

The Company has made and would continue to make investments in enhancing digital capabilities as it sees digital as a source of economic moat, as a tool for operational efficiency, and a sustainability lever.

Weakness

Alignment with the organizational goals is a key monitorable: Post the acquisition in May 2021, the Company has made significant progress in consolidation of people, products, branches, digital capabilities, and risk management systems.

However, synchronized functioning and organizational stability holds the key for avoiding delay in execution of planned expansion.

New entrant in certain product segments: Poonawalla Fincorp had introduced several new products during FY22 and has a pipeline of new products to be launched during FY23. Being a new entrant, the Company would have to undergo several tests viz. robustness of its underwriting parameters for the new segments, garner trust amongst the marketplace stakeholders, and establish its presence in the credit landscape.

Opportunities

Untapped credit needs of MSME segment: The Company offers secured as well as unsecured business loans to support MSME sector in India, where traditional banking system is unable to meet the faster TAT and customized needs of MSME. The Company aims to compete on the back of its enhanced digital lending capabilities as well as its wide presence in industry clusters.

Consolidation and shift towards digital and organized space in used car market: The Company is well placed to take advantage of emerging trend by partnering with all major digital aggregators as well as strengthening its direct distribution capabilities.

Upward trend of digital adoption, favorable demography dividend and low financial inclusion: The Company plans to leverage its capabilities to offer 100% digital customer loan journey as well as sourcing through digital medium to tap into the digital savvy young age population.

Threats

Sharper monetary tightening: Energy prices sustaining at elevated levels, high fiscal deficit, and higher than anticipated increase in inflation would lead to sharper monetary tightening and rise in sovereign risk premium. This will result in unexpected rise in borrowing cost as well as slowdown in credit growth.

Rise in competitive intensity: The NBFC space in India has seen spurt of consolidation, entry of new players, and emergence of new business models in recent years. Irrational pricing of the products may lead to worsening of risk adjusted returns for the industry.

External political risk: In recent times, the political risk emerging from changes in world order have come to the fore. Wars and natural disasters would prevent the full throttle recovery after covid induced slowdown. IMF has toned down global growth by 80 bps for CY23 and 20 bps for CY24 respectively in its April 2022 outlook.

FINANCIAL PERFORMANCE AND STATE OF THE COMPANY'S AFFAIRS

(All figures are on consolidated basis unless specifically mentioned otherwise)

The Company's Profit after Tax (PAT) on consolidated basis increased to ₹37,541 Lakhs in FY2021-22 compared to ₹(55,896) Lakhs in FY2020-21.

The Company's net interest margin (NIM) increased to 8.9% in FY2021-22 as compared to 8.2% in FY 2020-21 on account of decrease finance cost.

Net Income from Operations (i.e. total income less finance cost) on a consolidated basis increased from ₹125,202 Lakhs in FY 2020-21 to ₹132,486 Lakhs in FY 2021-22.

Total Income decreased from ₹235,248 Lakhs in FY 2020-21 to ₹204,103 Lakhs in FY 2021-22.

The write offs and provision decreased from ₹144,799 Lakhs in FY 2020-21 to ₹7,756 Lakhs in FY 2021-22.

On a Standalone basis, the Capital Risk Adequacy Ratio (CRAR) for the year FY 2021-22 was 49.06% against the RBI stipulated norm of 15%.

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios:

1. Debt Equity ratio has decreased from 4.08 as on 31 March, 2021 to 1.18 as on 31 March, 2022 at standalone level and decreased from 4.75 as on 31 March, 2021 to 1.64 as on 31 March, 2022 at consolidated level. This represents a decrease of 71% and 65% at standalone and consolidated level respectively.
2. Return on Assets (ROA) increased from -3.7% in FY 2020-21 to 3.1% in FY2021-22 and Return on Equity (ROE) increased from -22.8 % in FY 2020-21 to 7.0% in FY2021-22. This is primarily on account of below reasons:
   a. Rise in Disbursements supported by launch of new products,
   b. Significant reduction in Cost of Borrowing and improved Credit Rating resulting in healthy NIM,
   c. Better collection performance resulting in lower Credit Cost.

CHANGE IN NATURE OF BUSINESS

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

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

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

CHANGE IN CONTROL

During this year your Company had a new Promoter, Rising Sun Holdings Private Limited which acquired a controlling stake in the Company through preferential allotment and infused fresh capital of ₹3,206 Crore making the Company one of the best capitalized NBFCs in India. Consequently, your Company has become a subsidiary of Rising Sun Holdings Private Limited ("RSHPL") and Poonawalla Housing Finance Limited a step-down subsidiary of RSHPL. The Company and its subsidiary have been renamed and rebranded under the Poonawalla brand. W.e.f. July 22, 2021, Magma Fincorp Limited has been renamed to Poonawalla Fincorp Limited and its subsidiary, Magma Housing Finance Limited has been renamed to Poonawalla Housing Finance Limited. Subsequently the registered office of the Company has also been shifted from West Bengal, Kolkata to Maharashtra, Pune.

On 16 March, 2022, the Company has received approval from BSE Limited and National Stock Exchange of India Limited for re-classification of Mr. Sanjay Chamria, Mr. Mayank Poddar, Mrs. Kalpana Poddar, Mrs. Mansi Poddar, Mrs. Shaili Poddar, Mrs. Ashita Poddar, Microfirm Capital Private Limited, Celica Developers Private Limited and Magma Consumer Finance Private Limited ('Original Promoters') from the 'Promoter/ Promoter Group' category to the 'Public' category of shareholders of the Company. Post reclassification as on 31 March, 2022, the Promoters shareholding was 61.50%.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the requirements in terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred to as 'Listing Regulations') your Company prepared Consolidated Financial Statements in accordance with Ind AS 110 - "Consolidated Financial Statements" and Ind AS 27 - "Separate Financial Statements". The Consolidated Financial Statements forms part of this Report.

SUBSIDIARY AND JOINT VENTURE COMPANIES

The Company has made the investment of ₹500 Crore in Poonawalla Housing Finance Limited (PHFL) (Formerly, Magma Housing Finance Limited), a wholly owned subsidiary (WOS) of the Company, by way of subscription to 83,991,264 equity shares at a price of ₹59.53/- per equity share (Face Value - ₹10/- each, Premium- ₹49.53/- each) through Right Issue on 31 May, 2021. Subsequently, the Management Committee of the Board of Directors of PHFL has allotted the equity shares on 31 May, 2021.

On 29 November, 2021, PHFL has allotted equity shares of face value of ₹10/- to the eligible employees under Restricted Stock Option Plan 2018 of PHFL, resulting in the dilution of shareholding of the Company in PHFL by 0.78%. Consequent to the dilution, PHFL ceases to be the WOS of the Company and it would continue to a subsidiary of the Company. Your Company holds 99.22% shareholding in PHFL post dilution of shareholding.

Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited) (PHFL) is a subsidiary of the Company. PHFL has made disbursements of ₹197,130 Lakhs in FY 2021-22 against ₹125,059 Lakhs in previous year. PHFL has earned a PBT of ₹10,116 Lakhs for the year ended 31 March, 2022 against ₹1,436 Lakhs in previous year.

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

The Company's Joint Venture with HDI Global SE for General Insurance Business in India named Magma HDI General Insurance Company Limited (Magma HDI) (the 'JV Company') has shown a growth in the current year. Magma HDI has reported Gross Written Premium (GWP) of ₹181,518 Lakhs in FY2021-22 against ₹134,904 Lakhs in FY 2020-21. Magma HDI has earned Profit / (loss) of ₹(1,628 Lakhs) for the year ended 31 March, 2022 as against ₹1,935 Lakhs for the year ended 31 March, 2021.

Jaguar Advisory Services Private Limited (JASPL), a Joint Venture with HDI Global SE is an advisory services Company domiciled in India. JASPL is a SPV of the Company. JASPL has earned a PBT of ₹(0.77) Lakhs for the year ended 31 March, 2022 against ₹0.41 Lakhs in previous year.

None of the companies have ceased to be subsidiary/ joint venture of your Company during the year under review.

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

TRANSFER TO RESERVE

During the year the Company is proposing to Transfer ₹5870 Lakhs to Statutory Reserve as required under Regulation 45-IC of Reserve Bank of India Act, 1934 issued by RBI.

DIVIDEND

As stipulated in Regulation 43A of SEBI Listing Regulations, the Company has in place the Dividend Distribution Policy which is available on the Company's website at its weblink i.e. https://poonawallafincorp.com/investor-governance.php

In accordance with the Policy, the Board would endeavour to maintain a total dividend pay-out ratio in the range of 10% to 20% of the annual standalone PAT of the Company. Your Directors have recommended dividend @20% on Equity Shares i.e. Re. 0.40 per Equity Share of the face value of ₹2/- each to deliver sustainable value to its shareholders. The payment of the dividend is subject to declaration by the members at the ensuing Annual General Meeting (AGM) of the Company. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

In view of the amendment to the Income Tax Act, 1961 through the Finance Act, 2020, imposition of dividend distribution tax has been abolished. The dividend, if declared, at the ensuing AGM will be taxable in the hands of the members of the Company. For further details on taxability, please refer Notice of AGM.

DEPOSITS

Being a non-deposit taking Company, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and the provisions of the Companies Act, 2013.

EMPLOYEE STOCK OPTION SCHEME

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

During the year the Board has approved cancellation of 11.70 Lakhs ungranted stock options under Employees Stock Option Plan -2007 ("ESOP 2007") and options already granted under ESOP 2007 to eligible employees shall remain operational. The Nomination and the Remuneration Committee had also granted awards under Restricted Stock Option Plan- 2014 ("RSOP 2014") to its eligible employees.

During the year the Company implemented Employee Stock Option Plan - 2021 ("ESOP 2021"), with a view to attract and retain key talents working with the Company and its subsidiary company by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability. The shareholders of the Company on 24 July, 2021 had approved ESOP 2021 wherein the Company provided for the creation and issue of 150,00,000 options that would eventually convert into equity shares of ₹2/- each in the hands of the Company's employees.

The Company had amended the RSOP 2014 by increasing the limit of options from 50,00,000 equity shares having face value of ₹2 ('Equity Shares') to 1,00,00,000 equity shares.

The said Schemes are in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and SEBI (Share Based Employee Benefits) Regulations, 2014/ SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 including any amendments thereto ("SEBI Guidelines/Regulations").

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the ESOP 2007, RSOP 2014 and ESOP 2021 in accordance with the SEBI Guidelines/ Regulations.

The details of the options granted and outstanding as on 31 March, 2022 along with other particulars as required by Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014/ SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 is available on the website of the Company at https://poonawallafincorp.com/investor-governance.php and the Secretarial Auditors' Certificate would be placed at the forthcoming Annual General Meeting pursuant to Regulation 13 of the said Regulations.

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

CHANGES IN SHARE CAPITAL

Equity Shares

During the year, the following changes were effected in the Share Capital of the Company:

Preferential issue of Equity Shares

During the year, the Company has allotted 49,37,14,286 Equity shares of face value ₹2/- each at an issue price of ₹70/- per equity share aggregating to ₹3456 crores by way of preferential allotment to Rising Sun Holdings Private Limited (RSHPL), Mr. Sanjay Chamria and Mr. Mayank Poddar. The funds raised through the said Preferential Issue was utilized to augment the growth of the Company and to further invest in the required growth capital in its subsidiary company.

Pursuant to the said allotment, RSHPL is the largest shareholder of the Company and have a controlling stake in the Company and is classified as a 'Promoter' of the Company in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

The Proposed allotment triggered an obligation on RSHPL (together with Mr. Sanjay Chamria and Mr. Mayank Poddar, in their capacity as persons acting in concert with RSHPL) to make an open offer to the public shareholders of your Company, under Regulations 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 which was duly complied within the specified time period.

Issue of Equity Shares under the Employees Stock Option Plan -2007:

During the year, 1,08,400 Equity Shares, 12,89,831 Equity Shares, 10,000 Equity Shares of the face value of ₹2/- each, were allotted to the eligible employees at a price of ₹2/-, ₹39.45/- and ₹60/- per Equity Share upon the exercise of stock options by the employees.

Issue of Equity Shares under the Restricted Stock Options Plan 2014:

During the year 1,84,310 Equity Shares of the face value of ₹2/- each, were allotted to the eligible employees at a price of ₹38.21/- per Equity Share upon exercise of stock options by the employee.

After the close of financial year 39,495 Equity Shares of face value of ₹2/- each were allotted to the eligible employees upon the exercise of stock options by the employees, under ESOP 2007 and RSOP 2014.

Consequent to the issue of the additional Equity Shares as above, the issued, subscribed and paid-up Equity Share Capital of the Company as on the date of this Report stands increased to ₹152,99,26,068/- (Rupees One Hundred Fifty Two Crores Ninety Nine Lakhs Twenty Six Thousand and Sixty Eight only) consisting of 76,49,63,034 Nos. (Seventy Six Crores Forty Nine Lakhs Sixty Three Thousand and Thirty Four only) of Equity Shares of ₹2/- each as on date.

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

FINANCE

Borrowing

During the year, the Company has raised fresh secured term loans of ₹1,875 crore from Banks and Financial Institutions for an average tenor of 2 to 5 years, this has resulted in tenor extension. Closed to 50% of the incremental credit lines were received from private sector and foreign banks to diversify the borrowing base. The Company also raised commercial paper aggregating to ₹400 crore. Incremental borrowing raised during the year was sub 6.5% p.a.

RBI GUIDELINES

The Company continues to fulfil all the norms and standards laid down by RBI pertaining to non–performing assets, capital adequacy, statutory liquidity assets, etc. As against the RBI norm of 15%, the capital to risk-weighted assets ratio of the Company was 49.06% as on 31 March, 2022. In line with the RBI guidelines for asset liability management (ALM) system for NBFCs, the Company has an Asset Liability Management Committee, which meets quarterly to review its ALM risks and opportunities.

The Company continues to be in compliance with the NBFC – Corporate Governance (Reserve Bank) Directions, 2015.

CREDIT RATING

During FY2021-22, the long-term ratings assigned to various debt instruments and bank facilities of the Company were upgraded post the review by rating agencies based on new ownership structure, sizeable capital infusion and a strong senior management team.

In August 2021, CARE Ratings upgraded the rating assigned to bank facilities and NCDs to 'CARE AA+; Stable' and perpetual debt to 'CARE AA; Stable', while reaffirming the short-term instrument rating at 'CARE A1+'. Further, CRISIL assigned a fresh long-term rating of 'CRISIL AA+/Stable' to bank facilities and NCDs, while reaffirming 'CRISIL A1+' rating to commercial paper issue for an enhanced amount.

Acuite and Brickwork Ratings also upgraded the long-term ratings for Company's NCDs, Sub-Debt and perpetual debt instruments during the year.

AA+ rating indicates instruments having high degree of safety regarding timely servicing of financial obligations and very low credit risk. A summary of outstanding ratings is presented below:

Rating Agency	Instrument / Facility	Outstanding Rating (As on 31 March, 2022)
CARE Ratings	NCD	AA+; Stable
	Bank facilities	AA+; Stable
	Sub debt	AA+; Stable
	Perpetual debt	AA; Stable
	Commercial paper/Short Term Bank Facilities	A1+
CRISIL	NCD	AA+ / Stable
	Bank facilities	AA+ / Stable
	Commercial paper/Short Term Bank Facilities	A1+
Acuite	NCD	AA+ / Stable
	Sub debt	AA+ / Stable
Brickwork Ratings	NCD	AA+ / Stable
	Sub debt	AA+ / Stable
	Perpetual debt	AA / Stable

A status of ratings assigned by rating agencies and migration of ratings during the year is provided in note no. 54(i) to the standalone financial statements of the Company.

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

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

Particulars of loans, guarantee and investments outstanding during the financial year is furnished in note nos. 6 and 7 to the standalone financial statements of the Company.

RISK MANAGEMENT

The Risk Management Committee (RMC), functions in line with the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 and Listing Regulations. The Committee met five times during the year, its terms of reference and functioning are set out in the Corporate Governance Report. The Company understands that risk evaluation and risk mitigation is a function of the Board of the Company, and the Board of Directors are fully committed to developing a sound system for identification and mitigation of applicable risks viz., systemic and non-systemic. The Company has put in place a comprehensive Integrated Risk Management (IRM) policy which is approved by the Board.

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

The risk management infrastructure operates on five key principles:

1. Objectively constructed Risk Appetite Statement covering all key aspects of a lending business
2. Independent governance and risk management oversight
3. Establishment of forward-looking strategic risk assessment with pre-emptive credit and liquidity interventions, to ensure proactive early action in the event of emerging market adversity
4. Maintenance of well-documented risk policies with performance guardrails
5. Extensive use of risk and business analytics, and credit bureau as an integral part of decision-making process

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

Credit Risk

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

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

Credit approval and administration is managed through a judicious use of Credit Rule Engine, assessment by seasoned credit appraisal experts and an appropriate delegation of credit authority. Portfolio quality improvement is a constant exercise. The Company has developed portfolio indicators using statistical methods, through which it monitors the portfolio continuously, which helps identify any early signs of stress enabling the Company to proactively manage its portfolio credit quality. The Company also carries out hind sighting exercise to make appropriate intervention in the Credit Policy to further improve the portfolio quality and reduce the ultimate losses. Covid 19, a health and economic crisis which started during the end of FY20, continued to impact much of the FY21 and during the first half of FY22. This led the Company to further enhance the credit processes due to uncertain economic conditions.

Operational Risk Management

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

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

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

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

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

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

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

In FY22, the Operational Risk (OR) team has helped to identify, assess, monitor and mitigate risks across the organization. RCSA exercises, Internal Finance Control ('IFC') testing and KRI monitoring have been conducted for key business units / support functions, and action plans have been developed to plug process gaps. An incident reporting process has been rolled out during the year for reporting of OR incidents. The OR team helps senior management monitor risks through quarterly reporting of OR information to the Operational Risk Management Committee (ORMC) and the RMC.

Fraud Risk Management

Fraud can undermine the effective functioning and divert scarce and valuable resources of the organization. Moreover, fraudulent and corrupt behavior can seriously damage reputation and diminish trust to deliver results in an accountable and transparent manner. To combat fraud, the organization has an effective governance framework for preventing, identifying, reporting and effectively dealing with fraud and other forms of corruption. The Company is consistently putting effort to prevent, detect and contain frauds. There is an independent Unit (Fraud Risk Management) to monitor, investigate, detect and prevent frauds. The unit has been further strengthened during FY22.

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

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

The roles and responsibility of Fraud Risk Management unit are highlighted below.

Component	Principle
Control Environment	» Fraud Risk Operating manual is developed and reviewed periodically. » All processes are being reviewed through ORM and Fraud risk to mitigate un-foreseen gaps » Cross functional training
Risk assessment	» Comprehensive fraud risk assessments are done in support with ORM. » Processes are being reviewed to plug the gaps. » Learning through investigations is shared to mitigate the open risks for more effective policy.
Control activities	Preventive and detective fraud control activities are deployed to mitigate the risk of fraud events occurring or not being detected in a timely manner. » Customer Screening through documents review » Fraud prevention tool for sophisticated de-duplication » Investigations & Mystery Shopping » Post Disbursement Checks and enhanced surveillance » Branch Assurance » Negative Database Repository » Regulatory reporting
Information & communication	Company has established a communication process to obtain information about potential fraud through whistle blower policy and has deployed a coordinate approach to investigation and corrective action to address fraud appropriately and in a timely manner.
Monitoring	All frauds are reported to the regulator and are reviewed by the Audit Committee as well as board of directors.

Market Risk

Any mismatch in tenures of borrowed and disbursed funds may result in liquidity risk and thereby impact the Company's ability to service its loans. Thus, it is imperative that there exists nil or minimal mismatch between the tenure of borrowed funds and assets funded. The Company has endeavored to maintain appropriate asset liability maturity regarding its tenure and interest rates.

The acquisition by Rising Sun Holdings Private Limited, resulted in sizeable capital infusion in the Company, resulting in robust capitalization and surplus liquidity position. Further, the change in ownership, induction of new senior management team and revised product focus, has resulted in substantial improvement in cost as well as access to funding with broadening of lender base.

The pandemic risk was unprecedented and caused many disruptions and uncertainties globally. The Company manages its funds through its well-defined treasury policies for liquidity management, investments, interest rate and borrowings. The Company has taken the following measures to strengthen its liability profile in the FY2021-22:

1. Diversified its lender base to include private and foreign banks
2. Substantial reduction in cost of borrowings through rate reset from existing lenders and tapping new lenders
3. Tap commercial paper market after a hiatus of two years
4. Revision in long-term credit ratings to 'AA+ / Stable'

Foreign exchange risk

The Company does not have any exposure to foreign exchange risk, since its disbursements are in rupee terms and the nature of its borrowings are also in domestic rupee debt.

Liquidity risk management

Poonawalla Fincorp has adopted prudent fund management practices and has worked meticulously to diversify its borrowing profile thereby repeatedly enhancing the set of institutions it borrows from. Such diversified and stable funding sources emanate from several segments of lenders such as Banks, Insurance Companies, Mutual Funds, Pension funds, Financial institutions including Corporates and Foreign Portfolio Investors due to the Company's impeccable record in servicing its debt obligations on time. In addition to this, the Company has established an excellent track record in its access to securitization/assignment market. As a matter of prudence and with a view to managing liquidity risk at optimum levels, diversifying its liquidity mix Poonawalla Fincorp have adequate levels of unutilized bank limits, partly drawn bank lines, on balance sheet liquidity in form Fixed deposit, liquid and overnight funds to effectively mitigate liquidity risk.

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

The Company has a comfortable liquidity position by way of available Bank lines and maintains investments in HQLA securities and further supported by funds raised through Term Loans, Secured Debentures and other instruments.

People Risk

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

People risks that the Company focuses on includes following:

Inadequate availability of skilled manpower:

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

Productivity Risk:

- Longer learning curve leading to low output
- Time taken to hire/replace the required manpower hampering installed capacity

Succession planning:

- Risk to business continuity due to lack of leadership succession

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

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

INTERNAL CONTROL SYSTEM

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

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

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

Internal Financial Control

The Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale, nature and complexity of its operations and regulatory requirements. Review of the internal financial controls environment of the Company was undertaken during the year which covered testing of Process, IT and Entity level controls including review of key business processes for updating Risk Control, Matrices, etc. The risk and control matrices are annually reviewed, and control measures are tested and documented. Moreover, the Company continuously upgrades its systems and undertakes review of policies, guidelines, manuals and authority matrix. The internal financial control is supplemented by extensive internal audits, regular reviews by the Management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements, its reporting and other data. The Audit Committee of the Board reviews internal audit reports given along with management responses. The Audit Committee also monitors the implemented suggestions. The Company has, in all material respect, an adequate internal financial control over financial reporting and such controls are operating effectively. The statutory auditors of the Company have also certified on the existence and operating effectiveness of the internal financial controls relating to financial reporting as of March 2022.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Section 177(9) of the Act and Regulation 4(2)(d)(iv) of the Listing Regulations, the Company has in place a vigil mechanism named "Breach of Integrity and Whistle Blower (Vigil Mechanism) Policy" to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimisation of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

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

HUMAN RESOURCE - PEOPLE COUNT AT EVERY STEP

As the organization underwent the transition, the HR team stepped in to enable this journey with interventions focused on culture building, technology adoption, policies benchmarking and people transformation. The focus was on making brilliant basics, streamlining policies for the entire employee lifecycle (from hire to retire) aligned with the vision, mission, and values of the Company to having a transformational journey along with establishing platforms for transparent communication, recognizing performance, employee convenience, reskilling and upskilling from productivity perspective.

1. **HR as a Change Agent** – The organizational transformation witnessed changes in business strategy, product portfolios, technology, customer segment, market segmentation etc. HR formed the backbone of leading these changes with successful realignment of the organization structure in line with the new strategy, change of product mix, train human resources on technology, change in the hiring approach, redeployment strategies across roles and levels of employees enabled with digital learning support.
2. **ZingHR Launch Phase I** - This year the organization witnessed the launch and digital transition of new HRMS – Galaxy powered by Zing HR. The vision is to provide convenient and seamless access that aligns to having an "HRMS on the Go". The digital transition has been introduced as a one stop, on the go solution for the employee's HR related needs and combines all modules in one easy-to-use app. The Launch Phase I saw leave and attendance go-live followed by a seamless survey module used for engagements, sentiment analysis and an "On the Go" learning platform. The transformation from a system to an app-based solution has been a huge leap in the digital and experience platform for the employees.
3. **Policies** - Moving towards a progressive and high performing culture we embarked on the journey of revamping HR policies catering to the development needs of an employee and ensuring a seamless employee life cycle management and journey.

Recruitment, Internal Job Postings, Information Technology Guidelines, Inter-Group and Group hire guidelines, Performance Improvement Plan and Employee Separation Policy witnessed this new version of the launch. ESOP framework for larger employee base was initiated taking into consideration the need to retain high performing employees.

4. **Skill Inventory** – Developing a skill set based ecosystem of the current skills and capabilities to recognize skills gaps and provides a clear vision for how the workforce needs to change or grow from skilling and upskilling. We at Poonawalla Fincorp embarked on this journey in the last quarter of FY22 across businesses/ department and roles.
5. **Talent Effectiveness (Rewards and Recognition)** - A high performance driven culture is set in our part of our belief system and to ensure this gets implemented, a lucrative rewards and recognition framework has been developed with the initiation of monthly rewards and recognition program "Excellence" providing organization wide recognition to the top performers.
6. **Employee Engagement** – Motivational and Leadership seminars by prominent speakers and Fun at Work is part of the construct of the employee engagement program concluded for this Financial Year.
7. **Branch Connect** – With Poonawalla Fincorp expanding its horizons, we realize the criticality of engaging with employees to ensure productivity. In line with this objective, we introduced Branch Connects to gather inputs from our employees that have helped us design interventions with larger organizational impact. With Phase 1 & 2 covering 17 large locations, the respective stakeholders have been communicated of the concerns and improvement areas for designing interventions.
8. **Leadership Meet (Culture & Competency workshop)** – While we take next steps in our journey, our focus is on creating a culture conducive to achieving higher organizational goals. Our two-day Culture & Competency Workshop was held as an offsite with our leaders and has been instrumental in defining critical aspects of the culture we want to build. The inputs from the workshop have been critical in designing interventions that promote the culture we want to build with external stakeholders.
9. **Buddy program** – Our Buddy Program is designed to ensure our new joiners feel comfortable and get the support they need. The new program covers aspects in a new joiners' everyday life that will support them in getting accustomed to our practices and policies and is set to commence in April 22.

Prevention of Sexual Harassment at Workplace

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 and the rules thereunder ("POSH Act"). The Company has complied with the provisions relating to constitution of internal committee under the POSH Act. During the year under review, one case of sexual harassment was reported and the same was disposed of. To build awareness and appreciation of this area, we have implemented an online knowledge module leveraging our learning management system. We continue to strive harder with each passing year to ensure we succeed in bringing the best out of our people and enable the organization to create value for its shareholders and employees.

INFORMATION TECHNOLOGY

Poonawalla Fincorp has embarked on complete overhaul and modernization of technology infrastructure and applications. A best-in-class cloud hosted application has been adopted as the core lending platform. The same platform is also being used by the top Indian private sector banks and the top NBFCs. The core lending application is also integrated with a loan origination mobile app which is also built on cutting edge technology. The sales force facing mobile app is also enabled by a business rules engine which enables instant go-no go decisioning to be done thus resulting in industry best TATs.

Poonawalla Fincorp continues to leverage technology to achieve the objectives of improvement in productivity and efficiency. Robotic Process Automation (RPA) has been deployed in various aspects of the business to automate manual, time-consuming and mundane tasks. RPA is being lapped by more and more departments in the business to drive their cost saving initiatives towards fruition.

As the fintech landscape in India is expanding, Poonawalla Fincorp's strategy to participate and become a dominant player in this space is also seeing traction. We have integrated our systems with fintechs in the space of pre-owned cars and small ticket instant disbursal personal loans. These integrations are easily and rapidly replicable. In coming days, fintech partnerships are going to become one of the key pillars of the business and the technology platforms are geared up to handle both variety and scale of these partnerships.

Analytics is being already utilized in Poonawalla Fincorp; however, this year saw technology penetration being elevated to the next level. The first of its kind Machine Learning model for credit assessment has been developed and is currently under advanced stages of implementation. This has again been enabled by latest technology platform and is a fruit of the technology modernization drive.

In times of COVID, technology has played a pivotal role in ensuring that the business continues without any disruption whatsoever. One of the biggest enablers that allowed our business to run seamlessly was our capability to let the users work from homes without any information security risks. The rapid replacement of old laptops and user devices and deployment of industry best anti-virus, EDR and encryption tools on these laptops was undertaken in project mode. In excess of 5000 old laptops were replaced in a short time frame of 3 months. This is a feat considering severe supply chain disruptions due to the silicon chip shortages globally.

Information Security is an area which is always top-of-the-mind for Poonawalla Fincorp. There is an ever-increasing threat from hackers, internal rogue elements, and ransomware attacks. In view of these threats, there is a continuous effort by the technology team to keep enhancing our infosec posture. In doing so, various new tools and agents have been deployed in the organization to ensure a more robust ecosystem where business needs are met without jeopardizing security.

A safe and efficient physical infrastructure is vital to the organization's aspirations of becoming an industry leader. Technology is a key ingredient in creating such a workspace. The new facility in Pune which was commissioned in the last week of March is laced with state-of-the-art technology.

The drive for modernization and redefining the way business is done is already gaining steam at Poonawalla Fincorp. We are ramping up our manpower strength to fuel this ever-growing hunger for technology interventions.

CORPORATE IMAGE BUILDING & ENGAGING TARGET AUDIENCE

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

Public Relations

To create awareness about Poonawalla Fincorp and the new management with external stakeholders and the media, we did an extensive PR campaign throughout the year. Through specific communication and messaging we made sure that our stakeholders were aware of the steps which we were taking as an organization while going through the transformation. We made sure that we get the right visibility in the best of the media. Public and stakeholders at large have shown keen interest in our growth story as well as way forward plans. We got excellent visibility in all the important print, online and electronic media. The Company's vision was well placed in the media, and we got positive visibility for the brand Poonawalla Fincorp.

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

Digital initiatives

Digital has become a gamechanger in today's digital age for transforming the customer journey's and enabling a fast and frictionless customer experience across the lifecycle. Digital-first and technology-savvy companies like Poonawalla Fincorp have turned this challenge into an opportunity and created a best-in-class digital experience for its customers. It offers unique products tailor-made for the digital domain and created end-to-end digital journeys for its customers.

The year FY22 was a landmark year for the organization. In the earlier part of FY22, we re-branded ourselves from Magma Fincorp to Poonawalla Fincorp. Armed with a new team, new energy, and new initiatives, we set forth on a journey to become a "Digital-first" organization that provided an altogether new experience to its customers. We combined "Physical presence" with "Digital presence" to create a "Phygital presence" that ensured a contactless, safe, fast, and efficient way of doing business. The "Phygital" approach has helped increase the digital footprint of the Company and eliminated the need for aggressive branch expansion, which is a slow and costly exercise.

Following are some of the key digital initiatives undertaken by the Company during FY22:

1. **Website launch** – We launched a new responsive website for Poonawalla Fincorp with a new User Interface (UI) & User experience (UX) for better customer experience along with new branding. The website is secure, fast and mobile responsive. It is continuously updated with new content, functionality, and features. We had more than 2 million visitors on the website for FY22.

2. **Digital campaigns** – As a digital-first Company, we have prioritized customer acquisition through digital channels using Google, Facebook, Flipkart, Airtel, Amazon, Taboola, affiliate partnerships, etc. Our share of Digital Acquisition though these channels continue to grow at healthy pace.

3. **Digital journeys** – To solve the problem thrown at us by the COVID-19 pandemic, we shifted entire customer journeys online. Every part of the customer journey right from the loan application, document submission and document verification to loan approval and finally loan disbursal has become digital. While physical transactions are still carried out if the customer asks for them, the transition to digital has been extremely seamless and frictionless.

4. **New revamped Payment Gateway (IPG)** – Soon after the launch of our website, the IPG system went live, helping customers to pay their installments (EMIs) online. On successful payment of the EMI, customers can download the payment receipt immediately. Customers can pay loan EMI using various payment modes like Internet banking, Debit card, UPI & wallet.

5. **No-objection Certificate (NOC) portal** – For customers availing of a pre-owned car loan, we

introduced a contactless NOC portal for Pre-owned car loans. This has eliminated the need of going to a branch for getting NOC.

6. **Social media channel activation** – We want to be where our clients are; hence, we have established our social media presence across all channels. This helps us to tap all customer segments with the right content. We have more than 1 Lakh followers on LinkedIn and nearly 30,000 on Facebook. In less than 9 months since its launch, our YouTube channel has garnered more than 7.6 Lakhs views. Apart from this, we also have an active presence on Quora, Twitter and Instagram. The key is to develop content that appeals to our target segment, create brand awareness in the mind of customers and provide solutions to financing problems faced by our existing and prospective customers.
7. **Online Reputation Management (ORM)** – Social media platforms are a great means to reach target customers, but they are also a great way of knowing what customers are talking about you. The ORM channel combines traditional marketing and public relations with search engine marketing; it involves managing the search engine results to protect the Company's brand reputation from negative exposure online.

There are many more digital initiatives that customers can expect from the Company in the days to come. We are continuously strengthening our processes, making greater use of technology to serve customers better and incorporating feedback from all stakeholders to evolve into a better organization.

A digital-first approach benefits customers by offering them solutions that are fast, contactless, and safe. For the organization, it improves efficiency by lowering the Cost of Customer Acquisition (COA) and increasing the pace of customer acquisition. For society at large, a paperless approach benefits the "go-green" initiative and helps the environment.

Corporate Social Responsibility

COVID has affected everyone and each aspect of our daily life. Except few essential commodities all other sectors, projects have incurred huge losses. The corporates have not made much profit which resulted into low allocation or Zero allocation of budget towards their CSR mission. In-spite of tough times Poonawalla, though has not undertaken any new projects but as a responsible corporate it has fulfilled its commitment towards its ongoing projects. The Company has funded the scholarship amount for its degree course student from its previous years Unspent CSR amount. As per the norms the Company is not obligated to spend anything in FY22, but still it has spent a small amount as a token of support towards its other philanthropic activities.

CUSTOMER RELATIONSHIP MANAGEMENT

Poonawalla Fincorp strives to be the most accessible and trusted financial institution, promoting financial inclusion and creating value for all its stakeholders. Quality of Customer Service being one of the pillars for our Company. Our Company also believes in ethics, integrity, good governance, professionalism, transparency, and customer satisfaction.

Several key initiatives were undertaken to enhance the Customer Experience:

» Implementation of Net Promoter Score (NPS) which is a leading indicator of Customer Loyalty and Cross Sell. We have tied up with Litmus World, a leading brand in Customer Loyalty Assessment to conduct NPS survey through unbiased customer feedback. Customer experience across key Moments of truth – Sales, Onboarding, Service and Exit conducted based on questionnaire to identify opportunities for improvement.

» NPS score in the range of 39-43 which is competitive as per industry standards.

» Reaching out to customers digitally being a core area which our Company has started working on with data migration to start with several blue prints for real time instant servicing are being created for Quickly resolving customer Queries, ex IVR, Whatsapp, Self-Service.

Key Initiatives in FY 22:

» Customer Journey Communication mapping

» Domain Migration from Magma to Poonawalla

» Email Auto synching for case creation in MSD for CCA customers

» IVR for real time Customer servicing requirement raised

In order to ensure we treat customers fairly; we have implemented the following:

Transparency

» Tariff sheet included in Welcome Letter to ensure complete transparency of all charges.

» Service level agreement (SLA) for each request & complaint communicated to customer at the time of registration.

» Voice of customer recorded for every request & complaint that gets resolved to track customer satisfaction.

Servicing customers in their preferred language

» Agreement copy in vernacular languages are displayed at branches and uploaded on website.

» Sanction letter is also provided in vernacular language & acknowledgement taken.

» Customer calls & SMS are handled in regional language to maintain & increase awareness.

Handling Grievances effectively

» Mode of Welcome Letter & Agreement copy dispatch changed to registered post to avoid delay in document receipt.

- Complaints are resolved within 7 days on an average.
- Complaints RCA Forum conducted on a quarterly basis to address key process gaps.
- Rigorous training and continuous improvements for front line staff conducted on a regular basis to ensure High standards of service Quality
- Continuous Call Quality Monitoring with a Target of >90%
- All Grievance being resolved and checked for service recovery
- Proactive approach to identify Potential Escalations/grievances from customers for quick Redressal

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment

Mr. Prabhakar Dalal (DIN: 00544948) was appointed as Independent Director for a term of three years with effect from 5 May, 2021 by the shareholders of the Company on 28 August, 2021.

Mr. Adar Cyrus Poonawalla (DIN: 00044815) was appointed as Non-Executive Chairman with effect from 1 June, 2021 and Mr. Amar Deshpande (DIN: 07425556) was appointed as Non-Executive Director with effect from 3 June, 2021 by the shareholders of the Company on 28 August, 2021.

The Board, based on the recommendation of the Nomination and Remuneration Committee has approved the following appointments:

a) Mr. Sanjay Kumar (DIN: 09466542) as an Additional Director in the capacity of Non-Executive Independent Director for a period of 3 years with effect from 15 January, 2022

b) Mr. G Jaganmohan Rao (DIN: 06743140) as an Additional Director in the capacity of Non-Executive Independent Director for a period of 3 years with effect from 15 January, 2022.

c) Mr. Atul Kumar Gupta (DIN: 01052730) as an Additional Director in the capacity of Non-Executive Director with effect from 27 January, 2022.

d) Mr. Sajid Fazalbhoy (DIN: 00022760) had relinquished from position of Non-Executive Independent Director with effect from 3 February, 2022 and was appointed as an Additional Director in the capacity of Non-Executive Director w.e.f. 04 February, 2022

e) Mr. Abhay Bhutada (DIN: 03330542) as an Additional Director in the capacity of Managing Director with effect from 12 February, 2022.

The shareholders of the Company has approved all the above-mentioned appointment of Directors at the Extraordinary General Meeting held on 14 April, 2022 pursuant to Regulation 17(1C) of Listing Regulations.

Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013 and Regulation 36 of the Listing Regulations, Mr. Adar Cyrus Poonawalla (DIN: 00044815) retires at the ensuing AGM and being eligible offers himself for re-appointment.

The Board of Directors of your Company recommends the re-appointment of the Director liable to retire by rotation at the ensuing AGM.

Appropriate resolution seeking your approval to the aforesaid re-appointment along with brief profile of the Director appear in the Notice convening the 42nd AGM of your Company.

Cessation

Mr. Sunil Chandiramani (DIN: 00524035),Independent Non-Executive Director and Mr. Mayank Poddar (DIN: 00009409), Non-Executive Director of the Company, resigned as Directors from the close of business hours of 3 June, 2021 and 7 June, 2021 respectively.

Mr. Abhay Bhutada (DIN: 03330542) stepped down from his position as Managing Director w.e.f. 16 September, 2021 on his own, keeping in mind the broader interests of the Company and the stakeholders.

Pursuant to change in control and in terms of the Shareholders Agreement executed with RSHPL, Mr. Sanjay Chamria (DIN: 00009894), has been re-designated as Executive Vice Chairman w.e.f. 01 June, 2021 by the Board and his reappointment was approved by the shareholders of the Company on 28 August, 2021. With the new leadership team having taken full charge under the chairmanship of Mr. Adar Cyrus Poonawalla, the new promoter, and all the transition completed, Mr. Sanjay Chamria, Executive Vice Chairman and Key Managerial Personnel of the Company has stepped down as the Executive Vice Chairman and also from the Board of the Company with effect from close of business hours of 23 November, 2021.

The Board of Directors recognizes and places on record their valued contribution and unstinted support to the Company in the capacity of Directors.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the members appointed Mrs. Bhama Krishnamurthy (DIN: 02196839) as an Additional Director in the capacity of Non-Executive Independent Director for a period of 3 years with effect from 29 December, 2021. Subsequently, Mrs. Krishnamurthy resigned on 12 January, 2022.

Change in designation

Mr. Sajid Fazalbhoy (DIN: 00022760) was appointed as an Independent Director on the board of the Company at the 41st AGM for a term of three years with effect from 5 May, 2021.

Mr. Sajid Fazalbhoy has experience in fintech, digitization and software development, the Company requested that he continue on the board as non-executive, non-independent director. He relinquished from the position of Independent Director with effect from close of business hours on 3 February, 2022. Subsequently, the shareholders of the Company at the Extraordinary General Meeting held on 14 April, 2022 based on the recommendation of the Board and Nomination and Remuneration Committee had appointed Mr. Sajid Fazalbhoy, as a Non-Executive and Non-Independent Director of the Company with effect from 4 February, 2022 to avail services of Mr. Sajid Fazalbhoy, who has considerable experience in fintech, digitization and software development.

Independent Directors

The Company has received declarations pursuant to Section 149(7) of the Act from all the Independent Directors (IDs) of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Act, read with rules framed thereunder and in terms of Regulation 16(1)(b) of Listing Regulations.

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

In terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

Separate meeting of the independent directors was held on 1 February, 2022.

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

Fit and Proper Policy

All the Directors of the Company have confirmed that they satisfy the “fit and proper” criteria as prescribed in Chapter XI of RBI Master Direction No. DNBR. PD. 008/ 03.10.119/2016-17 dated 1 September, 2016 and that they are not disqualified from being appointed/ continuing as Directors in terms of Section 164(2) of the Companies Act, 2013.

Familiarisation Programme for Independent Directors

In compliance with the requirement of Regulation 25 of Listing Regulations, the Company has put in place a Familiarisation Programme for the Independent Directors to familiarise them about the Company and their roles, rights, responsibilities in the Company. The details of the familiarization Programme along with the number of hours spent by each of the Independent Directors during the Financial Year 2021-22 is explained in the Corporate Governance Report. The same is also available on the website of the Company at https://poonawallafincorp.com/investor-governance.php

Performance Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors, pursuant to the provisions of the Act and Listing Regulations.

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

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

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

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

Outcome of evaluation process

Based on inputs received from the members, it emerged that the overall performance evaluation of the Board, composition and quality, understanding the business including risks, process and procedures, oversight of financial reporting process including internal controls and audit functions, ethics and compliances and monitoring activities, has been found to be Very Good. Similarly, the effectiveness of the Board Committees has been rated high. The Committees of the Board function effectively. Sufficient time is allotted for discussion of the agendas. Contrary views were also encouraged and the same were viewed in the right perspective. The performance of the Chairman of the Company has been found to be Excellent and was rated 5 within the overall rating scale of 1 to 5. The Chairman demonstrates effective leadership qualities and skills, provides strategic directions and guidance to the Company and addresses recommendations/ suggestions of the Board Members including divergent views. Overall, the Board was functioning very well in a cohesive and interactive manner.

Previous year's recommendation and actions taken

Based on the evaluation undertaken few recommendations and action taken for FY2020-21 inter-alia include:

» Presentation on regulatory updates and its impact to be made to the Board members to facilitate their training and update their knowledge on a periodical basis and experts on the subject matter may be invited as and when required. The Company regularly updates the Board on the regulatory changes along with its impact on the Company. Further regulatory updates and its impact on the industry also forms part of the presentation placed at the Committee and Board Meetings on a quarterly basis.

» Presentation by the Committees Chair's to the Board on the discussions and key decisions taken at the respective Committees.

» The Committees have functioned well under the supervision of the Board. The Board may look at the composition of the committees in the coming year to engage more effectively with the new Board members. Pursuant to change in control of the Company the Committees of the Board is well broad based and have an optimum combination of members in the various committees of the Board.

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

Proposed actions based on current year after observations:

Based on the evaluation of FY2021-22, area of improvement was suggested specifically highlighting that a Separate Strategy Meeting, once a year, may be convened, preferably at the beginning of the year.

Remuneration Policy

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

Key Managerial Personnel

In terms of Section 203 of the Act, the following are the Key Managerial Personnel of the Company as on 31 March, 2022:

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

Changes in Key Managerial Personnel

Chief Executive Officer

Mr. Vijay Deshwal was appointed as the Chief Executive Officer w.e.f. 21 June, 2021 and stepped down from the position of Chief Executive Officer and Key Managerial Personnel of the Company with effect from close of business hours of 4 March, 2022 to take over a strategic role within the Cyrus Poonawalla Group.

Chief Financial Officer

Mr. Kailash Baheti, Chief Financial Officer of the Company has opted for an early retirement and has stepped down from the post of CFO of the Company w.e.f. close of the business hours of 1 July, 2021. Based on the recommendations of the Nomination and Remuneration Committee and the Audit Committee, the Board of Directors of the Company appointed Mr. Sanjay Miranka as the Chief Financial Officer and Key Managerial Personnel of the Company with effect from 2 July, 2021.

Code of Conduct for Directors and Employees

The Company has adopted a Code of Conduct for its Directors and employees including a code of conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The said Codes can be accessed on the Company's website at www.poonawallafincorp.com

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

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief, your Directors make the following statements in terms of Section 134 (5) of the Companies Act, 2013:

a. that in the preparation of the annual accounts for the year ended 31 March, 2022, the applicable Ind AS have been followed along with proper explanation relating to material departures, if any;

b. that such accounting policies as mentioned in Notes to the annual accounts have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2022 and of the profit of the Company for the year ended on that date;

c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

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

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

MEETINGS

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

Pursuant to Change in Control and Change in Management during the year, sixteen Board Meetings and thirteen Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations.

COMMITTEES OF THE BOARD OF DIRECTORS

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

Pursuant to changes in the Board Composition with appointment of new Directors on the Board of the Company the composition of all statutory and non-statutory committees was reconstituted.

Audit Committee

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

Nomination and Remuneration Committee

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

Stakeholders' Relationship Committee

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

Corporate Social Responsibility (CSR) Committee

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

The Annual Report on CSR activities is annexed herewith and marked as Annexure 1.

Further, in terms of the amended CSR Rules, the Chief Financial Officer has certified that the funds disbursed have been utilized for the purpose and in the manner approved by the Board for FY2022.

The other Committees of the Board are Asset Liability Management Committee, Risk Management Committee, IT Strategy Committee, Review Committee and the Management Committee. The terms of reference of these Committees have been furnished in the Corporate Governance Report.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In line with the requirements of the Companies Act, 2013 and the Listing Regulations, the Company has formulated a Policy on Related Party Transactions and the same can be accessed on the Company's website at its weblink i.e. https://poonawallafincorp.com/investor-governance.php. All transactions with Related Parties are placed before the Audit Committee for approval. All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business, the particulars of such transactions are disclosed in the notes to the financial statements. Disclosures of related party transactions of the Company with the promoter/promoter group which holds 10% or more shareholding in the Company is given in note no. 45 to the standalone financial statements. The nature of related party transactions require disclosure in AOC-2, the same is attached with this Report as Annexure- 2

The Policy on Related Party Transactions is available on the Company's website at its weblink i.e. https://poonawallafincorp.com/investor-governance.php

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

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

STATUTORY AUDITORS

Walker Chandiok & Co LLP, Chartered Accountants, bearing Registration No. 001076N/N500013 have been appointed as the Statutory Auditors of the Company for a period of three years to hold office from the conclusion of the 41st AGM till the conclusion of the 44th AGM as per Section 139 of the Act and Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated 27 April, 2021 issued by Reserve Bank of India. The Statutory Auditors have given a confirmation to the effect that they are eligible to be appointed and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

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

M/s. B S R & Co. LLP, Chartered Accountants, erstwhile Statutory Auditors of the Company completed their present term on conclusion of the 41st AGM held on 28 August, 2021.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed M/s. MKB & Associates, Practicing Company Secretaries [Membership No - 11470] to conduct the Secretarial Audit for the FY2021-22. The Secretarial Audit Report confirms that the Company has complied with the provisions of the Act, Rules, Listing Regulations and Guidelines and that there were no deviations or non-compliances.

The Secretarial Audit Report for the financial year ended 31 March, 2022 is annexed herewith and marked as Annexure-3. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS

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

SECRETARIAL STANDARDS OF ICSI

The Company complies with all applicable secretarial standards.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Reporting ("BRR") is in line with the SEBI requirement based on the "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business" notified by MCA, Government of India, in July 2011. Your Company reported its performance for FY22 as per the BRR framework, describing initiatives taken from an environmental, social and governance perspective. As per Regulation 34 of the Listing Regulations, BRR is annexed as Annexure- 4

CORPORATE GOVERNANCE

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

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

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

(iii) Report on the Corporate Governance and

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

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EX- CHANGE EARNING AND OUTGO

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

OTHER DISCLOSURE

» During the year, there was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and any one-time settlement with any Bank or Financial Institution during the year under review.

» The Company has not defaulted in repayment of loans from banks and financial institutions.

» There were no delays or defaults in payment of interest/principle of any of its debt securities.

» Disclosures pursuant to RBI Master Directions, unless provided in the Board's Report, form part of the notes to the standalone financial statements.

ANNUAL RETURN

Pursuant to Sections 92 and 134(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, a copy of the Annual Return is available at the website of the Company at https://poonawallafincorp.com/investor-financials.php

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

Statement containing particulars of top 10 employees and the employees drawing remuneration in excess of limits prescribed under Section 197 (12) of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is available for inspection with the Company in terms of proviso to Section 136(1) of the Act. Any Member interested in obtaining a copy of the same may write to the Company Secretary at secretarial@poonawallafincorp.com

TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 124(5) of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) relevant amount which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund (IEPF). During the year under review, your Company has transferred ₹4,86,088/- (Rupees Four Lakhs Eighty Six Thousand Eighty Eight Only) to IEPF.

Pursuant to Section 124 (6) of the Act and read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), all the underlying shares in respect of which dividends are not claimed/paid for the last seven consecutive years or more are liable to get transferred to the IEPF DEMAT Account with a Depository Participant as identified by the IEPF Authority. Accordingly, during the year under review 23,055 equity shares of face value of ₹2/- each, were transferred to IEPF DEMAT Account.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 28 August, 2021 (date of last Annual General Meeting) and also the details of equity shares transferred to IEPF DEMAT Account on the Company's website (www.poonawallafincorp.com), and also on the Ministry of Corporate Affairs' website (www.mca.gov.in).

FRAUD REPORTING

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

APPRECIATION

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

CAUTIONARY STATEMENT

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

For and on behalf of the Board

Abhay Bhutada
Managing Director
DIN: 03330542
Pune
12 May, 2022

Amar Deshpande
Director
DIN: 07425556
Pune
12 May, 2022

ANNEXURE 1

Annual Report on CSR Activities for Financial Year 2021-22

1. Brief outline on CSR Policy of the Company.

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

The organization has taken the key CSR initiatives with a long-term view. Initiatives that are sustainable, have long-term benefits to the society at large and is aligned with the business practices, but which do not result in business benefits.

Last 2 years was challenging for every corporate and so is the case with Poonawalla Fincorp, where profit was not adequate but still the organization has kept its commitment towards its ongoing projects. During pandemic marginalized people hardly manage to make both ends meet and hence educational expense was not even in their list. Under such scenario Poonawalla Fincorp continued its support to meritorious students from marginalized society by providing them scholarship for degree courses.

2. Composition of CSR Committee:

Sl No.	Name of the Directors	Category	Number of meetings held	Number of meetings attended
1.	Mr. Abhay Bhutada[1]	Executive	-	-
2.	Mr. Amar Deshpande[2]	Non-Executive	1	1
3.	Mr. Sajid Fazalbhoy[3]	Non-Executive	1	1
4.	Mr. G Jaganmohan Rao[4]	Independent, Non-Executive	-	-
5.	Mr. Mayank Poddar[5]	Promoter, Non-Executive	-	-
6.	Mrs. Vijayalakshmi R Iyer[6]	Independent, Non-Executive	1	0
7.	Mr. Bontha Prasada Rao[7]	Independent, Non-Executive	1	1

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

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

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

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

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

1 Inducted as a member w.e.f. 4 June, 2021, ceased to be a member w.e.f. 16 September, 2021 and re-inducted as a member w.e.f. 21 February, 2022.

2 Inducted as a member w.e.f. 4 June, 2021

3 Inducted as a member w.e.f. 4 June, 2021 and ceased to be member w.e.f. 3 February, 2022

4 Inducted as a member w.e.f. 21 February, 2022

5 Ceased to be member w.e.f. 4 June, 2021

6 Inducted as a member w.e.f. 26 March, 2022

7 Ceased to be member w.e.f. 26 March, 2022

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

The Company is not statutorily required to conduct Impact assessment study for its CSR projects however as a good governance, the Company has initiated the process for two of its flagship projects – Highway Hero and M-Scholar in FY21 and the same was concluded in the Q2 of FY22.

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

Sl No.	Financial Year	Amount available for set-off from preceding financial years (in ₹ Lakhs)	Amount required to be set-off for the financial year, if any (in ₹ Lakhs)
1	21-22	NIL	NIL
	Total	NIL	NIL

6. Average net profit of the Company as per section 135(5): ₹(11610.00) Lakhs

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

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

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

d) Total CSR obligation for the financial year (7a+7b-7c).: NIL

8. a. CSR amount spent or unspent for the financial year:

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

b. Details of CSR amount spent against ongoing projects for the financial year: We have not conceptualized any ongoing project in this FY.

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

c. Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹ Lakhs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number
	NA								

d. Amount spent in Administrative Overheads: NIL

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

f. Total amount spent for the Financial Year (8a+8b+8c+8d+8e): ₹133.68 lacs

The same pertain to amount spent for ongoing project from unspent CSR Account

g. Excess amount for set off, if any

Sl No.	Particular	Amount (in ₹ Lakhs)
(i)	Two percent of average net profit of the Company as per section 135(5)*	NA
(ii)	Total amount spent for the Financial Year	133.68
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

* Two percent of average net profit of the Company as per section 135(5): NA.

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Lakhs)	Amount spent in the reporting Financial Year (in ₹ Lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹ Lakhs)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2018-19	NA	-	-	-	-	-
2.	2019-20	NA	-	-	-	-	-
3.	2020-21	476.76	133.68	-	-	-	343.08

b. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹ Lakhs)	Amount spent on the project in the reporting Financial Year (in ₹ Lakhs)	Cumulative amount spent at the end of reporting Financial Year (in ₹) Lakhs	Status of the project - Completed / Ongoing
1	-	M-Scholar	FY21	3 Yrs	433.15	133.68	220.76	Ongoing
2	-	Swayam	FY21	3 Yrs	210.79	0.00	80.11	Ongoing
	Total				**643.94**	**133.68**	**300.87**	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: The Company has not created or acquire any capital asset in FY22

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

b. Amount of CSR spent for creation or acquisition of capital asset: NIL

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

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

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): As the Company had incurred average net loss in the preceding three financial years, the Company was not obligated to spend on CSR activities in FY22. However the Company has spent ₹1.16 Lakhs on philanthropic activities during the year.

For and on behalf of the Board

Abhay Bhutada
Managing Director and
Chairman of the CSR Committee
DIN: 03330542
Pune
12 May, 2022

Amar Deshpande
Director
DIN: 07425556

Pune
12 May, 2022

ANNEXURE 2

FORM NO. AOC -2

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

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

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

1. Details of material contracts or arrangements or transactions at Arm's length basis.

Sl No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sanoti Properties LLP ("Sanoti"), being a limited liability partnership, having Mr. Adar Cyrus Poonawalla and Rising Sun Holdings Private Limited as its partners. Mr. Adar Cyrus Poonawalla is the shareholder of Rising Sun Holdings Private Limited ("RSHPL"), and a promoter director of the Company. RSHPL holds 61.50% of the share capital of the Company.
b)	Nature of contracts/ arrangements/transaction	Acquisition of 45,362,281 equity shares of Magma HDI General Insurance Company Limited ("Magma HDI") by Sanoti from the Company. The transaction is subject to regulatory approvals.
c)	Duration of the contracts/ arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Sanoti will acquire 45,362,281 equity shares of Magma HDI from the Company at a price of ₹79.6684/- per Equity share amounting to ₹361.39 crores.
e)	Date of approval by the Board, if any	2 November, 2021
f)	Amount paid as advances, if any	N.A.

For and on behalf of the Board

Abhay Bhutada
Managing Director
DIN: 03330542
Pune
12 May, 2022

Amar Deshpande
Director
DIN: 07425556
Pune
12 May, 2022

ANNEXURE 3

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

To
The Members,
Poonawalla Fincorp Limited
(formerly Magma Fincorp Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Poonawalla Fincorp Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

Based on the verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India due to COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2022, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2022, to the extent applicable, according to the provisions of:

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

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

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

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

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

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

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

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

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

   e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

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

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

   h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021

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

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

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

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

c) Master Circular dated 1 July, 2015 on Fair Practices Code

d) Issuance of Non-Convertible Debentures (Reserve Bank) (Amendment) Directions, 2010

e) Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

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

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

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

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

j) Master Direction - Information Technology Framework for the NBFC Sector

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

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

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

We further report that

a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and Listing Regulations. The Board of Directors consisted of 5 (five) directors for the period from 01.04.2021 to 04.05.2021. During the aforesaid period, one Board Meeting of the Company was held on 10 April, 2021.

b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that an interim ex-parte order in the matter of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015 has been received by the Company from SEBI for company's information and examination vis-à-vis the Code of Conduct and employment terms. Subsequent to the said order, Mr. Abhay Bhutada has stepped down as the Managing Director of the Company in the broader interest of the Company and its stakeholders with effect from 16.09.2021. The Board on the recommendation of Nomination and Remuneration Committee and based on the independent legal opinion again appointed Mr. Abhay Bhutada as Additional Director in the capacity of Managing Director of the Company with effect from 12.02.2022.

We further report that during the period under audit, Mr. Sanjay Chamria, Mr. Mayank Poddar, Microfirm Capital Private Limited, Celica Developers Private Limited, Magma Consumer Finance Private Limited, Mrs. Kalpana Poddar, Mrs. Mansi Poddar, Mrs. Shaili Poddar and Mrs. Ashita Poddar, Persons belonging to Promoters/ Promoter Group have been reclassified from "Promoters / Promoter Group" category to "Public" category.

We further report that during the period under audit there was Allotment of Equity Shares each pursuant to exercise of Options under the Scheme of ESOP, namely, 'Employee Stock Option Plan, 2007' & Restricted Stock Option Plan 2014 as under:

Date of Allotment	Face Value (₹)	Exercise Price (₹)	No of Equity shares
31.05.2021	2.00	2.00	60,200
31.05.2021	2.00	39.45	9,39,449
31.05.2021	2.00	60.00	10,000
11.08.2021	2.00	2.00	22,000

Date of Allotment	Face Value (₹)	Exercise Price (₹)	No of Equity shares
11.08.2021	2.00	39.45	1,64,777
27.10.2021	2.00	2.00	6,400
30.11.2021	2.00	39.45	67,857
30.11.2021	2.00	38.21	30,000
01.02.2022	2.00	2.00	19,800
01.02.2022	2.00	39.45	1,17,748
01.02.2022	2.00	38.21	1,54,310

We further report that:

1. The Company has allotted 49,37,14,286 equity shares of the Company, each having face value of ₹2/- on preferential basis on 6 May, 2021;
2. Rising Sun Holdings Private Limited, Mr. Sanjay Chamria and Mr. Mayank Poddar (Acquirer and PACs) have made open offer pursuant to provisions of Regulation 3(1) and 4 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The open offer process has been completed on 21 May, 2021.

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

1. Change in name of the Company from 'Magma Fincorp Limited' to 'Poonawalla Fincorp Limited';
2. Shifting of Registered Office of the Company from the State of West Bengal to Maharashtra, under the jurisdiction of Registrar of Companies, Pune and consequent amendments to the Memorandum of Association of the Company;
3. Amending the existing Articles of Association (AOA) of the Company (a) by inserting a new Chapter VII to the AOA of the Company in order to record the terms of the shareholders agreement dated 10 June, 2021 ('SHA') entered into between the Company, Rising Sun Holdings Private Limited and the existing promoters of the Company, and (b) by deleting Chapter V of the AOA in relation to rights and obligations under the investment agreement dated 30 March, 2015 entered into between the Company and Indium V (Mauritius) Holdings Limited, which was subsequently assigned in favour of True North Fund V LLP and which has been terminated with effect from 6 May, 2021;
4. Approval of Employee Stock Option Plan- 2021;
5. Extension of the Employee Stock Option Plan - 2021 to the employees of the holding company and subsidiary company(ies) of the Company;
6. Grant of employee stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees of the Company, its holding company and subsidiary company(ies);
7. Approval to increase the stock options in current Restricted Stock Option Plan – 2014;
8. Extension of the Restricted Stock Option Plan- 2014 to the employees of the holding and subsidiary company(ies) of the Company;
9. Grant of stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees, its holding company and subsidiary company(ies) under the Restricted Stock Option Plan- 2014;
10. Approval for sale of investment of equity shares in Magma HDI General Insurance Company Limited, Joint Venture of the Company;
11. Approval for sale of investment of equity shares in Jaguar Advisory Services Private Limited;
12. Amendment in existing Articles of Association (AOA) of the Company to incorporate changes pursuant to the Amended Shareholders Agreement dated 23 November, 2021, termination of the Investment Agreement dated 30 March, 2015 and Subscription and Policy Rights Agreement dated 24 June, 2021 and Amendment Agreement dated 29 September, 2014 and accordingly renumbering the remaining Chapters of the AOA.

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

For MKB & Associates
Company Secretaries
Firm Reg No: P2010WB042700

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

12 May, 2022
Kolkata
UDIN: A011470D000312738

Annexure- I

To
The Members,
Poonawalla Fincorp Limited
(formerly Magma Fincorp Limited)

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

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

For MKB & Associates
Company Secretaries
Firm Reg No: P2010WB042700

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

12 May, 2022
Kolkata
UDIN: A011470D000312738

ANNEXURE 4

Business Responsibility Report

Poonawalla Fincorp Limited is one of the largest Retail Non-Banking Financial Company (NBFC), with a strong distribution and service network, engaged in providing secured and unsecured financing to salaried/professional/self-employed individuals and small/medium businesses. Here below, we present the Business Responsibility Report (BRR) of the Company for the financial year ended on 31 March, 2022, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The BRR is in line with the SEBI requirement based on the "National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business" notified by MCA, Government of India, in July 2011. Your Company reported its performance for FY22 as per the BRR framework, describing initiatives taken from an environmental, social and governance perspective.

SECTION A: General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L51504PN1978PLC209007
2	Name of the Company	Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited)
3	Registered address	601, 6th Floor, Zero One IT Park, Survey No. 79/1, Ghorpadi, Mundhwa Road, Pune – 411 036, Maharashtra
4	Website	www.poonawallafincorp.com
5	E-mail id	secretarial@poonawallafincorp.com
6	Financial Year reported	2021-22
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code: K Group: 649 Description: Financial Services- Lending
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Financing for Pre owned Car, Mortgage and Small and Medium Enterprises financing
9	Total number of locations where business activity is undertaken by the Company	i. Number of International locations- None ii. Number of National Locations- 194 branches including Corporate Office in Pune
10	Markets served by the Company-Local/State/National/International	The services of Poonawalla Fincorp Limited cater to a pan-India market

SECTION B: Financial Details

1	Paid up Capital (INR)	₹15,298.47 Lakhs
2	Total Turnover (INR)	₹156,707.93 Lakhs
3	Total profit after taxes (INR)	₹29,319.99 Lakhs
4	Total Spending on Corporate Social Responsibility (CSR) initiatives (INR)	As the Company had incurred average net loss in the preceding three financial years, the Company was not obligated to spend on CSR activities in FY22. However the Company has spent ₹1.16 Lakhs on philanthropic activities during the year
5	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	Not Applicable
6	List of activities in which CSR expenditure has been incurred (2021-22)	The same has been detailed out in the Annual Report on CSR Activities, annexed to the Board's Report.

SECTION C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	Yes (One subsidiary company)
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	BR activities of the subsidiary company are conducted as part of the parent Company to the extent possible.
3	Do any other entity/entities (e.g. suppliers, distributers etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?	No other entities (such as investors, customers etc.) participate in the Business Responsibility (BR) initiatives of the Company.

SECTION D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of Director/Directors responsible for implementation of the BR policy/policies

DIN	Name	Designation
03330542	Abhay Bhutada	Managing Director

b) Details of the BR head

Sl. No.	Particulars	Details
1	DIN (if applicable)	N.A
2	Name	Manish Chaudhari
3	Designation	Chief of Staff
4	Telephone No.	020 67808090
5	Email id	manish.chaudhari@poonawallafincorp.com

2A. Principle-wise (as per NVGs) BR Policy/policies

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability “throughout their life cycle”
P3	Businesses should promote the wellbeing “of all employees”
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sl. No.	Questions	P 1 Ethics and Transparency	P 2 Product Responsibility	P 3 Wellbeing of employees	P 4 Responsiveness to Stakeholders	P 5 Respect Human Rights	P 6 Environmental Responsibility	P 7 Public policy advocacy	P 8 Support inclusive growth	P 9 Engagement with customers
1.	Do you have a policy/policies for?	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
3.	Does the policy conform to any national/international standards? If yes, specify?	Yes Note 1	Yes Note 1	Yes Note 1	Yes Note 1	Yes Note 1	Yes Note 1	-	Yes Note 1	Yes Note 1
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
6.	Indicate the link for the policy to be viewed online?	Yes Note 2	Yes Note 2	Yes Note 2	Yes Note 2	Yes Note 2	Yes Note 2	-	Yes Note 2	Yes Note 2
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
8.	Does the Company have in-house structure to implement the policy/ policies	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes	Yes	Yes	Yes	Yes	-	-	-	Yes
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Yes Note 3	Yes Note 3	Yes Note 3	Yes Note 3	Yes Note 3	- -	-	Yes Note 3	Yes Note 3

P1: The Company has a Breach of Integrity and Whistle Blower (Vigil Mechanism) Policy, Anti Money Laundering Policy and also has a Code of Conduct, for its employees and Directors and Code of Business Ethics for all its stakeholders and also has a defined Code of Conduct & Discipline Rules for employee across functions, geographies and grades.

P2: Considering the nature of our business, this principle has limited applicability on the Company.

P3: The Company's Code of Conduct and Business Ethics strongly embraces gender equality, equal opportunity and anti-harassment culture in the workplace. The Company has adopted employee-oriented policies covering areas such as employee benefits and prevention of sexual harassment at the workplace which endeavour to provide an environment of care, nurturing and opportunity to accomplish professional aspirations.

P4: The Company plays an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked and under-banked segments of society, especially to the micro, small and medium enterprises (MSMEs), which form the cradle of entrepreneurship and innovation. The Company also adheres to the guidelines laid down by Reserve Bank of India applicable to NBFCs.

P5: The Company upholds the principles of Human Rights and conducts operations with integrity and openness and respect for human rights of the employees and also adheres to the directives issued by Central/State Governments regarding the same.

P6: Considering the nature of our business, this principle has limited applicability on the Company.

P7: The Company is associated with apex industry institutions that are engaged in policy advocacy, like Confederation of Indian Industry (CII), Finance Industry Development Council (FIDC), The Federation of Indian Chambers of Commerce and Industry (FICCI) and various other forums. The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interests of diverse stakeholders.

P8: The Company has a CSR Policy which guides all its CSR activities undertaken for the disadvantaged, marginalized and vulnerable stakeholders.

P9: The Company's Fair Practices Code aims to provide to all the stakeholders, good, fair and trust-worthy practices by setting certain standards and ensures transparency in the Company's dealings with its customers.

Note 1: All policies have been developed as a result of detailed consultations and research on the best practices adopted by NBFCs and organizations across the industry. Policies are framed as per the requirements of the Company and in conformity with the applicable laws.

Note 2: It has been the Company's practice to upload all polices on the intranet for the information and implementation by the internal stakeholders and some of these policies are also available at the following website: https://poonawallafincorp.com/investor-governance.php

Note 3: All Policies of the Company are evaluated and reviewed internally as and when required.

2B. BR Information - Principle-wise (as per NVGs) explanation

Sl. No.	Particulars	P 7 Public policy advocacy
1.	Not understood the principles. .	
2.	Not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	
3.	Does not have financial or manpower resources available for the task	
4.	Planned to be done within next 6 months	
5.	Planned to be done within the next 1 year	
6.	Other reasons	^Refer to the response below

^ The Company along with its subsidiary works closely with collective trade and industry associations as and when required, while there is no specific policy outlined for this principle.

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

An egalitarian process is instilled in our Company's DNA to reach out to the society and lend a helping hand for their progress. We believe that our business responsibility performance is a reflective process whereby our holistic growth towards sustainable development can be measured and tracked for future improvement.

The CSR committee oversees and review the Company's BR performance. The CSR Committee met once during the financial year 2021-22.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Report (BRR) is prepared by the Company and the same forms a part of the Annual Report of the Company for the financial year 2021-22. It is also available annually on the Company's website at https://poonawallafincorp.com/investor-financials.php

SECTION E: Principle-wise performance

PRINCIPLE 1-Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The Company has in place a Corporate Governance Policy, the Policy is steered based on our corporate governance philosophy, which is anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability as integral parts of a good management. Integrity and credibility in our acts, fairness and impartiality in our dealings with others, trust and respect for people and demanding excellence are the essence of our flawless operation. Policies and processes are set up at various levels across the Company to guide different stakeholders and ensure compliance to regulatory and voluntary norms. We strongly adhere to the above work ethics which we believe are the corner stone to achieve our vision of being amongst the top 3 NBFCs for consumer and small business finance.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**

No. The Code of Business Ethics applies to all Directors, officers and employees of Poonawalla Fincorp. The Company also encourages employees of those entities in which Poonawalla Fincorp has an interest but does not have control, to adopt and follow the Code of Business Ethics. The Company also encourages employees of the subsidiary of the Company to adopt and follow the Code of Business Ethics. Third parties, such as consultants and agents are required to comply with the Code of Business Ethics when acting on Company's behalf as well as Code of Conduct for Direct Selling Agents (DSAs) / Direct Marketing Agents (DMAs)/ Debt Recovery Agents (DRAs). The Company also has a defined Code of Conduct & Discipline Rules (Code) to deter wrongdoings and to foster and maintain the standard of business conduct for employee, trust and confidence in the professionalism and the integrity of the employees. The Code is applicable to all employees across functions, geographies and grades.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Stakeholder Complaints in FY2021-22			
Particulars	No. of complaints received	No. of complaints resolved	% of complaints resolved
Shareholders	0	0	N.A
Customers	329	327	*99.4%
Employees	47	47	100

*Remaining two complaints resolved on 1 April, 2022 & 4 April, 2022 respectively.

PRINCIPLE 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The Company constantly aims to reduce the impact on environment by identifying ways to optimize resource consumption in its operations although the very nature of its business being an NBFC has limited impact on the environment. However, the Company is working on building an inclusive organization by engaging with stakeholders and creating value in the eco-system it operates in. The Company's business focusses on the key necessities of people and enable them to earn their livelihood through financial products offered by it to the MSMEs, to Marginal farmers, small shopkeepers and other Micro, Small and Medium enterprises. The Company also helps people build their homes through Poonawalla Housing Finance Limited affordable home loan services and secure their life and assets by insurance solutions of Magma HDI General Insurance Company Limited. Sustainability has always been a key success factor for the ambit of Company's businesses. Through its wide network of branches with locally trained FOS (Field Officers), large customer base, vast experience and market knowledge, the Company is providing financial resources to underserviced regions of the country and building livelihood for such sections of the population, who are aspiring for a better living in the urban India.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

We are focusing on digital loan processing to ensure sustainability & resource optimization moving towards a paperless environment.

Digitization of Services:

a) Online Application Journeys

b) Digital files reducing the logistics

c) E-statements & Reports

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

   b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   The Company strives relentlessly to maintain the highest standards of safety and sustainability in its services offered in alignment to our values.

   On account of the nature of our services, the major resource consumed at the Company is paper. The Company contributes towards sustainable service delivery through paperless transaction. The Company has a paper recycling initiative in terms of re-usage of old print outs which are no longer required and also monitor usage of paper consumption. Above all, we emphasize on integrating sustainable practices within our value chain (suppliers and customers) through acceptance of payments through ACH/Auto Debit/Digital/online mode which in turn helps the customers in paper less transaction. We pay our vendors through NEFT/RTGS mode thereby reducing the usage of paper.

   The Company ensures reduction of paper usage through various initiatives viz. leads are generated online with customer related data, online system to record customer related transactions, e-learning platform for knowledge sharing / enhancement of employees, customers are updated through SMS during loan processing at every stage till sanction. Other important initiatives launched in previous year which is discontinuation of printing of system generated reports and facility for uploading system generated reports which helped in restricting usages of paper, ink cartridges, fuel for transportation.

   Business units are working towards paper-less processing of loan files and avoid taking paper print-outs as much as possible. We are promoting storage of documents digitally. We are very conscious about usage of papers and saving trees.

   Statements & Reports, Welcome Letter, Statement of Account, Foreclosure, NO Objection Certificate (Business Loan) etc is primarily sent to customers via e-mail. Loan details and related information provided to customers via email /Inbound Call. Regular proactive communication: SMS and email.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

   The primary resource consumption of the Company is printing paper. The Company entered into vendor agreements for procurement of paper and tracks consumption of resources to reduce their wastage. Above all, we emphasize on integrating sustainable practices within our value chain (suppliers and customers) through acceptance of payments through ACH/AutoDebit/Digital/online mode which in turn helps the customers in paper less transaction.

   To avoid further usage of paper, we store the relevant customer documents digitally so we don't have to maintain physical copies at various locations for loan servicing to our partners and customers.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The Company has its presence PAN India and has a practice of purchasing goods and services required for normal operations from local suppliers. The Company is progressing more towards digital transactions, hence we encourage the vendors/suppliers more towards digitization. The Company provides with their active feedback on products and services of its vendors, such that they continuously improve them, thereby making them competitive.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

   Yes. The Company's primary waste products comprises of paper waste, municipal waste and electronic waste. The Company puts in place mechanisms for responsible disposal of waste through authorized third party vendors. The Company has in place a Policy on process for disposal of E-Waste Items. We have a paper recycling initiative in terms of re-usage of old print outs which are no longer required. The same would currently be about <5%.

PRINCIPLE 3: Businesses should promote the well-being of all employees

The capability of the Company's talent pool is surmised on a work culture that nurtures quality talent and promotes a causative work environment combining the need to focus on performance and results with a caring and compassionate work ethics. The Company places utmost care in promotion of employee wellbeing. We strongly embrace gender equality, equal opportunity and work-life balance in day-to-day work. Our Policies ensure a work environment that is free from any form of discrimination among employees in terms of compensation, training and employee benefits based on caste, religion, disability, or gender.

Sl. No.	Particulars	Details	
1	Total number of employees	As on 31 March, 2022, the Company has 5184 employees	
2	Total number of employees hired on temporary/ contractual/casual basis	All employees at the Company are hired on a permanent basis	
3	Number of permanent women employees	The Company has 361 permanent women employees on 31 March, 2022	
4	Number of permanent employees with disabilities	The Company being an equal opportunity employer, made no distinction between employees on the basis of disabilities.	
5	Do you have an employee association that is recognized by management	The Company does not have an employee association.	
6	What percentage of your permanent employees is members of this recognized employee association?	N.A	
7	Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in FY2021-22.		
#	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
7.1	Child labor/forced labor/ involuntary labor	None	None
7.2	Sexual harassment	One	NIL
7.3	Discriminatory employment	None	None
8.	What percentage of the under mentioned employees were given safety & skill up-gradation training in the last year?		
a.	Permanent Employees	In FY21-22, 59% of target employees (47397 out of 80959) have undergone various online training programs (VILT). 100% digital platform used to cover 123 unique programs (644 sessions / batches) across all the businesses and ensured the last mile reach in the shortest span. · Induction, behavioral, functional, employee engagement initiatives, culture-building exercises, business support activities. · Behavioral – Essential behavioral learning needs were addressed for the target audience. · Business support activities – transition at product, people and process level. · The key critical programs for upskilling and ensuring business as usual during merger and transition year, ambassador program, campus induction for MTs from business schools, buddy programs, cash and instrument deposit training, system training – LSQ and FinnONe, customer first approach for all customer interfacing employees. 575 employees covered in 10 external training programs. In E-Learning, total of 246 courses and assessments were assigned under mandatory and functional category. 87167 out of 290235 employees have been completed against assignments. 83% of employees (6644 out of 7998) have completed at least one mandatory module i.e, KYC, AML, POSH, INFOSEC. Note: Legend - Employee Base for calculating % is taken as "Invited Numbers" for online (Zoom) sessions and "Assigned Numbers" for E-learning courses and assessments.	

Sl. No.	Particulars	Details
b.	Permanent Women Employees	During FY21-22, · A total of 736 unique female employees attended multiple zoom sessions, i.e. 1834 attended out of 2755 assigned (66%). · A total of 573 unique female employees completed various Mandatory e-learning modules, i.e. 2396 completed out of 2865 assigned (83%). · A total of 1000 unique female employees assigned various Functional e-learning modules, i.e. 7559 completed out of 18305 assigned (41.3%) Note: The completion % includes all assigned numbers during the year.
c.	Casual/Temporary/ Contractual Employees	Not applicable since the Company only hires employees on a permanent basis.
d.	Employees with Disabilities	The Company does not measure this metric.

PRINCIPLE 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. **Has the Company mapped its internal and external stakeholders?**

   Yes, the Company has mapped its internal and external stakeholder.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   The Company views the unbanked and under-banked segments of society in urban India as disadvantaged in terms of integration into India's mainstream economy, which leaves them vulnerable to socio-economic exploitation.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

   The Company via its CSR (Corporate Social Responsibility) projects aims to improve the life of marginalized people. All the projects are targeted towards the upliftment of and support for poor people so that they can lead a better and dignified life. Flagship project M-Scholar, aim towards the holistic development of the society. Details of the project is given below at the respective section of Principle 8.

PRINCIPLE 5: Businesses should respect and promote human rights

The Company's Human Resource (HR) policies advocate these principles, and these are clearly exhibited in their policies where nobody is differentiated on the basis of gender, caste, religion or physical disability. Any incidence of misconduct or harassment is dealt with a robust process of fair investigation and seriousness within the organization. This helps in building an equal workplace strengthened through mutual admiration, trust, empathy and ethical behavior. In fact the Company has chosen "Respect" as one of its core values.

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ Others?**

   The policies of the Company are designed as such to ensure there is a respectful environment and no human rights violation incidents occur for its employees, stakeholders and vendors. The Company has a defined "Whistleblower" mechanism to ensure that any violations to its Code of Conduct and Code of Business Ethics (including violation of human rights) are raised in a systematic, fair manner and without any fear of consequence. The aforesaid policies are also adopted by the group companies and these policies are readily available on the Company Intranet for employee reference.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Company did not receive any complaint in the area of human rights violations. The Company elucidates elements of Human Rights to its employees and ensures it gets covered in various policies and practices at the Company. Complaints pertaining to employee is disclosed in Point No. 2 of Principle 1 above.

PRINCIPLE 6: Business should respect, protect, and make efforts to restore environment

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

   Poonawalla Fincorp endeavours to ensure and enhance effective social and environmental management practices in all its activities with a special focus on the following:

   - Ensuring that social and environmental safeguards as defined by the applicable Indian social and environmental legislation are adequately integrated by the customer prior to its financing and in its implementation.

- Influencing interested parties, especially clients and other domestic financial institutions, to be more socially and environmentally responsible.
- Ensuring transparency in its Social and Environmental Management System & Procedures.

The Company recognizes that all activities and projects are in compliance with the Social and Environmental Management System-Policy and Procedures document. The policy is based on guidelines from IFC and ensures that the Company abstains from lending to socially and / or environmentally irresponsible businesses or ventures.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming etc.?**

The Company has taken the following initiatives viz. awareness generation among the employees to conserve and responsibly use electricity, Reduction of usage of energy (through installation of LED bulbs, energy efficient electrical equipment and also retrofication to LED lights in branch offices.), e-waste management and handling, distribution of sapling and paper conservation (e.g. Both side printing, re-use of papers) and paper waste recycling. These initiatives would directly or indirectly lead to reduced energy consumption. In our country, since energy is produced mostly with fossil fuel leading to emissions of greenhouse gases and global warming, energy conservation would significantly contribute to mitigation of global warming.

3. **Does the Company identify and assess potential environmental risks?**

Yes, the Company assesses its environmental risks in multiple ways. We believe that at Poonawalla, which is primarily a Retail NBFC focusing on providing finance mainly to the semi-urban and urban areas and developing rural entrepreneurship, the scale and magnitude of the environmental and social risks may not match that of large project financing institutions or commercial banks. However, we recognize that, even smaller clients, be it individuals or SMEs, do have social and environmental risks; employment of child labour, illegal mining or quarrying leading to destruction of the environment, ground and water pollution on account of non-treatment of effluents are examples of some risks faced by a micro entrepreneur. While individually these risks may not be very high, cumulatively they may have a considerable impact on society.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details. Also, if yes, whether any environmental compliance report is filed?**

As the nature of the Company's business is service oriented; feasibility of undertaking a Clean Development Mechanism (CDM) project is very limited. The Company has no project related to CDM.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?**

The Company has managed all the electrical equipment in a manner so that they help in conserving energy. The Company has initiated installation of LED lights in new and upcoming branches wherever possible. The Company is also in the process of replacement of existing lights with LED lights in a phased manner.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, all the primary wastes mainly paper and electronic are recycled to the maximum possible extent. The emissions and wastes of the Company are within the permissible limits of the laws applicable.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

The Company has not received any such notice during the Financial Year 2021-22.

PRINCIPLE 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:**

The Company maintains a steady interface on matters concerning the Finance industry across the country through active participation in apex industry institutions including the following:

- Confederation of Indian Industry (CII)
- Finance Industry Development Council (FIDC)
- The Federation of Indian Chambers of Commerce and Industry (FICCI)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

During the year there were no instances where the Company has advocated/lobbied through above associations.

PRINCIPLE 8: Businesses should support inclusive growth and equitable development

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8?**

Under the broader ambit of the CSR Policy, the Company continues to regularly identify and engage with different sections of the communities, in which it operates, to promote equitable development and equip them with the necessary coping mechanisms to have a better life. The Company believes that Education is the only medium which can help marginalized people to come out of their situation and helps them to lead a dignified life, hence it extends its supporting hand by giving scholarship to meritorious students for their degree courses.

i	M-Scholar	So far offered financial assistance in form of scholarship to 650 meritorious students from low income families (daily wager, odd jobs holder, lowly paid private employees, farmers) across the country. This meets part of their education and related expenses while pursuing under-graduate studies. Many students from initial batches have completed their college course and have started their professional life. Few of them are currently working with renowned corporates like ISRO, Amdocs, Samsung, Infosys, Grant Thornton, PWC, TSMC, etc.
ii	Swayam	Provided support in the local communities in rural areas in the form of infrastructure, educational support, nutrition etc. Few of the on going projects are as following: » Construction of 120 bed super speciality hospital in Madhyamgram. The hospital will treat the poor and low income group at subsidised rates. » Construction of orphanage home for girls and old age home for women in Kolkata. » Construction of school for street kids in New Town, Kolkata.
iii	Highways Heroes -Trucker's Initiative	Covering Environment, Health and Sanitation » A nation-wide initiative to help Indian truckers conserve fuel and reduce their operating costs by improving their mileage, health checkup camp, tips on hygiene which causes many ailments and results into loss of man-day among truckers. Trained around 1.80 Lakhs Truckers in approximately 250 Transport Nagars across the country

2. **Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?**

   IN FY22 the Company has undertaken all of its CSR activity through its in-house team.

3. **Have you done any impact assessment of your initiative?**

   Periodic reviews are undertaken on various projects. In FY 21 the Company has conducted a third party impact assessment exercise for it two projects – Highway Heroes and M-Scholar. The study was initiated in FY21 and concluded during Q2 of FY22. The impact assessment outcome results were highly satisfactory.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   The Company's contribution to community development projects amounts to ₹133.68 Lakhs and ₹1.16 Lakhs towards philantrophic activities during the Financial Year 2021-22. For further details please refer to Annual CSR Report annexed to Board's Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

   We have a dedicated team whose job is to take the first hand feedback from the people who were part of our project. The team tries to meet them in person, do their pre and post project impact assessment, note the differences, identify the hurdles in the project and then try to reduce them while replicating the same at other locations. The CSR Committee of the Board meets annually to review the successful implementation of the CSR programs.

PRINCIPLE 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

We believe that to become India's leading retail NBFC, customer service and satisfaction lies at the top of our prioritization pyramid. We constantly endeavour to provide world class products and service to our customers, especially when our customers need our help the most. To maintain our impeccable customer service performance, we strictly adhere to the following cornerstones while we cater to our customers.

1. Maintain complete transparency about the loan sanctioning process
2. Easy and fast documentation so that the loan is disbursed in a timely manner
3. Communication at all stages of loan disbursal to customers
4. Build and develop the best performing and efficient team to cater our customers
5. Empower frontline team to efficiently deal with customer requirement without having to depend on others

6. Enhance customer experience at every stage during his association with us.
7. Digital connect with the customer to communicate proactively throughout the customer's lifecycle journey.
8. Specified SLAs and continuous improvement towards faster resolutions.
9. Regular Training of our Associates and Employees
10. System Enhancements & Process re-engineering for a differentiated Customer experience to ensure a competitive edge.

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year?

Customer complaints are treated very seriously in the organization. We hear our customers through various mediums such as emails to customercare@poonawallafincorp.com & headcustomerservice@poonawallafincorp.com 10am to 7pm Call Centre through the toll free number – 1800 266 3201, websites, telephone, letter, Social Media & Branch. In our Company, 0.6% complaints were pending on 31 March, 2022 (resolved on 1 April, 2022 & 4 April, 2022).

We proactively highlight complaints to respective verticals for faster resolution and also bring in process changes to reduce the opportunity for future complaints. In order to ensure that our customers understand our communication we have started servicing them in their preferred language from the call centre and also implemented all key customer communications via SMS in 10 regional languages.

We have implemented Net Promoter Survey (NPS) to gather independent assessment of Customer Satisfaction through outsourced partner. NPS score is a leading indicator of Customer Loyalty. We collect customer feedback across four key touch points – Sales, Onboarding, Service and Exit. Process reengineering efforts are undertaken to enhance customer experience basis the feedback received during NPS survey. We have also assessed customer demand to create an algorithm based offer to our customers with good payment track record.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

The Company follows the highest standards of product and service responsibility. The Company complies fully with the regulations of the RBI for financial products. All notices and regulations are displayed at branches as per the requirements of the RBI. A comprehensive list of customer policies that the Company adheres to, are available on the Company's website at www.poonawallafincorp.com.

For the ease of understanding we have also uploaded the policy in regional languages and are also available at our branches for reference.

Entire set of documents provided to our customers with terms and conditions are very much mentioned on the documents e.g. ROI, tenure, Loan amount, EMI amount, Charges along with the entire schedule of payments, also includes contact details of our service Touchpoints.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.

During the last five years, stakeholders have not filed any complaint pertaining to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour against the Company.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

We drive the Company's customer satisfaction initiatives and measurement. We conduct Net Promoter Score survey on a monthly basis through an external agency for independent assessment.

In order to drive Customer Centric Culture, we have also implemented Field Officer rating process from customers who have recently on boarded. These scores are published on a monthly basis with respective business vertical to create awareness of Customer's experience with our front line officers.

For and on behalf of the Board

Abhay Bhutada	Amar Deshpande
Managing Director	Director
DIN: 03330542	DIN: 07425556
Pune	Pune
12 May, 2022	12 May, 2022

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014 and Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during FY 2021-22, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2021-22 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for FY 2021-22 (₹ in Lakhs)	% increase in Remuneration in FY 2021-22	Ratio of remuneration of each Director/ KMP to median remuneration of employees
1	Abhay Bhutada [1]	217.24	0%	122.55
2	Adar Cyrus Poonawalla [2]	4.00	0%	0.98
3	Prabhakar Dalal [3]	43.30	0%	10.61
4	Amar Deshpande [4]	40.70	0%	9.98
5	Vijayalakshmi R Iyer	37.30	16%	9.14
6	Sajid Fazalbhoy [5]	30.30	0%	7.43
7	Bontha Prasada Rao	22.50	39%	5.51
8	Sunil Rewachand Chandiramani [6]	11.40	-64%	2.79
9	Mayank Poddar [7]	10.00	25%	2.45
10	Sanjay Kumar [8]	6.00	0%	1.47
11	G Jaganmohan Rao [9]	6.00	0%	1.47
12	Atul Kumar Gupta [10]	3.50	0%	0.86
13	Sanjay Chamria [11]	183.51	0%	55.00
14	Vijay Deshwal [12]	740.81	0%	98.04
15	Sanjay Miranka [13]	336.83	0%	91.91
16	Kailash Baheti [14]	429.74	0%	60.02
17	Shabnum Zaman	59.10	60%	11.25

1 Mr. Abhay Bhutada appointed as Managing Director from 01 June, 2021 to 16 September, 2021. Re-.appointed as Managing Director w.e.f. 12 February 2022

2 Mr. Adar Cyrus Poonawalla appointed as Chairman in the capacity of Non-Executive Director w.e.f. 1 June, 2021

3 Mr. Prabhakar Dalal appointed as Independent Non-Executive Director w.e.f. 5 May, 2021

4 Mr. Amar Deshpande appointed as Non-Executive Director w.e.f. 3 June, 2021

5 Mr. Sajid Fazalbhoy was appointed as Independent Non-Executive Director w.e.f. 5 May, 2021. Further, he relinquished the position as Independent Director w.e.f. 03 February, 2022 and appointed as Non-Executive Director w.e.f. 04 February, 2022

6 Mr. Sunil Rewachand Chandiramani resigned as Independent Non-Executive Director w.e.f. 3 June, 2021

7 Mr. Mayank Poddar resigned as Non-Executive Director w.e.f. 7 June, 2021

8 Mr. Sanjay Kumar appointed as Independent Non-Executive Director w.e.f. 15 January, 2022

9 Mr. G Jaganmohan Rao appointed as Independent Non-Executive Director w.e.f. 15 January, 2022

10 Mr. Atul Kumar Gupta appointed as Non-Executive director w.e.f. 27 January, 2022

11 Mr. Sanjay Chamria resigned as Executive Vice-Chairman w.e.f. 23 November, 2021

12 Mr. Vijay Deshwal appointed as CEO w.e.f. 21 June, 2021 and resigned on 4 March, 2022

13 Mr Sanjay Miranka appointed as CFO w.e.f. 2 July, 2021

14 Mr Kailash Baheti resigned on 1 July, 2021

Note:

(i) For independent directors, remuneration is based on actuals and for others the remuneration has been taken based on annual remuneration, for calculating the variance with median.

ii) The median remuneration of employees of the Company during the financial year was ₹4.08 lacs.

iii) In the financial year, there was an increase of 5.4% in the median remuneration of employees.

iv) There were 5184 permanent employees on the rolls of Company as on 31 March, 2022.

v) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2021-22 was 5.4% whereas the increase in the managerial remuneration for the same financial year was 4.4%.

vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

For and on behalf of the Board

Abhay Bhutada
Managing Director
DIN: 03330542
Pune
12 May, 2022

Amar Deshpande
Director
DIN: 07425556
Pune
12 May, 2022

Board's Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Poonawalla Fincorp pursues its long-term corporate goals on the bedrock of financial discipline, high ethical standards, transparency, and trust. Enhancing shareholders' value and protecting the interests of all stakeholders' is a tradition at Poonawalla Fincorp. Every effort is made to follow the best practices in all functional areas and in discharging the Company's responsibilities towards all the stakeholders and the community at large. Our actions are governed by our values and principles, which are reinforced at all levels of the organisation. These principles have been and will continue to be our guiding force in future.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), as amended from time to time, including relaxations granted by the Ministry of Corporate Affairs ('MCA') and Securities and Exchange Board of India ('SEBI') from time to time on account of the COVID-19 pandemic, with regard to corporate governance.

2. BOARD OF DIRECTORS ('BOARD')

2.1 Composition and category of directors

The Board is the focal point and custodian of corporate governance for the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the Board and when possible, will be balanced appropriately.

As on 31 March, 2022, the Company has 10 (ten) Directors. Out of 10, 5 (five) (i.e. 50%) are Independent, Non-Executive; 4 (four) (i.e. 40%) are Non-Independent, Non-Executive and 1 (one) (i.e. 10%) is Executive.

All the Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013 (hereinafter referred to as 'the Act'). The Chairman is a Non-Executive Director and half of the Board consists of Independent Directors (ID). The composition of the Board is in conformity with Section 149 of the Act and Regulation 17 of the Listing Regulations.

None of the Directors held Directorship in more than 7 (seven) listed companies. Further, none of the IDs of the Company served as an ID in more than 7 (seven) listed companies. None of the IDs serving as a whole-time director/managing director in any listed entity, serves as an ID of more than 3 (three) listed entities. None of the Directors held directorship in more than 20 (twenty) Indian companies, with not more than 10 (ten) public limited companies.

None of the Directors is a member of more than 10 committees or acted as chairperson of more than 5 committees (being Audit Committee and Stakeholders Relationship Committee, as per Regulation 26(1) of the Listing Regulations across all the public limited companies in which he/she is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

All the Non-Executive Directors are eminent professionals and bring the wealth of their professional expertise and experience to the management of the Company.

The composition of the Board as on 31 March, 2022 is as under:

Category	Name of Directors
Executive Director	Mr. Abhay Bhutada
Non-Executive Director	Mr. Adar Cyrus Poonawalla (Promoter Director) Mr. Amar Deshpande Mr. Atul Kumar Gupta Mr. Sajid Fazalbhoy
Independent Directors	Mrs. Vijayalakshmi R Iyer Mr. Bontha Prasada Rao Mr. Prabhakar Dalal Mr. Sanjay Kumar Mr. G Jaganmohan Rao

There are no Directors who has attained the age of 75 years or more and for which approval of shareholders was required through special resolution in terms of Regulation 17 (1A) of the Listing Regulations.

All the Directors possesses requisite qualifications and experience in general corporate management, risk management, banking, finance, economics, marketing, digitisation, analytics and other allied fields which enable them to contribute effectively to your Company by providing valuable guidance and expert advice to the Management and enhance the quality of Board's decision-making process. The profile of the Directors can be accessed on our website at the web-link: https://poonawallafincorp.com/investor-governance.php

The Independent Directors have been appointed for a fixed tenure of three/five years from their respective dates of appointment. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. In the opinion of the Board, all the existing Independent Directors, fulfil the conditions specified in Listing Regulations and are independent of the management. None of the Independent Directors of the Company are on the Board of any other Company as non-independent director where the non-independent director of the Company is an independent director.

Further, declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended by MCA Notification dated 22 October, 2019, regarding the requirement relating to enrolment in the Data Bank created by MCA for Independent Directors, has been received from all the Independent Directors.

Mr. Sunil Chandiramani, Independent Director, and Mrs. Bhama Krishnamurthy, Additional Director in the capacity of Non-Executive Independent Director of the Company resigned with effect from 3 June, 2021 and 12 January, 2022 respectively owing to personal preoccupations, other than those stated above no Independent Directors have resigned during the year. Further the Independent Directors have confirmed that there are no material reasons for their resignation other than those stated above.

A letter of appointment encompassing the terms and conditions of appointment, roles, duties and liabilities is issued to the Independent Directors at the time of their appointment. The main terms of appointment can be accessed on our website at the web-link: https://poonawallafincorp.com/investor-governance.php

2.2 Board Meetings and Procedure

Being the apex body constituted by shareholders for overseeing the functioning of the Company, the Board evaluates all the strategic decisions on a collective consensus basis amongst the Directors. The Board provides leadership, strategic guidance, an objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Company has a well-established framework for the Meetings of the Board and its Committees which seeks to systematise the decision-making process at the Board and Committee meetings in an informed and efficient manner.

Meetings, Agenda and participation thereat: The Board/Committee meetings are pre-scheduled, and a tentative calendar of the Board and Committee meetings is circulated to the Directors well in advance to help them plan their schedule and ensure meaningful participation in the meetings. The Company Secretary, in consultation with the Chairperson of the Board Meeting, Managing Director and Chief Financial Officer, prepares the agenda for meetings. Agenda, Notes on the agenda and other pre-read materials are circulated among the Directors, at least seven days in advance, in a structured format. All the Agenda items are supported by relevant information, documents and presentation to enable the Board to take informed decisions. The Company also provides Video/Teleconferencing facilities to facilitate Directors travelling or present at other locations, to participate in meetings.

Due to exceptional circumstances caused by the COVID - 19 pandemic and consequent relaxations granted by MCA and SEBI, all Board meetings in FY22 were held through Video Conferencing.

Only in case of urgent business, if the need arises, the Board's/ Committee's approval is taken by passing resolutions through circulation or by calling Board/Committee meetings at short notice, as permitted by law.

The Board generally meets 4-5 times during the year. Additional Board meetings are convened to address the Company's specific needs. Pursuant to Change in Control and Change in Management during the year, the Board met 16 times on 10 April, 2021, 05 May, 2021, 10 May, 2021, 31 May, 2021, 10 June, 2021, 19 June, 2021, 02 July, 2021, 14 August, 2021, 16 September, 2021, 29 September, 2021, 27 October, 2021, 02 November, 2021, 23 November, 2021, 01 February, 2022, 11 February, 2022 and 26 March, 2022. The maximum interval between any two consecutive meetings were not more than 120 days. The requisite quorum was present for all the Meetings of the Board.

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

Post meeting follow-up mechanism: The Company has an effective post Board/Committee Meeting follow-up procedure. The important decisions taken at Board/Committee meetings are communicated to the concerned departments promptly. An action taken/status report on the decisions of the previous meeting(s) is placed at the next meeting of the Board/Committees for information and further recommended action(s), if any.

Knowledge sharing: Board members are kept informed about any material development/ business update through various modes viz. e-mails, concall etc. from time to time.

The status of attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) held on 28 August, 2021 and the number of Companies and Committees where each of them is a Director / Member / Chairman as on 31 March, 2022 is given below:

Name of Director	Materially significant, pecuniary or business relationship with the Company	Number of shares and convertible instruments held in the Company	F.Y 2021-22 Attendance at		No. of Directorships in other Companies incorporated in India(*)	Outside Committee Positions Held (**)		Names of the other listed entities where the director is a director (including debt listed)	Category of directorship
			Board Meeting	Last AGM held on 28.08.2021		Chairman	Member		
EXECUTIVE DIRECTOR									
Mr. Abhay Bhutada [1] DIN: 03330542	Managing Director	Nil	5/5	Yes	Nil	Nil	Nil	N.A	N.A
Mr. Sanjay Chamria[7] DIN: 00009894	Former Executive Vice Chairman	Nil	12/13	Yes	N.A	N.A	N.A	N.A	N.A
NON EXECUTIVE NON INDEPENDENT DIRECTORS									
Mr. Adar Cyrus Poonawalla[2] DIN: 00044815	Chairman, Promoter Director	Nil	4/12	Yes	13	Nil	Nil	Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited)	Non-Executive Chairman
Mr. Amar Deshpande [3] DIN: 07425556	N.A	Nil	12/12	Yes	1	Nil	1	Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited)	Non-Executive
Mr. Sajid Fazalbhoy[4] DIN: 00022760	N.A	Nil	13/14	Yes	5	Nil	Nil	Nil	N.A
Mr. Atul Kumar Gupta[5] DIN: 01052730	N.A	Nil	3/3	N.A	Nil	Nil	Nil	Nil	N.A
Mr. Mayank Poddar[6] DIN: 00009409	Former Chairman Emeritus, Non-Executive Director	Nil	4/4	N.A	N.A	N.A	N.A	N.A	N.A

1 Mr. Abhay Bhutada appointed as Managing Director w.e.f. 01 June, 2021 to 16 September, 2021. Re-appointed as Managing Director w.e.f. 12 February, 2022.

2 Mr. Adar Cyrus Poonawalla appointed as Chairman in the capacity of Non-Executive Director w.e.f. 1 June, 2021.

3 Mr. Amar Deshpande appointed as Non-Executive Director w.e.f. 3 June, 2021.

4 Mr. Sajid Fazalbhoy was appointed as Independent Director w.e.f. 5 May, 2021. Further, he relinquished the position as Independent Director w.e.f. 03 February, 2022 and appointed as Non-Executive Director w.e.f. 04 February, 2022.

5 Mr. Atul Kumar Gupta appointed as Non-Executive Director w.e.f. 27 January, 2022.

6 Mr. Mayank Poddar resigned as Non-Executive Director w.e.f. 7 June, 2021.

7 Mr. Sanjay Chamria resigned as Executive Vice-Chairman w.e.f. 23 November, 2021.

Name of Director	Materially significant, pecuniary or business relationship with the Company	Number of shares and convertible instruments held in the Company	F.Y 2021-22 Attendance at		No. of Directorships in other Companies incorporated in India(*)	Outside Committee Positions Held (**)		Names of the other listed entities where the director is a director (including debt listed)	Category of directorship
			Board Meeting	Last AGM held on 28.08.2021		Chairman	Member		
INDEPENDENT DIRECTORS									
Mrs. Vijayalakshmi R Iyer DIN:05242960	N.A	Nil	15/16	Yes	9	4	10	1. Aditya Birla Capital Limited 2. ICICI Securities Limited 3. Religare Enterprises Limited 4. GIC Housing Finance Limited 5. Computer Age Management Services Limited 6. Avanse Financial Services Limited 7. L&T Metro Rail (Hyderabad Limited)	1. Independent 2. Independent 3. Independent 4. Independent 5. Independent 6. Independent 7. Independent
Mr. Bontha Prasada Rao DIN:01705080	N.A	Nil	16/16	Yes	2	Nil	1	Havells India Limited	Independent
Mr. Prabhakar Dalal[8] DIN: 00544948	N.A	Nil	14/14	Yes	3	N.A	2	1. Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited) 2. Ajanta Pharma Limited	1. Independent 2. Independent
Mr. Sanjay Kumar[9] DIN: 09466542	N.A	Nil	3/3	N.A	Nil	Nil	Nil	Nil	N.A
Mr. G Jaganmohan Rao[10] DIN: 06743140	N.A	Nil	3/3	N.A	1	Nil	Nil	Indiabulls Trustee Company Limited	Independent
Mr. Sunil Chandiramani[11] DIN:00524035	N.A	Nil	4/4	N.A	N.A	N.A	N.A	N.A	N.A
Mrs. Bhama Krishnamurthy[12] DIN:02196839	N.A	Nil	N.A	N.A	N.A	N.A	N.A	N.A	N.A

8 Mr. Prabhakar Dalal appointed as Independent Non-Executive Director w.e.f. 5 May, 2021

9 Mr. Sanjay Kumar appointed as Independent Non-Executive Director w.e.f. 15 January, 2022.

10 Mr. G Jaganmohan Rao appointed as Independent Non-Executive Director w.e.f. 15 January, 2022.

11 Mr. Sunil Chandiramani resigned an Independent Non-Executive Director w.e.f. 3 June, 2021.

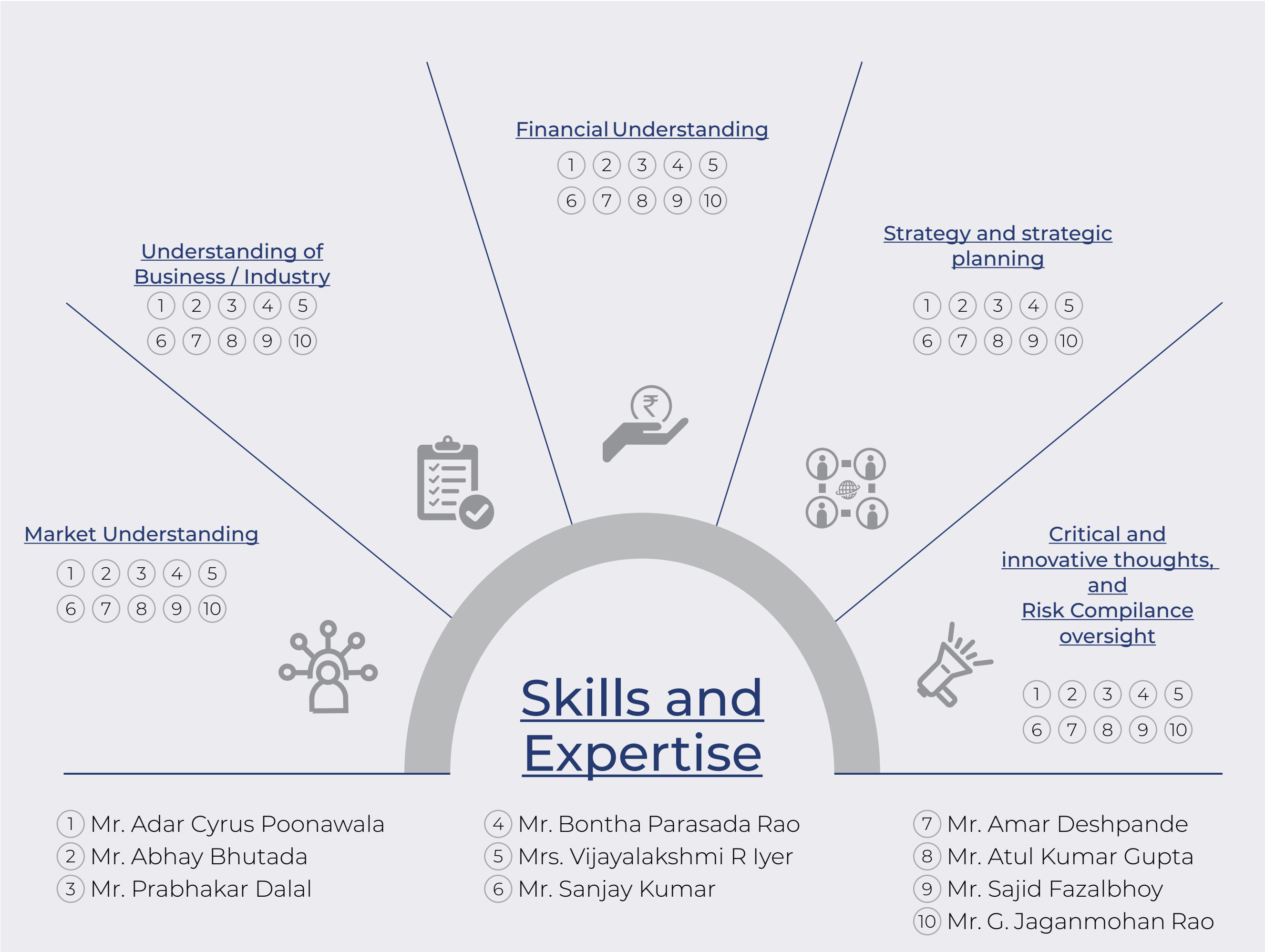
12 Mrs. Bhama Krishnamurthy appointed as additional Director in the capacity of Independent Non-Executive Director w.e.f. 29 December, 2021 and resigned w.e.f. 12 January, 2022.

* Excludes Directorships in the Company, Foreign Companies and Companies under Section 8 of the Act.

** Includes only Audit Committee and Stakeholders' Relationship Committee in all Indian public limited companies as per Regulation 26 of Listing Regulations.

Skills/Expertise/Competence of the Board of Directors

List of core skills / expertise / competencies required by the Board (as identified by the Board) for efficient functioning of the Company in the present business environment and those skills/expertise/competence actually available with the current Board are as follows:-



2.3 Pecuniary relationship or transactions

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company during the year other than receipt of sitting fees for the meetings of Board and its Committees, commission and their shareholding, if any, in the Company. None of the Directors are related to any other Directors on the Board.

2.4 Selection of New Directors and Board Membership Criteria

The Nomination and Remuneration Committee works with the Board to determine the appropriate qualifications, positive attributes, characteristics, skills and experience required for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experiences in business.

The potential Independent Director is also assessed on the basis of independence criteria defined in Section 149(6) of the Act read with rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations. If the Board approves, the person is appointed as an Additional Director whose appointment is subject to the approval of the Members at the Company's general meeting.

The Policy for appointment and removal of Directors and determining Directors' independence forms part of the Remuneration Policy of the Company and is available on our website i.e., https://poonawallafincorp.com/investor-governance.php

2.5 Remuneration of Directors

Executive Directors: Remuneration payable to the Executive Director is in line with the Act, Listing Regulations and Remuneration Policy for remunerating Directors/KMPs. Remuneration of Executive Director includes fixed salary, perquisites, variable pay in the form of commission, other benefits, and allowances and certain retiral benefits. The remuneration to Executive Director is determined by the Nomination and Remuneration

Committee which is subsequently approved by the Board of Directors as per the authority given by the shareholders at the General Meeting.

Non-Executive Directors: Remuneration to Non-Executive Directors is paid by the way of Sitting Fee for attending the meetings of the Board / Committee. In addition, Independent Directors are paid Commission based on the profits of the Company not exceeding 1% of the net profit calculated in accordance with Section 198 of the Act. The criteria for payment of remuneration to Non-Executive directors is in consonance with the Remuneration Policy of the Company which is available on our website i.e. https://poonawallafincorp.com/investor-governance.php.

The details of the remuneration paid to the Directors for the Financial Year ended 31 March, 2022 is as follows:

(₹ In Lakhs)

Sl No.	Directors	Salary and allowances	Commission (variable)	Sitting fees	Total
1.	Mr. Abhay Bhutada	217.24	-	-	217.24
2.	Mr. Adar Cyrus Poonawalla	-	-	4.00	4.00
3.	Mr. Amar Deshpande	-	-	40.70	40.70
4.	Mr. Sajid Fazalbhoy	-	-	30.30	30.30
5.	Mr. Atul Kumar Gupta	-	-	3.50	3.50
6.	Mr. Mayank Poddar	-	-	10.00	10.00
7.	Mr. Sanjay Chamria	183.51	-	-	183.51
8.	Mrs. Vijayalakshmi R Iyer	-	-	37.30	37.30
9.	Mr. Bontha Prasada Rao	-	-	22.50	22.50
10.	Mr. Prabhakar Dalal	-	-	43.30	43.30
11.	Mr. Sanjay Kumar	-	-	6.00	6.00
12.	Mr. G Jaganmohan Rao	-	-	6.00	6.00
13.	Mr. Sunil Chandiramani	-	-	11.40	11.40
14.	Mrs. Bhama Krishnamurthy	-	-	-	-
	Total	**400.75**	**-**	**215.00**	**615.75**

Salient features of the agreement executed by the Company with the Managing Director:

1. Period of appointment: 12 February, 2022 to 11 February, 2027
2. Remuneration: ₹5,00,00,007/- (Rupees Five Crores and Seven only)
3. Commission: Not exceeding 1% of the Net Profits of the Company, payable annually, calculated in the manner laid down in section 198 of the Act.
4. A. Basic Salary: ₹16,66,667/- per month

   B. Benefits/perquisites and allowances:

      a. Housing Rent Allowance @ 40% of Basic Salary – ₹666,667/- per month

      b. Special Allowance – ₹17,53,205/- per month

      c. Gratuity: Gratuity payable shall not exceed half a month's salary for each completed year of service.

6. Notice period: Three months prior written notice to the Company.
7. Severance fees: There is no separate provision for payment of severance fees.
8. ESOP/RSO: Eligible to participate in the Company's RSO/ ESOP Plan. Further Nomination and Remuneration Committee granted 76 Lakhs awards under Restricted Stock Option Plan 2014 at an exercise price of ₹2/- each.

2.6 Code of Conduct

The Board of Directors has laid down a Code of Conduct for all the Board Members and Senior Executives of the Company including a Code of Conduct for Independent Directors pursuant to Section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company. All the Board Members and Senior Executives have confirmed compliance with the Code. A declaration by Managing Director affirming the compliance with the Code is annexed at the end of this Report as Annexure-D. The said Code may be referred to, at the website of the Company i.e., www.poonawallafincorp.com

Further, pursuant to Listing Regulations, Senior Management of the Company have affirmed that they have not entered into any material, financial and commercial transactions during the year in which they had personal interest, that may have potential conflict of interest with the Company.

2.7 Information supplied to the Board, inter alia, include:

The following information is regularly placed before the Board:

1. Annual operating plans of business and budgets and any updates thereof;
2. Capital budgets and any updates;
3. Quarterly results for the Company and its operating divisions or business segments;
4. Minutes of meetings of the Audit Committee and other Committees of the Board of Directors;
5. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of the Chief Financial Officer and the Company Secretary;
6. Show cause, demand, prosecution notices and penalty notices, which are materially important;
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
8. Any material default in financial obligations to and by the listed entity;
9. Details of any joint venture or collaboration agreement;
10. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business;
11. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer (if any), among others;
12. Minutes and Financial Results of the Subsidiary Company: Poonawalla Housing Finance Limited(Formerly, Magma Housing Finance Limited) and Financial Results of Joint Venture Companies: Magma HDI General Insurance Company Limited and Jaguar Advisory Services Private Limited.

3. Board Committees

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework designed by the Board and make specific recommendations to the Board on matters in their areas or purview. All decisions and recommendations of the Committees are placed before the Board for information or for approval, as required. To enable better and more focused attention on the affairs of the Company, the Board has delegated particular matters to the Committees of the Board set up for the purpose. As on 31 March, 2022, the Company has nine Committees of the Board: -

1. Audit Committee;
2. Stakeholders Relationship Committee;
3. Nomination and Remuneration Committee;
4. Management Committee;
5. Corporate Social Responsibility Committee;
6. Risk Management Committee;
7. Asset Liability Management Committee;
8. Review Committee; and
9. IT Strategy Committee.

All decisions pertaining to the constitution of Committees and appointment of members are taken by the Board of Directors. The terms of reference or charter of the aforesaid Committees is decided by the Board. Signed minutes of the Committee meetings are placed before the Board for noting. The role and composition including the number of meetings and related attendance are given below. The Board has duly accepted any recommendation of any committee of the Board, which is mandatorily required, in the current financial year.

3.1 Audit Committee

3.1.1. Terms of reference

The terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Act, Listing Regulations and RBI Guidelines. The terms of the reference broadly include:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend the appointment, replacement or removal, remuneration and terms of appointment of auditors of the Company;
- Approve rendering of services by the statutory auditors other than those expressly barred under Section 144 of Act and remuneration for the same;
- Reviewing, with the management, the annual financial statements and auditor's report thereon and the CEO & CFO Certificate as per Regulation 17(8) of Listing Regulations before submission to the Board for approval, with particular reference to:
    - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) of the Act;
    - Changes, if any, in accounting policies and practices and reasons for the same;
    - Major accounting entries involving estimates based on the exercise of judgment by management;

- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions; and
- Qualifications/ modified opinion in the draft audit report.

- Reviewing, with the management, the quarterly financial results before submission to the Board for approval and secure the certificate from CFO in terms of Regulation 33(2)(a) of Listing Regulations;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
- Approve the appointment, removal and terms of remuneration of Chief Internal Auditor and reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency, scope, functioning and methodology of internal audit;
- Discussion with Internal Auditors and the Management of any significant findings, status of previous audit recommendations and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors;
- Review management letters/letters of internal control weakness issued by the statutory auditors;
- Review the Internal Audit Report relating to internal control weakness;
- Review the functioning of the Whistle Blower/ Vigil Mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
- Review the utilization of loans and/ or advances from/investment by the Company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- Review management discussion and analysis of financial condition and results of operations;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Scrutinise inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Approve and recommend to the Board the transactions of the Company with related parties or any subsequent modification thereof;
- Appoint registered valuers;
- Review, approve and monitor the Code of Ethics that the Company plans for its senior financial officers/Directors;
- Review the compliance of the Fair Practices Code and the functioning of the customer grievances redressal mechanism so as to comply with the guidelines and circular issued by the Reserve Bank of India for Non-Banking Financial Companies in this regard;
- Review of the compliance under SEBI (Prohibition of Insider Trading) Regulations 2015 including any amendments thereto and verify the adequacy of internal control systems under the said Regulations on an annual basis;
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
- Any other matter as delegated by the Board of Directors of the Company from time to time.

3.1.2 Composition and Attendance

The Audit Committee met 13 times during the year under review i.e. on 10 April, 2021, 5 May, 2021, 10 May, 2021, 31 May, 2021, 19 June, 2021, 02 July, 2021, 14 August, 2021, 27 October, 2021, 02 November, 2021, 23 November, 2021, 1 February, 2022, 26 March, 2022 and 31 March, 2022. The composition and attendance details of the members of the Audit Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings Held	Number of meetings attended
1.	Mr. Prabhakar Dalal [13]	Independent, Non-Executive	9	9
2.	Mr. Sunil Chandiramani [14]	Independent, Non-Executive	4	4
3.	Mrs. Vijayalakshmi R Iyer	Independent, Non-Executive	13	13
4.	Mr. Mayank Poddar [15]	Promoter, Non-Executive	4	4
5.	Mr. Sajid Fazalbhoy [16]	Non-Executive	7	6
6.	Mr. Amar Deshpande [17]	Non-Executive	9	9
7.	Mr. G Jaganmohan Rao [18]	Independent, Non-Executive	2	2
8.	Mr. Sanjay Kumar [19]	Independent, Non-Executive	1	1

Pursuant to change in control and change in management the Audit Committee was re-constituted by the Board during the year. As on 31 March, 2022, the Audit Committee comprise of Mr. Prabhakar Dalal, Mr. Amar Deshpande, Mrs. Vijayalakshmi R Iyer, Mr. Sanjay Kumar and Mr. G Jaganmohan Rao.

All members are financially literate and bring in expertise in the fields of finance, accounting, development and strategy.

Mr. Prabhakar Dalal acts as the Chairman of the Committee and Mrs. Shabnum Zaman, Company Secretary, acts as the Secretary to this Committee. Mr. Prabhakar Dalal, Chairman of the Committee, was present at the Annual General Meeting of the Company held on 28 August, 2021.

The Chief Financial Officer assists the Committee in discharge of its responsibilities. The Committee invites such employees or advisors as it considers appropriate to attend. The CFO, the head of internal audit and statutory auditors are generally invited to attend meetings unless the Committee considers otherwise.

Separate discussions are held with the Internal Auditors to focus on compliance issues and to conduct detailed reviews of the processes and internal controls in the Company.

All the recommendations made by the Committee during the year under review were accepted by the Board.

3.2 Stakeholders Relationship Committee

3.2.1 Terms of reference

The terms of the reference broadly include:

- Redress and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates or allotment letters, general meetings, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- Effect dematerialisation and rematerialisation of shares of the Company;
- Such other matters as per the directions of the Board of Directors of the Company which may be considered necessary in relation to shareholders and investors of the Company.

13 Inducted as a member w.e.f. 4 June, 2021

14 Ceased to be member w.e.f. 3 June, 2021

15 Ceased to be member w.e.f. 4 June, 2021

16 Inducted as a member w.e.f. 4 June, 2021 and ceased to a member w.e.f. 3 February, 2022

17 Inducted as a member w.e.f. 4 June, 2021

18 Inducted as a member w.e.f. 21 February, 2022

19 Inducted as a member w.e.f. 26 March, 2022

3.2.2 Composition and Attendance

The Stakeholders Relationship Committee met 4 times during the year on 3 May, 2021, 14 August, 2021, 26 October, 2021 and 29 January, 2022. The composition and attendance details of the members of the Stakeholders Relationship Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings Held	Number of meetings attended
1.	Mr. Prabhakar Dalal [20]	Independent, Non-Executive	3	3
2.	Mr. Sajid Fazalbhoy [21]	Non-Executive	3	3
3.	Mr. Abhay Bhutada [22]	Executive	1	1
4.	Mr. Bontha Prasada Rao [23]	Independent, Non-Executive	4	4
5.	Mr. Amar Deshpande [24]	Non-Executive	2	2
6.	Mr. Sanjay Kumar [25]	Independent, Non-Executive	0	0
7.	Mr. Sanjay Chamria [26]	Promoter, Executive	1	1
8.	Mr. Sunil Chandiramani [27]	Independent, Non-Executive	1	1

The Committee specifically discharges duties of servicing and protecting the various aspects of interest of shareholders and debenture holders.

Pursuant to change in control and change in management the Stakeholders Relationship Committee was re-constituted by the Board during the year. As on 31 March, 2022, the Stakeholders Relationship Committee comprises of Mr. Prabhakar Dalal, Mr. Sajid Fazalbhoy, Mr. Amar Deshpande and Mr. Sanjay Kumar.

Mr. Prabhakar Dalal acts as the Chairman of the Committee and he was present at the Annual General Meeting of the Company held on 28 August, 2021.

Niche Technologies Private Limited, is the Registrar and Share Transfer Agent both for physical as well as electronic mode for equity shares and privately placed debentures and KFin Technologies Limited (formerly, KFin Technologies Private limited) acts as Registrar and Transfer Agents for the retail debentures. Mrs. Shabnum Zaman, Company Secretary, acts as the Compliance Officer and the Board has appointed Mrs. Shabnum Zaman as the Nodal Officer for the purpose of IEPF Regulations, the details of which is available at the weblink: https://poonawallafincorp.com/investor-info.php

The table below gives the number of complaints received and resolved during the financial year and pending as on 31 March, 2022:

Sr No.	Nature of Security	No. of complaints received during the year	No. of complaints not resolved to the satisfaction of the shareholders/ debenture holders during the year	No. of complaints resolved to the satisfaction of the shareholders/ debenture holders during the year	No. of complaints pending as on 31 March, 2022
1	Equity Shares	0	0	0	0
2	Public Issue of Secured Redeemable NCDs	5	0	5	0
3	Private Placement of Debentures	0	0	0	0

20 Inducted as a member w.e.f. 4 June, 2021

21 Inducted as a member w.e.f. 4 June, 2021 and ceased to be member w.e.f 3 February, 2022 and re-inducted as a member w.e.f 21.02.2022

22 Inducted as a member w.e.f. 4 June, 2021 and ceased to be member w.e.f. 16 September, 2021

23 Ceased to be a member w.e.f. 26 March, 2022

24 Inducted as a member w.e.f. 23 September, 2021

25 Inducted as a member w.e.f. 26 March, 2022

26 Ceased to be a member w.e.f. 4 June, 2021

27 Ceased to be a member w.e.f. 3 June, 2021

3.3 Nomination and Remuneration Committee

3.3.1 Terms of reference

The terms of the reference broadly include:

Review of matters by the Committee

1. Carry out evaluation of performance of all the directors of the Company;
2. Review overall compensation philosophy and framework of the Company;
3. Review outcome of the annual performance appraisal of the employees of the Company;
4. Conduct annual review of the Committee's performance and effectiveness at the Board level;
5. Examine and ensure 'fit and proper' status of the directors of the Company.

Approval of matters by the Committee

1. Formulate criteria for:
   a. Determining qualifications, positive attributes and independence of a director;
   b. Evaluation of independent directors and the Board;
   c. Based on the Remuneration Policy of the Company, approve framework and broad policy in respect of all employees for increments;
2. ESOPs and RSO: approve grant and allotment of shares to the eligible employees of the Company and its subsidiaries under the shareholders approved ESOP and RSO Schemes;
3. Review and approve succession plan for Senior Management;
4. Approval of the annual compensation revision cycle of the employees of the Company.

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

1. Devising a policy on Board diversity and recommending the size and an optimum mix of promoter directors, executive, independent and non-independent directors keeping in mind the needs of the Company.
2. Identifying, evaluating and recommending to the Board:
   a. Persons who are qualified for appointment as Independent and Non-Executive Directors/Executive Directors/ Whole time Directors/Managing Directors in accordance with the criteria laid down;
   b. Appointment of Senior Management Personnel in accordance with the criteria laid down;
   c. Removal of Directors and Senior Management Personnel.
3. Determining processes for evaluating the skill, knowledge, experience, effectiveness and performance of individual directors as well as the Board as a whole;
4. To devise a Policy on remuneration including any compensation related payments of the directors, key managerial personnel and other employees and recommend the same to the Board of Directors of the Company;
5. Based on the Policy as aforesaid, determine remuneration packages for the following:
   a. Recommend remuneration package of the Directors of the Company, including Commission, Sitting Fees and other expenses payable to Non-Executive Directors of the Company.
   b. Recommend changes in compensation levels and one-time compensation related payments in respect of Managing Director/Whole-time Director/Executive Director.
6. Recommend the remuneration payable to Senior management to the Board for their approval including the structure, design and target setting for short and long-term incentives / bonus;
7. Recommend & review succession plans for Managing Directors.

3.3.2 Composition and Attendance

The Nomination and Remuneration Committee met 12 times during the year on 5 May, 2021, 31 May, 2021, 19 June, 2021, 2 July, 2021, 30 August, 2021, 9 October, 2021, 27 October, 2021, 29 October, 2021, 29 December, 2021, 15 January, 2022, 1 February, 2022 and 11 February, 2022 to discharge its functions. The composition and attendance details of the members of the Nomination and Remuneration Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings held	Number of meetings attended
1.	Mr. Prabhakar Dalal [28]	Independent, Non-Executive	10	10
2.	Mr. Sajid Fazalbhoy [29]	Non-Executive	9	9

28 Inducted as a member w.e.f. 4 June, 2021

29 Inducted as a member w.e.f. 4 June, 2021 and ceased to be member w.e.f. 3 February, 2022

Sl No.	Name of the Members	Category	Number of meetings held	Number of meetings attended
3.	Mr. Amar Deshpande [30]	Non-Executive	10	10
4.	Mr. Sanjay Kumar [31]	Independent, Non-Executive	1	1
5.	Mr. G Jaganmohan Rao [32]	Independent, Non-Executive	0	0
6.	Mr. Bontha Prasada Rao [33]	Independent, Non-Executive	2	2
7.	Mrs. Vijayalakshmi R Iyer [34]	Independent, Non-Executive	2	2
8.	Mr. Mayank Poddar [35]	Promoter, Non-Executive	2	2

Pursuant to change in control and change in management the Nomination and Remuneration Committee was re-constituted by the Board during the year. As on 31 March, 2022, the Nomination and Remuneration Committee comprise of Mr. Prabhakar Dalal, Mr. Amar Deshpande, Mr. G Jaganmohan Rao. Mr. Prabhakar Dalal acts as the Chairman of the Committee. Mrs. Shabnum Zaman, Company Secretary, acts as the Secretary to this Committee.

At present, there are two-third of the Committee comprises of Independent Directors and one-third comprise of Non-Executive Director.

Mr. Prabhakar Dalal Chairman of the Committee attended the last Annual General Meeting held on 28 August, 2022.

3.4 Management Committee

3.4.1 Terms of reference

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

3.4.2 Composition and Attendance

The Management Committee met 18 times during the year under review on 12 April, 2021, 28 April, 2021, 04 May, 2021, 5 June, 2021, 24 June, 2021, 29 June, 2021, 27 August, 2021, 29 September, 2021, 25 October, 2021, 27 October, 2021, 15 December, 2021, 28 December, 2021, 04 February, 2022, 23 February, 2022, 26 February, 2022, 17 March, 2022, 26 March, 2022 and 27 March, 2022. The composition and attendance details of the members of the Management Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings Held	Number of meetings attended
1.	Mr. Abhay Bhutada [36]	Executive	9	6
2.	Mr. Amar Deshpande [37]	Non-Executive	15	15
3.	Mr. Prabhakar Dalal [38]	Independent, Non-executive	10	10
4.	Mr. Atul Kumar Gupta [39]	Non-Executive	5	5
5.	Mr. Sanjay Chamria [40]	Promoter, Executive	3	3

30 Inducted as a member w.e.f. 4 June, 2021

31 Inducted as a member w.e.f. 3 February, 2022 and ceased to be member w.e.f. 26 March, 2022

32 Inducted as a member w.e.f. 26 March, 2022

33 Ceased to be member w.e.f. 4 June, 2021

34 Ceased to be member w.e.f. 4 June, 2021

35 Ceased to be member w.e.f. 4 June, 2021

36 Inducted as member w.e.f. 4 June, 2021 and ceased to be member w.e.f. 16 September, 2021 and re-inducted as member w.e.f. 21 February, 2022

37 Inducted as a member w.e.f. 4 June, 2021

38 Inducted as a member w.e.f. 4 June, 2021 and ceased to be member 21 February, 2022

39 Inducted as a member w.e.f. 21 February, 2022

40 Ceased to be a member w.e.f. 4 June, 2021

Sl No.	Name of the Members	Category	Number of meetings Held	Number of meetings attended
6.	Mrs. Vijayalakshmi R Iyer [41]	Independent, Non-executive	3	3
7.	Mr. Bontha Prasada Rao [42]	Independent, Non-executive	11	11
8.	Mr. Sunil Chandiramani [43]	Independent, Non-Executive	3	3

Pursuant to change in control and change in management the Management Committee was re-constituted by the Board during the year. As on 31 March, 2022, the Management Committee comprise of Mr. Abhay Bhutada, Mr. Amar Deshpande, Mr. Bontha Prasada Rao and Mr. Atul Kumar Gupta. Mr. Abhay Bhutada acts as the Chairman of the Committee. Mrs. Shabnum Zaman, Company Secretary, acts as the Secretary to this Committee.

3.5 Corporate Social Responsibility (CSR) Committee

3.5.1 Terms of reference

The terms of the reference broadly include:

- Formulation and ensuring compliance of CSR Policy;
- Identifying the CSR activities and the geographic distribution of CSR;
- Identifying structure for CSR implementation;
- Execution, implementation, monitoring and reporting of CSR activities;
- Formulate and recommend to the Board for its approval and implementation, the Business Responsibility (BR) Policy of the Company;
- Oversee and review the Company's BR performance;
- Such other acts as may be delegated by the Board from time to time.

3.5.2 Composition and Attendance

The CSR Committee met once during the year on 17 January, 2022 to discharge its functions. The composition and attendance details of the members of the CSR Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings Held	Number of meetings attended
1.	Mr. Abhay Bhutada [44]	Executive	-	-
2.	Mr. Amar Deshpande [45]	Non-Executive	1	1
3.	Mr. Sajid Fazalbhoy [46]	Non-Executive	1	1
4.	Mr. G Jaganmohan Rao [47]	Independent, Non-Executive	-	-
5.	Mr. Mayank Poddar [48]	Promoter, Non-Executive	-	-
6.	Mrs. Vijayalakshmi R Iyer [49]	Independent, Non-Executive	1	0
7.	Mr. Bontha Prasada Rao [50]	Independent, Non-Executive	1	1

Pursuant to change in control and change in management the Corporate Social Responsibility Committee was re-constituted by the Board during the year. As on 31 March, 2022, the Corporate Social Responsibility Committee comprise of Mr. Abhay Bhutada, Mrs. Vijayalakshmi R Iyer, Mr. G Jaganmohan Rao and Mr. Amar Deshpande. Mr. Abhay Bhutada acts as the Chairman of the Committee. Mrs. Shabnum Zaman, Company Secretary, acts as the Secretary to this Committee.

41 Ceased to be a member w.e.f. 4 June, 2021

42 Inducted as a member w.e.f. 23 September, 2021

43 Ceased to be a member w.e.f. 3 June, 2021

44 Inducted as a member w.e.f. 4 June, 2021 and ceased to be a member w.e.f. 16.09.2021 and re-inducted as a member w.e.f. 21 February, 2022

45 Inducted as a member w.e.f. 4 June, 2021

46 Inducted as a member w.e.f. 4 June, 2021 and ceased to be member w.e.f. 3 February, 2022

47 Inducted as a member w.e.f. 21 February, 2022

48 Ceased to be member w.e.f. 4 June, 2021

49 Ceased to be a member w.e.f. 21 February, 2022 and inducted as a member w.e.f. 26 March, 2022

50 Ceased to be member w.e.f. 26 March, 2022

3.6 Risk Management Committee

3.6.1 Terms of reference

The terms of the reference broadly include:

- Review periodically the risk management policy, atleast once in two years and recommend to the Board on a regular basis the risk management policies and other policies concerning operational risk, credit risk, market risk, etc.;
- Approval of risk management processes and framework;
- Approval of risk management governance structure;
- Defining the risk appetite of the Company;
- Approval of revision in existing systems, policies and procedures to address risk management requirements and good practices;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company
- Considering the overall risk management framework and reviewing its effectiveness in meeting sound corporate governance principals and identifying, managing and monitoring the key risks of the group;
- To oversee and monitor Company's compliance with regulatory capital requirements;
- Obtain on a regular basis reasonable assurance that Company's risk management policies for significant risks are being adhered to;
- Evaluate, on a regular basis, the effectiveness and prudence of senior management in managing the risks to which Poonawalla is exposed to;
- Approve delegation of risk limits to management and approve any transactions exceeding those delegated authorities;
- Review risk reporting on significant risks, including the amount, nature, characteristics, concentration and quality of the credit portfolio, as well as all significant exposures to credit risk through reports on significant credit exposure presented to the Committee;
- Review risk mitigation plans on significant risks which affects policy or procedure level changes for effective implementation;
- Review the economic situation & its impact on industry;
- Review of the early warning report and necessary action thereof;
- Commission the risk assessment process to identify significant business, operational, financial, compliance, reporting and other risks;
- Review of risk assessment results and ensure that these are appropriately and adequately mitigated and monitored;
- Monitor the progress in implementation of risk mitigation strategies including the status of risk assessment program;
- Review and measure risks emanating from Information Technology and cyber threats, due to increased adoption of technology and digitization.

3.6.2 Composition and Attendance

The Risk Management Committee met 5 times during the year on 13 May, 2021, 14 August, 2021, 26 October, 2021, 20 December, 2021 and 27 January, 2022 to discharge its functions. The composition and attendance details of the members of the Risk Management Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings held	Number of meetings attended
1.	Mr. G Jaganmohan Rao [51]	Independent, Non-Executive	-	-
2.	Mr. Amar Deshpande [52]	Non-Executive	4	4
3.	Mrs. Vijayalakshmi R Iyer	Independent, Non-Executive	5	5
4.	Mr. Abhay Bhutada [53]	Executive	1	1
5.	Mr. Vijay Deshwal [54]	Former Chief Executive Officer	3	3
6.	Mr. Sanjay Kumar [55]	Independent, Non-Executive	-	-

51 Inducted as member w.e.f. 21 February, 2022

52 Inducted as member w.e.f. 4 June, 2021

53 Inducted as a member w.e.f. 4 June, 2021, ceased to be a member w.e.f. 16 September, 2021 and was re-inducted as a member w.e.f. 21 February, 2022

54 Inducted as a member w.e.f. 23 September, 2021 and ceased to a member w.e.f. 21 February, 2022

55 Inducted as a member w.e.f. 26 March, 2022

Sl No.	Name of the Members	Category	Number of meetings held	Number of meetings attended
7.	Mr. Sanjay Chamria [56]	Promoter, Executive	1	1
8.	Mr. Sunil Chandiramani [57]	Independent, Non-Executive	1	1
9.	Mr. Prabhakar Dalal [58]	Independent, Non-Executive	4	4

Pursuant to change in control and change in management the Risk Management Committee was re-constituted by the Board during the year. As on 31 March, 2022, the Risk Management Committee comprise of Mr. G Jaganmohan Rao, Mr. Amar Deshpande, Mrs. Vijayalakshmi R Iyer, Mr. Abhay Bhutada and Mr. Sanjay Kumar. Mr. G Jaganmohan Rao acts as the Chairman of the Committee. Mrs. Shabnum Zaman, Company Secretary, acts as the Secretary to this Committee.

3.7 Asset Liability Management Committee

3.7.1 Terms of reference

The terms of the reference broadly include:

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

3.7.2 Composition and Attendance

The Asset Liability Management Committee met 4 times during the year on 22 April, 2021, 14 August, 2021, 26 October, 2021 and 17 January, 2022 to discharge its functions. The composition and attendance details of the members of the Asset Liability Management Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings Held	Number of meetings attended
1.	Mr. Abhay Bhutada [59]	Executive	1	1
2.	Mr. Amar Deshpande [60]	Non-executive	3	3
3.	Mr. Bontha Prasada Rao [61]	Independent, Non-executive	-	-
4.	Mr. Sanjay Kumar [62]	Independent, Non-executive	-	-
5.	Mr. Vijay Deshwal [63]	Former Chief Executive Officer	2	2
6.	Mr. Sanjay Miranka [64]	Chief Financial Officer	2	2
7.	Mr. Prabhakar Dalal [65]	Independent, Non-executive	3	3
8.	Mr. Sanjay Chamria [66]	Promoter, Executive	1	1
9.	Mrs. Vijayalakshmi R Iyer [67]	Independent, Non-executive	1	1
10.	Mr. Sunil Chandiramani [68]	Independent, Non-Executive	1	1

56 Ceased to a member w.e.f. 4 June, 2021

57 Ceased to a member w.e.f. 3 June, 2021

58 Inducted as a member w.e.f. 4 June, 2021 and ceased to be a member w.e.f. 21 February, 2022

59 Inducted as a member w.e.f. 4 June, 2021, ceased to member w.e.f. 16 September, 2021 and re-inducted as member w.e.f. 21 February, 2022

60 Inducted as a member w.e.f. 4 June, 2021

61 Inducted as a member w.e.f. 26 March, 2022

62 Inducted as a member w.e.f. 21 February, 2022

63 Inducted as a member w.e.f. 23 September, 2021 and ceased to member w.e.f. 21 February, 2022

64 Inducted as a member w.e.f. 23 September, 2021

65 Inducted as a member w.e.f. 04 June, 2021 and ceased to a member w.e.f. 26 March, 2022

66 Ceased to a member w.e.f. 04 June, 2021

67 Ceased to a member w.e.f. 04 June, 2021

68 Ceased to a member w.e.f. 03 June, 2021

Pursuant to change in control and change in management the Asset Liability Management Committee was re-constituted by the Board during the year. As on 31 March, 2022, the Asset Liability Management Committee comprise of - Mr. Abhay Bhutada, Mr. Amar Deshpande, Mr. Bontha Prasada Rao, Mr. Sanjay Kumar and Mr. Sanjay Miranka. Mr. Abhay Bhutada acts as the Chairman of the Committee. Mrs. Shabnum Zaman, Company Secretary, acts as the Secretary to this Committee.

3.8 Review Committee

3.8.1 Terms of reference

The terms of the reference broadly include:

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

3.8.2 Composition and attendance

The Review Committee was not required to hold the meeting during the Financial Year 2021-2022. The composition of the Review Committee is given below:

Sl No.	Name of the Members	Category
1.	Mr. Abhay Bhutada [69]	Executive
2.	Mr. Amar Deshpande [70]	Non-Executive
3.	Mr. Prabhakar Dalal [71]	Independent, Non-Executive
4.	Mr. Atul Kumar Gupta [72]	Non-Executive
5.	Mr. Sanjay Kumar [73]	Independent, Non-Executive
6.	Mr. Sanjay Chamria [74]	Promoter, Executive
7.	Mr. Sunil Chandiramani[75]	Independent, Non-Executive
8.	Mr. Bontha Prasada Rao	Independent, Non-Executive
9.	Mr. G Jaganmohan Rao [76]	Independent, Non-Executive
10.	Mr. Vijay Deshwal [77]	Former Chief Executive Officer

Pursuant to change in control and change in management the Review Committee was re-constituted by the Board during the year. As on 31 March, 2022, the Review Committee comprise of - Mr. Abhay Bhutada, Mr. Amar Deshpande, Mr. Atul Kumar Gupta, Mr. Bontha Prasada Rao and Mr. Sanjay Kumar. Mr. Abhay Bhutada, acts as the Chairman of the Committee. Mrs. Shabnum Zaman, Company Secretary, acts as the Secretary to this Committee.

3.9 IT Strategy Committee

3.9.1 Terms of Reference

The terms of the reference broadly include:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

69 Inducted as a member w.e.f. 4 June, 2021, ceased to be member w.e.f. 23 September, 2021 and re-inducted as a member w.e.f 21 February, 2022

70 Inducted as a member w.e.f. 4 June, 2021

71 Inducted as a member w.e.f. 4 June, 2021 and ceased to be member w.e.f. 21 February, 2022

72 Inducted as a member w.e.f. 26 March, 2022

73 Inducted as a member w.e.f. 26 March, 2022

74 Ceased to a member w.e.f. 4 June, 2021

75 Ceased to a member w.e.f. 3 June, 2021

76 Inducted as a member w.e.f. 21 February, 2022 and ceased to be member w.e.f. 26 March, 2022

77 Inducted as a member w.e.f. 23 September, 2021 and ceased to be member w.e.f. 21 February, 2022

- 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;
- Periodically reviewing the process for development, approval and modification of the Company's IT strategy and strategic plan;
- Review the key issues, options and external developments impacting the Company's IT strategy including acquisition and development of Information Systems (New Application Software) and Change Management;
- Monitor enterprise risks assigned to the Committee by the Board under the Company's Enterprise Risk Management program and report thereon to the Audit Committee of the Board;
- Review the Information System (IS) audit report. The periodicity of IS audit should be at least once in a year;
- Ensuring that contingency plans have been developed and tested adequately.

3.9.2 Composition and attendance

The IT Strategy Committee met 2 times during the year on 3 May, 2021 and 26 October, 2021 to discharge its functions. The composition and attendance details of the members of the IT Strategy Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings Held	Number of meetings attended
1.	Mr. G Jaganmohan Rao [78]	Independent, Non-Executive	-	-
2.	Mr. Abhay Bhutada [79]	Executive	-	-
3.	Mr. Prabhakar Dalal [80]	Independent, Non-Executive	1	1
4.	Mr. Amar Deshpande [81]	Non-Executive	1	1
5.	Mr. Atul Kumar Gupta [82]	Non-Executive	-	-
6.	Mr. Sajid Fazalbhoy [83]	Non-Executive	1	1
7.	Mr. Sanjay Chamria [84]	Promoter, Executive	1	1
8.	Mr. Sunil Chandiramani [85]	Independent, Non-Executive	1	1
9.	Mr. Bontha Prasada Rao [86]	Independent, Non-Executive	2	2
10.	Mr. Kandarp Kant [87]	Chief Technology Officer	-	-
11.	Mr. Vijay Deshwal [88]	Former Chief Executive Officer	1	1
12.	Mr. Sanjay Miranka [89]	Chief Financial Officer	1	1

The constitution of the Committee is in accordance RBI Master Direction - Information Technology Framework for the NBFC Sector. Pursuant to change in control and change in management the IT Strategy Committee was re-constituted by the Board during the year. As on 31 March, 2022, the IT Strategy Committee comprise of Mr. G Jaganmohan Rao, Mr. Abhay Bhutada, Mr. Amar Deshpande, Mr. Atul Kumar Gupta, Mr. Sajid Fazalbhoy, Mr. Bontha Prasada Rao and Mr. Kandarp Kant. Mr. G Jaganmohan Rao is the Chairman of the Committee. Mrs. Shabnum Zaman, Company Secretary, acts as the Secretary to this Committee.

78 Inducted as a Chairman w.e.f. 21 February, 2022

79 Inducted as a member w.e.f. 04 June, 2021 and ceased to be member 16 September, 2021 and re-inducted as a member w.e.f. 21 February, 2022

80 Inducted as a member w.e.f 4 June, 2021 and ceased to be member w.e.f. 21 February, 2022

81 Inducted as a member w.e.f. 4 June, 2021

82 Inducted as a member w.e.f. 21 February, 2022

83 Inducted as a member w.e.f. 23 September, 2021

84 Ceased to be a member w.e.f. 4 June, 2021

85 Ceased to be a member w.e.f. 3 June, 2021

86 Ceased to be a member w.e.f 21 February, 2022 and inducted as a member w.e.f 26 March, 2022.

87 Inducted as a member w.e.f. 21 February, 2022

88 Inducted as a member w.e.f. 23 September, 2021 and ceased to be member w.e.f. 21 February, 2022

89 Inducted as a member w.e.f. 23 September, 2021 and ceased to be member w.e.f. 21 February, 2022

4. Separate Meeting of Independent Directors

During the year as per the requirement of Schedule IV of the Act and Listing Regulations, all the Independent Directors (IDs) met on 1 February, 2022 without the presence of other Non-Independent Directors and members of the management. At this meeting, the IDs inter alia evaluated the performance of Non-Independent Directors & the Board as a whole, performance of the Chairperson of the Company after taking into account the views of executive directors and non-executive directors and discussed aspects relating to the quality, quantity and timeliness of flow of information between the Company management & the Board.

5. Remuneration Policy

Based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board of Directors has adopted a Remuneration Policy which, inter alia, deals with the manner of selection of Board of Directors and Executive Directors and their remuneration. The Remuneration Policy is in consonance with the industry practice. The Policy of the Company is available on our website i.e. https://poonawallafincorp.com/investor-governance.php . This Policy inter alia includes the following:

Selection criteria for Directors, Senior Management Personnel and Key Managerial Personnel:

a. Selection of Executive Director/s shall be on the line of selection criteria laid down for independent directors, insofar as those criteria are not inconsistent with the nature of appointment and in accordance with the provisions of Articles of Association; Committee is responsible for identification, shortlisting and recommendation of the candidature of person for the position of Managing Director or any other director to the Board of Directors or appointed in the senior management of the Company;

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

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

d. Senior Management Personnel shall usually comprises the function and business heads who directly report to CEO/MD and the Company secretary and chief financial officer;

e. For any Senior Management Personnel recruitment, it is critical to identify the necessity for that role in the context of the Company. In order to validate the requirement –

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

   ii. The recruitment process shall generally involve meetings with Chief of Staff, CEO, MD and/or identified members of the Nomination and Remuneration Committee ("NRC") and Board, on the basis of which the candidature will be finalised;

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

Evaluation Process:

Performance Evaluation of the Board of Directors:

a. The appraisal of the Board, as a collective body and the Directors, individually, shall be based on pre-identified and agreed parameters.

b. Such performance evaluation shall be undertaken at a reasonably regular interval – usually once in every financial year using questionnaire. The questionnaire will usually be circulated to the members of the Board of the Company in the first quarter of every calendar year (corresponding to the last quarter of every financial year) and the Directors are encouraged to submit their comments within a month of receiving the questionnaire.

c. Chairman of the NRC may conduct a one-to-one session with each Director to understand their point of view on the parameters for performance evaluation each such Director would be subjected to.

   i. Performance parameters for the Board may consist of parameters for evaluation of Board as a collective body, evaluation of committees of Board, self-evaluation, evaluation of each director individually and that of the Chairman.

d. Independent Directors shall hold at least one meeting every financial year without the participation of other Non-Independent Directors and/or members of management, to undertake the following agenda at the minimum:

   i. Review of performance of non-Independent Directors and the Board as a whole;

ii. Review the performance of the Chairperson of the Company, taking into account the\ views of executive directors and non-executive directors;

iii. Assess the quality, quantity and timeliness of flow of information between the Company management and the Board, that is necessary for the Board to effectively and reasonably perform their duties;

Evaluation of performance of Board, as a collective body, shall be done by the Independent Directors at an exclusive meeting of Independent Directors (as stated hereinbefore), apart from evaluation of performance of individual director.

Independence test for the Independent Directors to be appointed:

a. For each Independent Director, the appointment shall be based on the balance of skills, knowledge and experience, in the existing Board and roles and capabilities required of an independent director.

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

c. For the purpose of identifying suitable candidates, the NRC may: 1.) use the services of an external agency, if required; 2.) consider candidates from a wide range of backgrounds, having due regard to diversity; and 3.) consider the time commitments of the candidates.

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

e. Any appointment of the Independent Director shall be approved at the meeting of the shareholders by way of special resolution, at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

f. Director's Independence test shall be conducted as per the conditions specified in the Companies Act, 2013 and the rules thereunder.

g. Board's expectation from each Independent Director shall be clearly mentioned in the appointment letter.

h. The Independent Director shall confirm having read and complied with the Company's Code of Conduct. They shall also need to confirm and sign the Independence Test;

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

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

Remuneration policy for the Directors (including Independent Directors), Key Managerial Personnel and Senior Management Personnel:

The Non-executive Directors including Independent Directors would be paid sitting fees subject to the limits prescribed under the Companies Act, 2013, or any amendments thereto, as may be determined by the NRC from time to time, for attending each meeting(s) of the Board and Committees thereof.

a. Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the Board and Committee meetings;

b. Additionally, the Independent Directors shall be paid remuneration by way of commission for each financial year:

i. Total commission pay out to all independent directors (including non-executive directors) in aggregate shall be restricted to a limit of 1% of net profits of the Company as determined in accordance with Section 198 of the Companies Act, 2013, further subject to recommendation by the NRC and determination by the Board, as further subject to approval by the shareholders of the Company at the Annual General Meeting.

ii. The Independent Directors may be paid remuneration in case of no profits or inadequate profit in addition to the sitting fees as per the provisions of Schedule V of the Act.

iii. NRC shall recommend quantum of commission which, in its best judgement and opinion is commensurate with the level of engagement each Independent Director would have with the members of Senior Management Personnel and/or other Board members, towards providing inputs, insights and guidance on various matters of importance from time to time.

c. The remuneration paid to MD / Whole-time Director(s) shall be considered by the NRC considering various parameters included in this policy document and recommended to the Board for approval. This shall be further subject to the approval of the Members at the next General Meeting of the Company in consonance with the provisions of the Companies Act, 2013 and the rules made thereunder.

d. For KMP and Senior Management Personnel, remuneration shall be based on the key responsibility areas identified and the achievement thereof. The increments shall usually be linked to their performance as well performance of the Company. The total compensation shall comprise of fixed and variable components. Fixed compensation will be determined based on size and scope of the job, trends in the market value of the job and the skills, experience, and performance of the employee. Fixed compensation will include basic salary, HRA, special allowance, contribution to provident fund, gratuity etc.

e. KMP and Senior Management Personnel may also be eligible for Long Term Incentive Plan in the form of stock options or any other equivalent instrument.

6. Familiarization programme

Pursuant to the provisions of the Act and Regulation 25(7) of the Listing Regulations, the Company has in place a mechanism to familiarize its Independent Directors about the Company, its products, the industry and business structure of the Company and its subsidiary and associate.

All Board members of the Company are accorded every opportunity to familiarize themselves with the Company, its management, its operations and above all, the industry perspective and issues. They are made to interact with senior management personnel and proactively provided with relevant news, views and updates on the Company and sector. All the information/ documents sought by them are also shared with them for enabling a good understanding of the Company, its various operations and the industry of which it is a part.

The Company also undertakes various initiatives to update the Independent Directors about the ongoing events and developments relating to the Company, significant changes in regulatory environment and implications on the Industry/ Company. To familiarize the new directors with the business and operations of the Company an Induction kit is shared with them which, inter-alia, includes Mission, Vision and Values, Group Business Structure, Brief profile of the Board of Directors, Composition of Committees of the Board, Brief profile of Senior Management Personnel, Press Releases, Investor Presentation, Latest Annual Report, Latest Shareholding Pattern and Shareholders holding more than 5% of share capital, Codes and Policies and Remuneration payable to Directors. Furthermore, the role, rights, responsibilities, duties and liabilities of the Independent Directors are embodied in detail in their Appointment Letter.

During the financial year 2021-22, the Independent Directors were updated from time to time on an on-going basis on the significant changes in the regulations applicable to the Non-Banking Finance Companies. The details of such Familiarization Programmes for Directors may be referred to, at the website of the Company at its weblink i.e., https://poonawallafincorp.com/investor-governance.php

7. Performance Evaluation

Pursuant to the provisions of the Act and Regulation 17(10) of Listing Regulations, the Company has adopted the Remuneration Policy with the comprehensive procedure on performance evaluation. The Board has carried out the annual evaluation of its own performance, Board Committees, individual Directors and the Chairperson. Also, the Nomination and Remuneration Committee has carried out evaluation of every director's performance and reviewed the self-evaluation submitted by the respective directors. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the director being evaluated.

The detailed process of Performance Evaluation is given in the Board's Report. Separate Independent Directors Meeting was held on 1 February, 2022.

8. Subsidiary Company

Regulation 16(1)(c) of the Listing Regulations defines a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Pursuant to the above definition, Poonawalla Housing Finance Limited (Formerly, Magma Housing Finance Limited) is a debt listed material subsidiary of the Company. The subsidiary of the Company functions independently, with an adequately empowered Board of Directors and sufficient resources. The financial statements of the subsidiary company are presented to the Audit Committee and Board meeting at every quarterly Meeting.

The Company has also complied with the other provisions of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for subsidiary company.

The Policy for determining Material Subsidiaries as approved by the Board may be referred to, at the website of the Company at its weblink i.e., https://poonawallafincorp.com/investor-governance.php

9. Code for prevention of Insider-Trading practices

As per the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company Secretary is the Compliance Officer and is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price-sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board.

The Company has in place Board approved Code of Conduct for Prevention of Insider Trading as well as a Code of Practices and Procedures for Fair Disclosure in accordance with aforesaid Regulations. All the Directors on the Board, Senior Management at all locations and other employees who could be privy to unpublished price-sensitive information of the Company are governed by this Code.

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

10. Means of communication with shareholders

Quarterly, Half Yearly and Annual results

The quarterly/half yearly/un-audited/audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors. These results are simultaneously posted on the web address of the Company at www.poonawallafincorp.com pursuant to Regulation 47 of Listing Regulations.

Quarterly, half-yearly and annual financial results of the Company are published in widely circulated national newspapers, as per the details given below:

1. The Financial Express (English language)
2. Aajkaal (Vernacular language)
3. Loksatta (Marathi language) (Q4 FY22)

Annual Reports and Annual General Meetings

The Annual Reports are emailed/posted to Members and others entitled to receive them. The Annual Reports are also available on the Company's website at https://poonawallafincorp.com/investor-financials.php . The Company also provides live webcast facility of its AGM in co-ordination with NSDL. In line with the MCA Circulars dated 5 May, 2020 and 13 January, 2021 and SEBI Circulars dated 12 May, 2020 and 15 January, 2021, the Notice of the AGM along with the Annual Report 2020-21 was sent only through electronic mode to those Members whose e-mail addresses.

Website

Comprehensive information about the Company, its business and operations, Press Releases and investor information can be viewed at the Company's website at www.poonawallafincorp.com. The website contains a complete overview of the Company. The Company's Annual Report, financial results, details of its business, shareholding pattern, investors' presentation, compliance with Corporate Governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, the distribution schedule, credit ratings and Code of Conduct are uploaded on the website.

Presentations to institutional investors / analysts:

Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website at www.poonawallafincorp.com . During the financial year 2021-22, Analyst Conference Calls were conducted on 31 May, 2021, 14 August, 2021, 28 October, 2021 and 2 February, 2022. Presentations to Institutional Investor/ Analysts are uploaded on the Company's website https://poonawallafincorp.com/investor-financials.php under 'Investors' section. Transcript and audio recording is also uploaded on our website.

Press releases

Press reports are given on important occasions. They are sent to Stock Exchanges and also placed on the Company's website www.poonawallafincorp.com

NSE Electronic Application Processing System (NEAPS)

NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the Listing Centre)

BSE's Listing Centre is a web-based application designed by BSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

eXtensible Business Reporting Language (XBRL)

XBRL is a standardized and structured way of communicating business and financial data in an electronic form. XBRL provides a language containing various definitions (tags) which uniquely represent the contents of each piece of financial statements or other kinds of compliance and business reports. BSE and NSE provide XBRL based compliance reporting featuring identical and homogeneous compliance data structures between Stock Exchanges and Ministry of Corporate Affairs. The XBRL filings are done on the NEAPS portal as well as the BSE online portal.

SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Reminder to investors

Reminders to collect unclaimed dividend on shares are sent to the concerned shareholders.

11. Management Discussion and Analysis (MDA)

The MDA section is carried in detail and forms part of the Board's Report.

12. General Body Meetings

a) Location and time of the last three Annual General Meetings:

Year	Venue	Day and date	Time	Particulars of Special Resolutions passed
2020-21	Meeting was conducted through through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and deemed venue was Registered Office of the Company at "Development House", 24, Park Street, Kolkata–700016	Saturday, 28 August, 2021	02:00 P.M.	6 (six) Special resolution mentioned below was proposed at the meeting, it was passed with requisite majority: 1. To appoint Mr. Sajid Fazalbhoy (DIN: 00022760) as an Independent Director of the Company 2. To appoint Mr. Prabhakar Dalal (DIN: 00544948) as an Independent Director of the Company 3. To appoint Mr. Abhay Bhutada (DIN: 03330542) as Managing Director of the Company 4. To re-appoint Mr. Sanjay Chamria (DIN: 00009894) as Whole-time Director of the Company designated as Executive Vice Chairman 5. Payment of existing remuneration to Mr. Sanjay Chamria (DIN: 00009894), Whole-time Director of the Company presently designated as Executive Vice Chairman of the Company for the financial year 2020- 21 6. Payment of existing remuneration to Mr. Mayank Poddar (DIN:00009409), erstwhile Whole-time Director of the Company for the period April, 2020 to 7 November, 2020
2019-20	Meeting was conducted through through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and deemed venue was Registered Office of the Company at "Development House", 24, Park Street, Kolkata–700016	Monday, 31 August, 2020	02:00 P.M.	2 (two) Special resolution mentioned below was proposed at the meeting, however it was not passed with requisite majority: 1. Payment of existing remuneration to Mr. Sanjay Chamria (DIN: 00009894), Vice Chairman and Managing Director of the Company for the period from 01 April, 2019 to 31 March, 2021 2. Payment of existing remuneration to Mr. Mayank Poddar (DIN: 00009409), Chairman Emeritus and Wholetime Director in accordance with Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015
2018-19	Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 017	Thursday, 01 August, 2019	03:00 P.M.	1. Re-appointment of Mr. Narayan K Seshadri as Independent Director of the Company 2. Place of keeping Registers and Index of Members, Debenture holders and copies of Annual Returns u/s 94 of Companies Act, 2013, at a place other than registered office of the Company

b) Location and time of the Extra Ordinary General Meetings (EOGM)

No EOGM was held during the financial year 2021-22

c) Postal Ballot

During the year under review, the Company sought the approval of the Members by means of 5 (five) Postal Ballot conducted through Remote E-voting for the following business which was duly passed with requisite majority, details appearing herein below:

Date of resolution passed	Resolution passed	Particulars of Resolutions	Voting Pattern	
			% of votes cast in favour of resolution	% of votes cast against the resolution
11 July, 2021	Special	1. Approval for change of name of the Company and consequential amendment to Memorandum of Association and Articles of Association of the Company.	99.999	0.001
	Special	2. Alteration in Articles of Association of the Company.	96.003	3.997
24 July, 2021	Special	1. Approval of Employee Stock Option Plan- 2021.	99.894	0.106
	Special	2. Extension of the Employee Stock Option Plan - 2021 to the employees of the holding company and subsidiary company(ies) of the Company.	99.894	0.106
	Special	3. Grant of employee stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees of the Company.	96.025	3.975
	Special	4. Grant of employee stock options equal to or exceeding 1% of the issued share capital of the Company to the identified employees of Company's holding company and subsidiary company(ies).	96.024	3.976
	Special	5. Approval to increase the stock options in current Magma Restricted Stock Option Plan – 2014.	96.025	3.975
	Special	6. Extension of the Magma Restricted Stock Option Plan- 2014 to the employees of the holding and subsidiary company(ies) of the Company.	96.025	3.975
	Special	7. Grant of stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees of the Company under the Magma Restricted Stock Option Plan-2014.	96.025	3.975
	Special	8. Grant of stock options equal to or exceeding 1% of the issued share capital of the Company to the identified employees of Company's holding company and subsidiary company(ies) under the Magma Restricted Stock Option Plan- 2014.	96.025	3.975

Date of resolution passed	Resolution passed	Particulars of Resolutions	Voting Pattern	
			% of votes cast in favour of resolution	% of votes cast against the resolution
17 September, 2021	Special	Shifting of Registered Office of the Company from the State of West Bengal to Maharashtra, under the jurisdiction of Registrar of Companies, Pune and consequent amendments to the Memorandum of Association of the Company.	99.996	0.004
13 December, 2021	Ordinary	Approval for sale of investment of equity shares in Magma HDI General Insurance Company Limited, Joint Venture held by the Company by way of ordinary resolution under Section 188 of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for 'material related party transaction'.	98.881	1.119
	Special	Approval for sale of investment of equity shares in Magma HDI General Insurance Company Limited, Joint Venture held by the Company by way of special resolution under Regulation 25(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.	99.860	0.140
	Special	Approval, for sale of investment of equity shares in Magma HDI General Insurance Company Limited, Joint Venture held by the Company by way of special resolution under Section 180(1)(a) of the Companies Act, 2013.	99.860	0.140
	Ordinary	Approval for sale of investment of equity shares in Jaguar Advisory Services Private Limited held by the Company by way of ordinary resolution under Section 188 of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	98.903	1.097
	Special	Approval for sale of investment of equity shares in Jaguar Advisory Services Private Limited held by the Company, by way of special resolution under Regulation 25(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.	99.860	0.140
	Special	Approval for sale of investment of equity shares in Jaguar Advisory Services Private Limited held by the Company by way of special resolution under Section 180(1)(a) of the Companies Act, 2013.	99.860	0.140
8 February, 2022	Special	Approval for amendment to the Articles of Association of the Company.	99.998	0.002
	Ordinary	Approve requests received from Mr. Sanjay Chamria, Mr. Mayank Poddar, Microfirm Capital Private Limited, Celica Developers Private Limited, Magma Consumer Finance Private Limited, Mrs. Kalpana Poddar, Mrs. Mansi Poddar, Mrs. Shaili Poddar and Mrs. Ashita Poddar, Persons belonging to Promoters/ Promoter Group for reclassification from "Promoters / Promoter Group" category to "Public" category.	99.998	0.002

d) Special Resolution proposed to be conducted through Postal Ballot

No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

e) Procedure followed for Postal Ballot

Pursuant to Sections 108, 110 and other applicable provisions, if any, of the Act, (including any statutory modification or re-enactment thereof for the time being in force) read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (the Rules), as amended from time to time, the General Circular No. 14/ 2020 dated 8 April, 2020 and the General Circular No. 17/ 2020 dated 13 April, 2020,in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19" issued by the MCA, Government of India (the "MCA Circulars") and pursuant to other applicable laws and regulations, the Company provided only the remote e-Voting facility to its Members, to enable them to cast their votes electronically.

The Company engaged the services of National Securities Depository Limited (NSDL) for facilitating remote e-Voting to enable the Members to cast their votes electronically.

Mr. Girish Bhatia (ICSI Membership No. FCS 3295), Practising Company Secretary, acted as the Scrutinizer, for conducting the aforesaid Postal Ballot process, in a fair and transparent manner.

In terms of the MCA Circulars, the Company sent the Postal Ballot Notices in electronic form only to its registered shareholders whose e-mail IDs were registered/available with the Depository Participants (DPs)/Registrars and Share Transfer Agents (RTA) as on a cut-off date. Voting rights were reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-Voting. The scrutinizer, after the completion of scrutiny, submitted his report.

The consolidated results of the voting by postal ballot and e-Voting were then announced and the results were also displayed at the Registered Office and the Corporate Office of the Company and on the Company's website besides being communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and NSDL.

13. General Shareholders' information

The Shareholders are kept informed by way of mailing of Annual Reports, notices of Annual General Meetings, Extra Ordinary General Meetings, Postal Ballots and other compliances under the Act and Listing Regulations. The Company also issues press releases and publishes quarterly results.

a)	**AGM details**		
	Date	:	Date: 29 July, 2022
	Venue	:	Venue: Video Conferencing (VC) or through other audio-visual means (OAVM). Deemed Venue: Registered Office
	Time	:	Time: 2:00 P.M.
b)	**Financial Year**	:	The Financial Year covers the period from 1 April to 31 March
c)	**Dividend payment date and rate**	:	On Equity Shares @ 20% i.e. Re.0.40 per Equity Share of the face value of ₹2/- each. The dividend will be paid on or after the AGM date. Dividend warrants/ipay cheques in respect of shares held in electronic/dematerialized form will be posted to the beneficial owners at their address as per the information furnished by NSDL and CDSL as on the record date.

d) Listing of shares

The Equity Shares of the Company are listed on -

Name of Stock Exchanges	Stock code
National Stock Exchange of India Limited (NSE) 5, Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.	POONAWALLA
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001.	524000

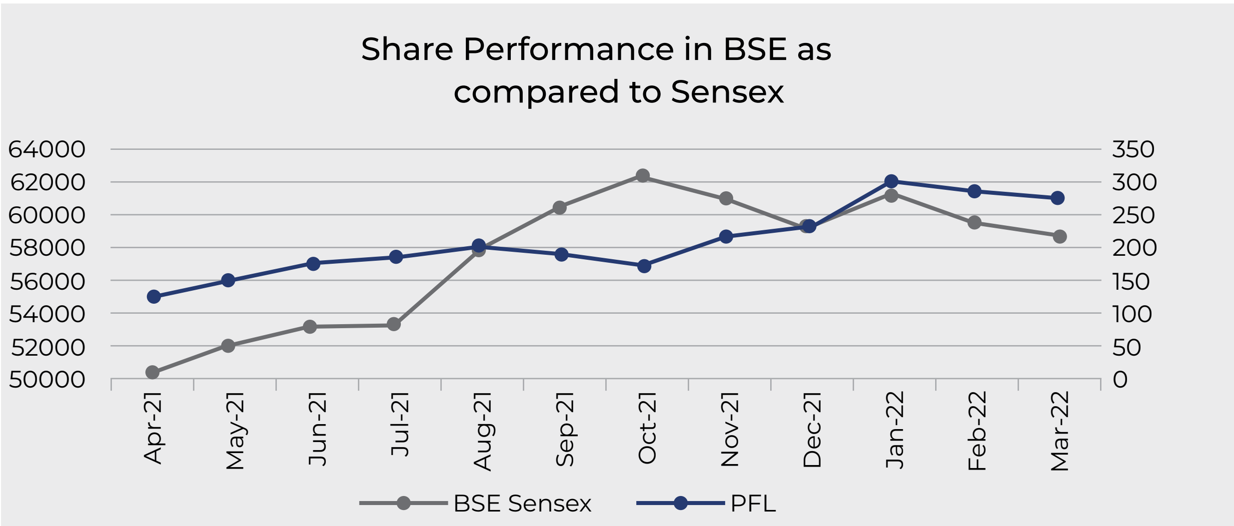
e) Payment of Listing Fees : Annual listing fees has been paid by the Company to BSE and NSE.

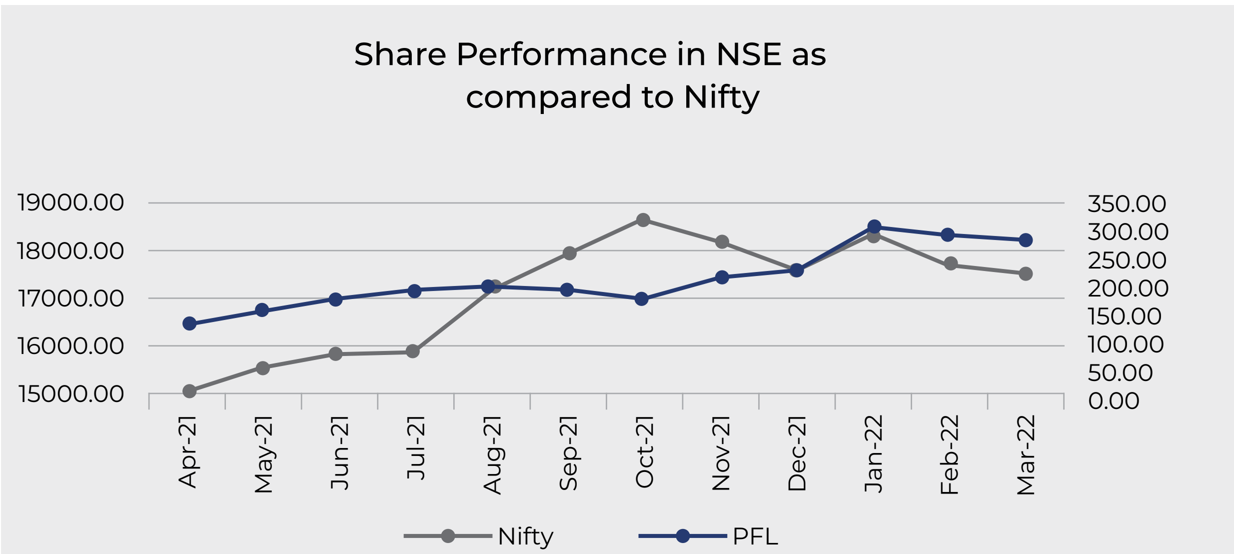
f) Market price data

Monthly high and low quotation during 1 April, 2021 to 31 March, 2022 is given in the table below:

Month	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
April, 2021	123.65	103.25	20,26,293	123.40	103.10	1,64,83,805
May, 2021	147.90	111.05	5,10,25,745	147.95	111.05	7,15,55,241
June, 2021	173.80	141.10	48,13,066	173.65	142.50	3,19,36,073
July, 2021	186.00	141.50	16,51,692	185.00	144.00	1,76,73,390
August, 2021	199.65	163.00	29,29,886	197.85	161.25	4,49,55,321
September, 2021	190.90	159.50	39,09,012	190.00	159.15	2,69,73,307
October, 2021	172.65	141.00	31,63,926	172.85	140.75	2,28,82,753
November, 2021	212.90	164.20	5,40,45,801	211.85	164.10	19,50,92,822
December, 2021	230.55	180.60	1,07,11,108	230.70	180.50	11,85,81,338
January, 2022	302.70	219.00	1,18,04,540	302.90	219.00	14,21,82,101
February, 2022	288.45	217.00	56,90,597	288.50	216.20	6,56,61,314
March, 2022	278.20	216.65	45,17,525	278.00	216.60	6,42.92,302

g) Poonawalla Fincorp Limited's Share Performance in comparison to broad based indices





h) None of the Company's securities have been suspended from trading.

i) Registrar and Share Transfer Agents

i) Physical and Demat Mode (Shares and Debentures through private placement)	:	Niche Technologies Private Limited 3A, Auckland Place, 7th Floor, Room No. 7A & 7B, Kolkata - 700 017, West Bengal Tel No.: +91 33 2280 6616/17/18 Fax No.: +91 33 2280-6619 Email Id : nichetechpl@nichetechpl.com Website: www.nichetechpl.com
ii) Demat Mode	:	KFin Technologies Limited (Formerly KFin Technologies Private Limited) (Retail Debentures only) "Selenium Tower - B", Plot No. 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad Rangareddy, Telangana - 500 032 Tel: +91 40 6716 2222 E-mail: einward.ris@kfintech.com Website: www.kfintech.com

j) Share Transfer System

The Company's shares being in the compulsory demat list, are transferable through the depository system.

Compliance of Share Transfer formalities

As per the requirement of Regulation 40(9) of the Listing Regulations, the Company has obtained the yearly certificates from the Company Secretary in practice for due compliance of share transfer formalities.

Mandatory Dematerialisation

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018, and notification thereto, SEBI has mandated that, with effect from 01 April, 2019, shareholders holding share in physical mode shall not be able to transfer their shares unless such shares are converted into dematerialised form. Accordingly, the shareholders holding shares in physical form, in their own interest, are hereby requested to take necessary steps to dematerialise their shares as soon as possible. The amendment does not impact the shareholders requests for transmission or transposition of securities held in physical mode. Process for dematerialisation of shares is available at the website of the Company at weblink i.e. https://poonawallafincorp.com/investor-info.php

In view of SEBI Circular dated 3 November, 2021 read with SEBI Circular dated 14 December, 2021, physical Shareholders are requested to submit their PAN, full KYC details (Postal address with PIN, mobile number, email address, bank details, signature) and Nomination details in Form ISR-1 at the earliest. Non-availability of any of the above documents/details with the Company RTA on or after 01 April, 2023 will result in freezing of the physical shareholders' Folios pursuant to the said SEBI Circular. Physical Shareholders are also requested to dematerialize their shareholding at the earliest, as pursuant to SEBI Circular, any investor service requests including transfer/ transmissions requests shall be processed in dematerialized mode only. Request for dematerialization can be submitted to Niche Technologies Private Limited, RTA.

Initiatives for shareholders awareness as per SEBI Circular dated 03 November, 2021 (KYC compliance and dematerialisation of securities held in physical form).

1. Disseminated the required information on the website of the Company for ease of shareholders (Link: https://poonawallafincorp.com/investor-info.php)
2. Make available all Forms mentioned in SEBI circular on the website of the Company (Link: https://poonawallafincorp.com/investor-info.php)
3. Issued communication to all shareholders holding securities of the Company in physical form and whose folios which are incomplete indicating the process and documentation required for updation of their KYC, details of Bank Account, Demat account and Nomination with the RTA.
4. Sent reminder communication to all shareholders who failed to comply with said SEBI circular.

k) Distribution of shareholding as on 31 March, 2022

Particulars	Number of shareholders	Number of shares held	Percentage of shareholding (%)
Up to 500	1,41,708	1,53,58,734	2.01
501 – 1,000	10,525	85,58,065	1.12
1,001 – 5,000	9,523	2,19,66,747	2.87
5,001 – 10,000	1,507	1,14,77,492	1.50
10,001 – 50,000	1,188	2,52,20,133	3.30
50,001 – 1,00,000	167	1,19,52,012	1.56
1,00,001 – and above	187	67,03,90,356	87.64
Total	**1,64,805**	**76,49,23,539**	**100.00**

l) **Pattern of shareholding as on 31 March, 2022**

Category	Number of shares	Percentage (%)
Promoter and Promoter Group	47,04,05,352	61.50
Resident individuals	14,09,35,945	18.42
Foreign holdings	5,47,78,427	7.16
Financial institutions and banks	1,06,85,934	1.40
Other Companies / Mutual Funds	8,76,76,992	11.46
IEPF	4,40,889	0.06
Total	**76,49,23,539**	**100.00**

m) **Dematerialization of shares and liquidity**

The Company's shares enjoy demat facility with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) having the following ISIN Nos. for Equity Shares:-

INE511C01022 for 76,49,23,539 Equity Shares of ₹2/- each.

As on 31 March, 2022, 76,42,41,224 Equity Shares constituting 99.91 % Equity Shares of the total holding were held in demat mode.

Members still holding physical share certificates are requested to dematerialize their shares by approaching any of the Depository Participants registered with the Securities and Exchange Board of India (SEBI).

n) **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

As on 31 March, 2022, there are no Outstanding GDRs/ADRs/Warrants or any Convertible instruments.

o) **Commodity Price Risk or Foreign Exchange Risk and Hedging activities**

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15 November, 2018 is not required to be furnished by the Company.

p) **Plant locations**

In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plant.

q) **Address for correspondence for Shares/ Debentures and related matters**

Mrs. Shabnum Zaman

Company Secretary

Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited)

Ecospace Business Park, Premises No. 501 Block 4A, 5th Floor, New Town, Rajarhat, Kolkata - 700160

Email Id: secretarial@poonawallafincorp.com

r) **List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.**

Instrument	Rating	Rating Agency
Rating Under Basel Guidelines		
Commercial Paper/Short Term Bank Facilities	A1+	CARE/CRISIL
Secured NCDs	AA+ / Stable	CARE/CRISIL/ Brickwork/ ACUITE
Unsecured Sub-debt (Tier-II) NCDs	AA+/Stable	CARE/Brickwork/ ACUITE
Perpetual Debt Instruments	AA/Stable	CARE/Brickwork
Long Term Banking Facilities	AA+ / Stable	CRISIL/ CARE

s) **Company's registered office**

601, 6th Floor, Zero One IT Park, Survey No. 79/1, Ghorpadi, Mundhwa Road, Pune – 411036, Maharashtra

t) **Book Closure date**

The register of members and share transfer books of the Company will remain closed from 23 July, 2022 to 29 July, 2022 (both days inclusive).

u) **Financial calendar (tentative)**

Financial reporting for the quarter ending

1 st quarter ending 30 June, 2022	First week of August 2022
2nd quarter ending 30 September 2022	First week of November 2022
3rd quarter ending 31 December, 2022	First week of February 2023
4th quarter ending 31 March, 2023	First week of May 2023
Annual General Meeting for the year ending 31 March, 2023	First week of August 2023

v) **Contact person for clarification on Financial Statements**

For clarification on Financial Statements, kindly contact:

Mr. Rajesh Singhania

Senior Vice President, Head- Accounts

Email: rsinghania@poonawallafincorp.com

w) Nomination facility

Pursuant to the provisions of Section 72 of the Companies Act, 2013, and Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, members may file Nomination in respect of their shareholdings. Members holding shares in Physical Form willing to avail this facility may submit to the Company the prescribed Form SH-13 and any change or variation in the nomination in prescribed Form SH-14. Form SH-13 and SH-14 can be downloaded from the Company's website www.poonawallafincorp.com under the 'Investors' section. Members holding shares in electronic form are requested to give the nomination to their respective Depository Participants directly.

x) Requirement of PAN

Members who hold shares in the physical form are advised that in terms of the Listing Regulations, for transmissions of shares etc., a copy of the PAN card along with other necessary documents shall be submitted to the RTA.

y) Rights of Members

The following are some of the important rights of the members:

1. Receive notices of General Meetings, Annual Report, etc.
2. Attend and vote at the General Meetings and appoint proxy in their stead.
3. Request an Extraordinary General Meeting along with other members who collectively hold not less than 1/10th of the total paid up share capital of the Company carrying voting rights.
4. Receive dividends and other corporate benefits like rights, bonus shares etc., when declared / announced.
5. Inspect minutes book of General Meetings.
6. Inspect Register of Members.
7. Nominate a person to whom his/her shares shall vest in the event of death.
8. Seek relief in case of oppression and mismanagement in the manner given under Section 241 of the Companies Act, 2013.
9. Seek relief in case the affairs of the Company are managed in a manner prejudicial to the interest of the Company or its members by virtue of a Class Action Suit under Section 245 of the Companies Act, 2013.

z) Debt Securities Listing

The Wholesale Debt Market (WDM) Segment of BSE and NSE

aa) Debenture Trustees

Pursuant to Regulation 53 of the Listing Regulations the name and contact details of the Debenture Trustee for the privately placed NCDs and public NCDs are given below:

(i) IDBI Trusteeship Services Limited

Asian Building, Ground Floor, 17, R. Karmani Marg,

Ballard Estate, Mumbai – 400 001, Maharashtra,

Tel: +91 22 4080 7000 ; Fax: +91 22 6631 1776

E-mail: itsl@idbitrustee.com

Investor Grievance Email: itsl@idbitrustee.com

(ii) Catalyst Trusteeship Limited (Formerly GDA Trusteeship Limited)

'GDA House', Plot No. 85,

Bhusari Colony (Right), Kothrud, Pune 411 038

Maharashtra, India

Tel: +91 22 4922 0555

Fax: + 91 22 4922 0505

E-mail: ComplianceCTLMumbai@ctltrustee.com

Investor Grievance Email: grievance@ctltrustee.com

bb) Disclosure with respect to demat suspense account/unclaimed suspense account

Not applicable.

14. Other Disclosures

1. Disclosures on materially significant related party transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were usually in the ordinary course of business. There have been no material significant related party transactions between the Company and its directors, their relatives or associates except the transactions disclosed in form AOC-2. All Related Party Transactions are placed before the Audit Committee. Disclosure of transactions with related parties is provided in notes to the financial statements, forming part of the Annual Report.

2. Details of non-compliance, penalties, strictures imposed by Stock Exchange, if any

The Company complied with the statutory rules and regulations including those of the SEBI and the Stock Exchanges. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during last three years.

3. Vigil mechanism / Whistle Blower

The Company has in place Board approved Policy on Breach of Integrity and Whistle Blower (Vigil mechanism). The Policy was framed with an objective to deal with issues pertaining to integrity, encouraging the employees and Directors of the Company to raise any concern about Company's operations and working environment, including possible breaches of Company's policies and standards, without fear of adverse managerial action being taken against such employees.

It provides a channel to Whistle Blower to report concerns about any Alleged Wrongful Conduct and to build and strengthen a culture of Instances of such suspected or confirmed incident of fraud/ misconduct may be reported on the designated email id i.e. whistleblower@poonawallafincorp.com

An Ethics & Disciplinary Committee as constituted under the vigil mechanism looks into the complaints raised and their redressal. The Committee reports to the Audit Committee.

The mechanism also provides for adequate safeguards against victimization of employees to avail of the mechanism and in exceptional cases direct access to the Chairman of the Audit Committee to report instances of fraud/ misconduct. During the year under review, no employee was denied access to the Audit Committee.

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

4. Adoption of mandatory and non- mandatory requirements of Regulation 27(1) of Listing Regulations and Schedule V

The Company has adopted all the non-mandatory requirements as stated under Part E of Schedule II to the Listing Regulations and reproduced herein below:

A. The Board

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

B. Shareholder rights

Since the quarterly, half yearly and annual financial results of the Company are published in newspapers on all India basis and are also posted on the Company's website, these are not sent individually to the shareholders of the Company. Further, significant events are informed to the Stock Exchanges from time to time and then the same is also posted on the website of the Company under the 'Investors' section. The complete Annual Report is sent to every Shareholder of the Company.

C. Modified opinion(s) in audit report

It is always the Company's endeavour to present unmodified Financial Statements.

D. Separate posts of Chairman and MD

As on the date of this Report, the Chairman of the Board is a Non-Executive Director, and his position is separate from that of the Managing Director.

E. Reporting of Internal Auditor

The Chief Internal Auditor reports functionally to the Audit Committee and administratively to the Managing Director.

5. Policy for determining 'Material' Subsidiaries

The Policy for determining Material Subsidiaries as approved by the Board may be referred to, at the website of the Company at its weblink i.e. https://poonawallafincorp.com/investor-governance.php

6. Policy on dealing with Related Party Transactions

The Policy on Related Party Transactions as approved by the Board is available on the Company's website at its weblink i.e. https://poonawallafincorp.com/investor-governance.php

7. Commodity Price Risk or Foreign Exchange Risk and Hedging activities

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15 November, 2018 is not required to be furnished by the Company.

8. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations

During the year the Company had on 06 May, 2021 raised capital through preferential allotment aggregating to ₹3,456 crores by way of issuing and allotting 4937,14,286 Equity Shares of face value ₹2/- each for cash at issue price of ₹70/- per Equity Share (including a premium of ₹68/- per Equity Share).

The proceeds raised through Preferential issue has been fully utilized to augment the networth, improve its capital adequacy norms and invest in the required growth capital in its subsidiary company.

9. Certificate from Practicing Company Secretary

A certificate from a Company Secretary in practice pursuant to Regulation 34(3) read with Clause 10 (i) of Paragraph C of Schedule V of the Listing Regulations certifying that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is provided as Annexure C to this report.

10. All the recommendations of the various committees were accepted by the Board.

11. Total fees for all services paid by the listed entity and its subsidiary, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part

During the year, details of fees paid/payable to Walker Chandiok & Co LLP, Statutory Auditors and B S R & Co. LLP, (former Statutory Auditors) and all entities in the network firm/network entity of which the Statutory Auditors are a part, by the Company and its subsidiary, are given below

(₹ In Lakhs)

Particulars	B S R & Co. LLP#			WALKER CHANDIOK & Co. LLP			Total		
	By the Company	By the Subsidiary	*Total Amount	By the Company	By the Subsidiary	*Total Amount	By the Company	By the Subsidiary	*Total Amount
Statutory Audit (including Limited review)	32.02	-	32.02	75.56	5.60	81.16	107.57	5.60	113.17
Other Services	9.23	-	9.23	9.38	7.58	16.96	18.61	7.58	26.19
Out-of-pocket expenses	-	-	-	7.73	0.97	8.70	7.73	0.97	8.70
Total	**41.25**	**-**	**41.25**	**92.66**	**14.15**	**106.81**	**133.91**	**14.15**	**148.06**

*The above fees are exclusive of applicable tax.

#Statutory Auditors till 41st AGM.

12. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 and the rules thereunder.

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2021-22, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder:

a. number of complaints filed during the financial year: 1

b. number of complaints disposed off during the financial year: 1

c. number of complaints pending as on end of the financial year: Nil

13. During the year no loans and advances was granted to firm/companies in which directors are interested.

14. The Company has complied with all the requirements of Corporate Governance Report as stated under sub paras (2) to (10) of section (C) of Schedule V to the Listing Regulations. The Company has complied with all the requirements of corporate governance as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

15. During the year under review 3 (three) death due to road accident on duty has been reported in the Company. The Company continuously sends communication to all the employees related to road safety measures including driving of two wheelers and four wheelers. All employees are covered under Group Term Life Insurance policy. Further statutory benefits were also extended as per relevant act as and where applicable. Periodical employee awareness session was conducted to minimize risk at work.

16. The Company has received sufficient disclosures from Promoters, Directors or the Senior Management wherever applicable.

17. The Company follows Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs in the preparation of its financial statements.

18. Reconciliation of Share Capital

During the year under review, an audit was carried out at the end of every quarter by Practising Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL. The report for every quarter upon reconciliation of capital was submitted to the stock exchanges.

19. Other Shareholders information

Transfer of unclaimed/unpaid amounts to Investor Education and Protection Fund

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules") (including any statutory modification(s) or reenactment(s) thereof for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the IEPF, maintained by the Central Government. In pursuance of this, the dividend remaining unclaimed in respect of dividends declared upto the financial year ended 31 March, 2014 have been transferred to the IEPF. The details of the unclaimed dividends so transferred are available on the Company's website at www.poonawallafincorp.com and on the website of the Ministry of Corporate Affairs at www.mca.gov.in.

In accordance with Section 124(6) of the Act, read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more from the date of transfer to the unpaid dividend account are required to be transferred to the demat Account of the IEPF Authority. Accordingly, all the shares in respect of which dividends were declared upto the financial years ended 31 March, 2014 and remained unclaimed are transferred to the IEPF. The Company had sent notices to all such Members in this regard and published a newspaper advertisement and, thereafter, transferred the shares to the IEPF during financial year 2021-22. The details of such shares transferred have been uploaded in the Company's website at www.poonawallafincorp.com.

The details of unclaimed dividends and Equity shares transferred to IEPF during the year 2021-22 are as follows:

Amount of unclaimed dividend transferred	Number of Equity shares transferred
₹4,86,088/-	23,055

The shareholders may claim the shares and dividend transferred to IEPF by making an online application to IEPF Authority in Form IEPF-5 available on the website www.iepf.gov.in along with the fee as may be prescribed by the Central Government, from time to time.

E-Voting

E-voting is a common internet infrastructure that enables investors to vote electronically on resolutions of companies. The Company has entered into agreements with NSDL and CDSL for availing e-Voting facilities. The Company will also have the e-Voting facility for the items to be transacted at this AGM. The MCA has authorized NSDL and CDSL for setting up electronic platform to facilitate casting of votes in electronic form.

20. Practicing Company Secretaries' Certificate on Corporate Governance

As required under Regulation 34 of the Listing Regulations, the Practicing Company Secretaries' certificate on Corporate Governance is annexed as Annexure A to this Report.

21. CEO and CFO Certification

The certificate required under Regulation 17(8) of the Listing Regulations, duly signed by the Managing Director and Chief Financial Officer of the Company was placed before the Board. The same is provided as Annexure B to this report.

For and on behalf of the Board

Abhay Bhutada
Managing Director
DIN: 03330542
Pune
12 May, 2022

Amar Deshpande
Non- Executive Director
DIN: 07425556
Pune
12 May, 2022

Annexure-A

Certificate on Corporate Governance of Poonawalla Fincorp Limited

To
The Members,
POONAWALLA FINCORP LIMITED (formerly Magma Fincorp Limited)

We have examined the compliance of conditions of Corporate Governance by **POONAWALLA FINCORP LIMITED** ("the Company") for the year ended on 31 March, 2022, as stipulated in Chapter IV and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations).

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clauses and/or Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge, information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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

For MKB & Associates
Company Secretaries
Firm Reg No: P2010WB042700

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

12 May, 2022
Kolkata
UDIN: A011470D000312771

Annexure-B

Certification in terms of regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Date: 12 May, 2022

The Board of Directors
Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)
601, 6th Floor, Zero One IT Park,
Survey No. 79/1, Ghorpadi,
Mundhwa Road, Pune - 411036,
Maharashtra

We, the undersigned in our respective capacities as Managing Director and Chief Financial Officer of Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited), certify to the Board in terms of regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that we have reviewed the Financial Statements and the Cash Flow Statement of the Company for the Financial Year ended 31 March, 2022.

1. To the best of our knowledge and belief, we certify that:
   (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading.
   (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
   (iii) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
2. For the purpose of Financial Reporting, we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
3. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
   (a) significant changes, if any, in the internal controls over financial reporting during the year.
   (b) significant changes, if any, in the accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and
   (c) instances of significant fraud, if any, of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)

Abhay Bhutada
Managing Director
(DIN: 03330542)

For Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)

Sanjay Miranka
Chief Financial Officer

Annexure-C

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)
601, 6th Floor, Zero One IT Park,
Survey No. 79/1, Ghorpadi, Mundhwa Road,
Pune – 411 036, Maharashtra

We have examined the relevant disclosures received from the Directors and registers, records, forms, returns maintained by Poonawalla Fincorp Limited (CIN: L51504PN1978PLC209007) having its Registered office at 601, 6th Floor, Zero One IT Park, Survey No. 79/1, Ghorpadi, Mundhwa Road, Pune – 411 036, Maharashtra (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status] at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company and its officers, we certify that following are the Directors on the Board of the Company as on 31 March, 2022:

Sl. No.	DIN	Name	Designation	Date of appointment
1	00044815	Mr. Adar Cyrus Poonawalla	Chairman, Non-Executive Director	01.06.2021
2	03330542	Mr. Abhay Bhutada	Managing Director	12.02.2022
3	05242960	Mrs. Vijayalakshmi R Iyer	Independent Non-Executive Director	31.01.2019
4	01705080	Mr. Bontha Prasada Rao	Independent Non-Executive Director	10.12.2019
5	00544948	Mr. Prabhakar R Dalal	Independent Non-Executive Director	05.05.2021
6	00022760	Mr. Sajid Fazalbhoy	Non-Executive Director	04.02.2022
7	07425556	Mr. Amar Deshpande	Non-Executive Director	03.06.2021
8	06743140	Mr. G Jaganmohan Rao	Independent Non-Executive Director	15.01.2022
9	09466542	Mr. Sanjay Kumar	Independent Non-Executive Director	15.01.2022
10	01052730	Mr. Atul Kumar Gupta	Non-Executive Director	27.01.2022

We further certify that none of the aforesaid Directors on the Board of the Company for the financial year ended on 31 March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For MKB & Associates
Company Secretaries
Firm Reg No: P2010WB042700

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

12 May, 2022
Kolkata
UDIN: A011470D000312716

Annexure-D

Declaration

Date: 29 April, 2022

The Board of Directors
Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)
601, 6th Floor, Zero One IT Park,
Survey No. 79/1, Ghorpadi,
Mundhwa Road, Pune - 411036,
Maharashtra

I, Abhay Bhutada, Managing Director of Poonawalla Fincorp Limited (Formerly, Magma Fincorp Limited) hereby confirm that all Board Members and Senior Management Team have affirmed compliance with the "Code of Conduct for Directors and Senior Executives of the Company", as applicable to them for the year ended 31 March, 2022.

Thanking You,
Yours sincerely,
For Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)

Abhay Bhutada
Managing Director
(DIN: 03330542)

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of

Poonawalla Fincorp Limited
[Formerly Magma Fincorp Limited]

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **Poonawalla Fincorp Limited [Formerly Magma Fincorp Limited]** ('the Company'), which comprise the Balance Sheet as at 31 March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matters	How our audit addressed the key audit matter
Expected credit losses on loan assets and implementation of COVID relief measures Refer Note 2(h)(vi) of significant accounting policies, Note 6 for the details of provision and Note 48(ii) for credit risk disclosures. As at 31 March, 2022, the Company has reported gross financial assets (loan) aggregating to ₹ 1,125,781.51 lacs against which provision for expected credit loss of ₹ 57,964.38 lacs has been recorded as at reporting date in accordance with Ind AS 109 – Financial Instruments ('Ind AS 109'). The calculation of expected credit loss on loans is complex and requires significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: » Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions for calculation of expected credit losses including the impact of COVID 19 on the assumptions; » Ensured completeness and the appropriateness of data on which the calculation is based. Since modelling assumptions and parameters are based on historical data, assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;

Key audit matters	How our audit addressed the key audit matter
The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: » If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within 1 month. » If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e., the default in repayment is within the range of 2 to 3 months. » If the loan is credit-impaired, it is then moved to 'Stage 3' i.e., the default in repayment is more than 3 months. The Expected Credit Loss ("ECL") is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions are involved in measuring ECL especially while calculating the probability of default (PD) and loss given default (LGD) and involves the following factors which are applied to an internally developed model of ECL by the Company: ➢ Segmentation of loan book ➢ Determination of exposure at default ➢ Loan staging criteria ➢ Consideration of probability weighted scenarios and forward looking macro-economic factors ➢ Criteria for a significant increase in credit risk ➢ Past experience and forecast data on customer behaviour on repayments ➢ Estimation of realizable value of underlying collaterals **Implementation of COVID-19 relief measures** During the previous and current year, RBI announced various restructuring relief measures for the borrowers which were implemented by the Company such as "Resolution Framework for COVID-19 related Stress" dated on 6 August, 2020 and Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated 05 May, 2021 (collectively referred to as 'Resolution Frameworks') which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment.	» Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109 » Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also evaluated the controls over the modelling process, validation of data and related approvals. » Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the agreed repayment schedules of the borrowers which included the impact of the restructuring. » Further, challenged the aforesaid assumptions adjusted for COVID-19 pandemic through our understanding of the risk profile of the customers of the Company and other publicly available relevant macro-economic factors pertaining to the impact of COVID-19. » We have also examined, on a sample basis, data inputs to the discounted cash flow models, including the latest collateral valuations in supporting the estimation of future cash flows and present value; » Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the accounting standard including the impact of COVID-19 on account of restructuring benefit extended by the Company and the basis for classification of various exposures into various stages. For a sample of exposures, also tested the appropriateness of the Company's categorization across various stages; » Ensured that the Company's approved policy in relation to restructuring benefits was in accordance with the RBI requirements. On a test check basis, ensured that the restructuring was approved and implemented, and provisions made on such restructured loan assets is in accordance with the ECL model. » Assessed the critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD);

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The management has considered the impact of COVID-19 on arriving at the provisions as at the balance sheet date on account of significant increase in credit risk on borrowers given additional support by the Company which were impacted due to COVID-19. The basis of estimates and assumptions involved in arriving at the provisions during the year were monitored by the Company periodically.

Considering the significance of the above matter to the standalone financial statements, significant level of estimates and judgements involved in determination of ECL including impact of COVID-19, this matter required our significant attention. Therefore, we have identified this as a key audit matter for current year audit.</td><td>» Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically;
» On test check basis, tested the reasonableness of estimates of expected realizable values of underlying collaterals;
» Obtained the management's rational for writing off the loans during the current year and tested for appropriate management approvals for the same.
» Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.
» Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 48 "Financial risk management" disclosed in the accompanying standalone financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.</td></tr>
<tr><td>Information Technology system for accounting and financial reporting process:

The Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations.

Further, the Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others.

The Company has put in place IT General Controls and automated IT Controls to ensure the integrity, accuracy, completeness, validity and reliability of the information produced by the Company. Among other things, the management also uses the information produced by the Company's information processing systems for accounting and the preparation and presentation of the financial statements.

Also, during the current year, the Company has implemented a new loan management system (LMS) for sourcing, processing, recording and management of loan database which has resulted in a significant upgradation in the Company's process and the related controls for the processing of loans advanced to the customers. The new loan management system is fully integrated with the existing financial accounting and reporting system and the Company has implemented necessary preventive and detective controls across critical IT applications and</td><td>Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following:
» Obtained an understanding of the Company's information processing systems, IT General Controls and automated IT controls and conducted risk assessment for identified IT applications, data bases and operating systems that are relevant to our audit;
» Obtained an understanding of the changes that were made to the identified IT applications during the audit period including the impact on asset classification on account of restructuring relief extended to its customers and tested those changes that had a significant impact on financial reporting;
» Evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use, including logging of security events and procedures to identify vulnerabilities;
» Tested segregations of duties controls around program maintenance, security administration and key business processes;
» Evaluated management processes for modifications to the IT environment including monitoring and authorization of such modifications. Tested changes made to the IT system that involved significant impact on financial reporting;</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
infrastructure, which are most relevant from the perspective of financial reporting. Our audit approach relies on the effectiveness of automated controls and controls around interface of different systems. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. Further, we focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and controls relevant to our audit due to their pervasive impact on the financial statements, we have determined the use of information processing system for accounting and financial reporting same as a key audit matter for current year audit.	» Tested IT General Controls particularly, logical access, change management and aspects of IT operational controls. Tested that request for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization; » Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; » Reviewed the management's processes around systems implementation in order to ascertain how the processes and controls of the new system are designed and how the information is transferred within the systems and tested the completeness, validity and accuracy of transaction and data; » Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; » Where deficiencies were identified, tested compensating controls or performed alternative procedures; » Obtained written representations from management and those charged with governance on whether IT general controls and automated IT controls are designed and were operating effectively during the period covered by our audit

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

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company

and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements

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

Other Matter

15. The standalone financial statements of the Company for the year ended 31 March, 2021 were audited by the predecessor auditor, B S R & Co. LLP, who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 31 May, 2021.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

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

18. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

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

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March, 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 45 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March, 2022;

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

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March, 2022;

        iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 53 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

        b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 53 to the standalone financial statements, no funds have been received by the

Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. As stated in note 27 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March, 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No. 042423
UDIN: 22042423AIVGRS5620

Place: Mumbai
Date: 12 May, 2022

Annexure A referred to in Paragraph 17 of the Independent Auditor's Report of even date to the members of Poonawalla Fincorp Limited [Formerly Magma Fincorp Limited] on the standalone financial statements for the year ended 31 March, 2022

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

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

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular program of physical verification of its property, plant and equipment, right of use assets and investment property under which the assets are physically verified in a phased manner over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (including investment properties) held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company, except for the following properties:

Description of property	Gross carrying value (₹ in lacs)	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of Company
Investment property	8.60	Gouri Shankar Rajgarhia and Om Prakash Rajgarhia	No	Since 15 July, 2004	Disputed

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

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.

(ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.

(b) The Company has a working capital limit in excess of ₹ 5 crore sanctioned by banks and financial institutions based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and financial institutions and such statements are in agreement with the books of account of the Company for the respective periods, which were not subject to audit.

(iii) (a) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) In our opinion, and according to the information and explanations given to us, the investments made and terms and conditions of the grant of all loans and advances in the nature of loans provided are, prima facie, not prejudicial to the interest of the Company. The Company has not provided any guarantee or given any security during the year.

(c) The Company is a Non-Banking Financial Company ('NBFC'), registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular except for certain instances as below:

Overdue outstanding as on 31 March, 2022

Particulars – Days past due	Total amount due (₹ in lacs)	No. of Cases
Upto 1 month overdue	3,968.36	26,599
More than 1 months upto 2 months overdue	4,640.22	18,385
More than 2 months upto 3 months overdue	7,820.08	17,960
More than 3 months overdue	11,229.51	33,331
Total	**27,658.17**	**96,275**

(d) According to the information and explanations given to us, the total amount which is overdue for more than 90 days in respect of loans and advances in the nature of loans given in course of the business operations of the Company aggregates to ₹ 11,229.51 lacs as at 31 March, 2022 in respect of 33,331 number of loans. Further, reasonable steps, as per the policies and procedures of the Company have been taken for recovery of such principal and interest amounts overdue.

Particulars	Amount (₹ in lacs)	No. of Cases
Principal	8,326.70	33,331
Interest	2,902.82	
Total	**11,229.52**	**33,331**

(e) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

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

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and section 186 of the Act in respect of loans and investments, as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of guarantees and security.

(v) The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being an non-banking financial company registered with the Reserve Bank of India ('the RBI'), and also the Company has not accepted any deposits from public or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of specified products of the Company. For such products, we have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under the aforesaid section, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ in lacs)	Amount paid under Protest (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income tax	0.63	0.63	2009-10	Commissioner of Income Tax (Appeals)	
	Income tax	81.06	81.06	2011-12 and 2013-14	Commissioner of Income Tax (Appeals)	
	Income tax	2.25	0.34	2012-13	Commissioner of Income Tax (Appeals)	
	Income Tax	2,027.26	2,027.26	2019-20	Commissioner of Income Tax (Appeals)	
	Income tax	123.96	123.96	2014-15 to 2016-17	Commissioner of Income Tax (Appeals)	
	Income tax	20.64	20.64	2017-18	Commissioner of Income Tax (Appeals)	
Finance Act, 1994	Service tax	1,022.03	404.00	2002-2003 to 2006-07	High Court, Kolkata	
	Service tax	107.99	8.09	2008-09 to 2011-12	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Kolkata	
	Service tax	184.52	Nil	2010-11 to 2013-14	High Court, Kolkata	
Rajasthan Value Added Tax Act, 2003	VAT	61.74	Nil	2015-16 to 2017-18	Appellate Authority, Rajasthan	
Jharkhand Value Added Tax Act, 2005	VAT	21.57	4.30	2006-2007 to 2009- 2010	Sales Tax Tribunal, Jharkhand, Ranchi	
Madhya Pradesh Value Added Tax Act, 2002	VAT	133.75	Nil	2008-2009 to 2009-2010	Madhya Pradesh High Court, Jabalpur	
Orissa Value Added Tax, 2004	VAT	68.89	11.48	2007-08 to 30 September, 2012	Sales Tax Tribunal, Orissa	
Delhi Value Added Tax Act, 2004	VAT	16.26	Nil	2012-13	Delhi Commissioner of Tax	
Delhi Value Added Tax Act, 2004	VAT	33.11	2.59	2013-14	Sales Tax Tribunal, Delhi	
Haryana VAT Act	VAT	435.94	Nil	2013-14	Punjab and Haryana High Court	
West Bengal GST Act	GST	61.31	3.40	2017-18	Senior Joint/Joint Commissioner of State Tax – Kolkata (South) Circle	

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including the confirmations received from banks/ financial institution and/ or other lenders and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.

(e) According to the information and explanations given to us and 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 subsidiaries or joint ventures.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries or joint ventures.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has made preferential allotment of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of section 42 and section 62 of the Act and the Rules framed thereunder with respect to the same. Further, the amounts so raised were used for the purposes for which the funds were raised, though idle funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit except for misappropriation of cash aggregating to ₹ 115.13 lacs by the employees of the Company, customers or third party, identified by the management during the year as stated under Note 54(p) to the accompanying standalone financial statements. The Company has initiated disciplinary action against the employees wherever involved, including termination of their employment contracts and ensured recovery of the amounts to the extent possible. The unrecovered amount of ₹ 113.10 lacs has been charged to statement of profit and loss during the year.

(b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) The whistle blower complaints received by the Company during the year, as shared with us by the management have been considered by us while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

(b) According to the information and explanations given to us, the Company has conducted Non-Banking Financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.

(c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

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

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, although the Company fulfilled the criteria as specified under section 135(1) of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, however, in the absence of average net profits in the immediately three preceding years, there is no requirement for the Company to spend any amount under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No. 042423
UDIN: 22042423AIVGRS5620

Place: Mumbai
Date: 12 May, 2022

Annexure B referred to in Paragraph 17 of the Independent Auditor's Report of even date to the members of Poonawalla Fincorp Limited [Formerly Magma Fincorp Limited] on the standalone financial statements for the year ended 31 March, 2022

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Poonawalla Fincorp Limited [Formerly Magma Fincorp Limited] ('the Company') as at and for the year ended 31 March, 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March, 2022, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No. 042423
UDIN: 22042423AIVGRS5620

Place: Mumbai
Date: 12 May, 2022

Balance Sheet

as at 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated)

	Note	As at 31 March, 2022	As at 31 March, 2021
ASSETS			
1 Financial assets			
Cash and cash equivalents	3	33,520.15	26,509.45
Other bank balances	4	20,195.99	34,732.74
Receivables	5		
(i) Trade receivables		1,018.13	1,017.44
(ii) Other receivables		384.99	274.13
Loans	6	1,067,837.09	856,531.37
Investments	7	81,971.10	42,892.20
Other financial assets	8	14,392.98	13,416.83
		1,219,320.43	**975,374.16**
2 Non-financial assets			
Current tax assets (net)	9	10,541.34	8,741.52
Deferred tax assets (net)	10	20,378.58	29,797.99
Investment property	11	7.70	7.88
Property, plant and equipment	12	11,531.10	12,396.35
Intangible assets under development	13	45.94	18.15
Other intangible assets	14	1,669.05	1,769.00
Right of use assets	15	4,232.18	2,965.52
Assets held for sale	16	10,920.11	-
Other non-financial assets	17	2,320.17	3,129.03
		61,646.17	**58,825.44**
Total Assets		**1,280,966.60**	**1,034,199.60**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables	18		
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		216.52	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,053.52	8,457.50
Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	19	66,030.15	82,593.08
Borrowings (other than debt securities)	20	557,669.31	635,488.12
Subordinated liabilities	21	48,881.87	73,397.53
Lease liabilities	22	4,760.61	3,394.37
Other financial liabilities	23	23,502.31	25,191.52
		702,114.29	**828,522.12**
2 Non-financial liabilities			
Current tax liabilities (net)	24	36.02	943.56
Provisions	25	973.79	1,124.94
Other non-financial liabilities	26	6,391.75	9,402.57
		7,401.56	**11,471.07**
EQUITY			
Equity share capital	27	15,298.47	5,392.33
Other equity	28	556,152.28	188,814.08
		571,450.75	**194,206.41**
Total liabilities and equity		**1,280,966.60**	**1,034,199.60**
Notes 1 to 54 forms an integral part of these standalone financial statements			

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

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Amar Deshpande
Director
(DIN : 07425556)

Abhay Bhutada
Managing Director
(DIN : 03330542)

Khushroo B. Panthaky
Partner
Membership No: 042423

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place : Mumbai
Date : 12 May, 2022

Place : Pune
Date : 12 May, 2022

Statement of Profit and Loss

for the year ended 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated)

	Note	Year ended 31 March, 2022	Year ended 31 March, 2021
Revenue from operations			
Interest income	29	145,855.77	175,698.28
Rental income	30	2,644.43	2,967.31
Fees and commission income	31	4,854.91	6,050.47
Net gain on fair value changes	32	266.92	156.90
Total revenue from operations		**153,622.03**	**184,872.96**
Other income	33	3,085.90	2,812.14
Total income		**156,707.93**	**187,685.10**
Expenses			
Finance costs	34	50,928.64	87,459.56
Impairment on financial instruments	35	6,861.26	131,862.63
Employee benefits expenses	36	40,985.66	30,599.28
Depreciation and amortisation expense	37	4,949.56	5,215.44
Other expenses	38	14,525.91	9,813.22
Total expenses		**118,251.03**	**264,950.13**
Profit / (loss) before tax		**38,456.90**	**(77,265.03)**
Tax expense:	10		
Current tax		-	-
Tax expense for earlier years		(227.50)	69.66
Deferred tax charge / (credit)		9,364.41	(19,498.61)
Total tax expense		**9,136.91**	**(19,428.95)**
Profit / (loss) for the year		**29,319.99**	**(57,836.08)**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
(i) Remeasurement of the defined benefit plans		(2.17)	264.43
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.54	(66.55)
		(1.63)	**197.88**
B. Items that will be reclassified to profit or loss			
(i) Debt instruments through other comprehensive income		220.71	128.66
(ii) Income tax relating to items that will be reclassified to profit or loss		(55.54)	(32.38)
		165.17	**96.28**
Other comprehensive income (A + B)		**163.54**	**294.16**
Total comprehensive income for the year		**29,483.53**	**(57,541.92)**
Earnings per equity share			
Basic (₹)	42	4.09	(21.46)
Diluted (₹)	42	4.04	(21.46)

Notes 1 to 54 forms an integral part of these standalone financial statements

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

For and on behalf of the Board of Directors of **Poonawalla Fincorp Limited** (Formerly Magma Fincorp Limited)

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Amar Deshpande
Director
(DIN : 07425556)

Abhay Bhutada
Managing Director
(DIN : 03330542)

Khushroo B. Panthaky
Partner
Membership No: 042423

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place : Mumbai
Date : 12 May, 2022

Place : Pune
Date : 12 May, 2022

Statement of Cash Flow

for the year ended 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated)

	Year ended 31 March, 2022	Year ended 31 March, 2021
A. Cash flow from operating activities		
Profit / (loss) for the year	**38,456.90**	**(77,265.03)**
Adjustments for :		
Depreciation and amortisation expense	5,073.62	5,438.60
Impairment on financial assets	6,861.26	131,862.63
Net (gain) on fair value changes	(266.92)	(156.90)
Net loss on derecognition of property, plant and equipment	41.24	24.29
Intangible assets under development written-off	-	3.14
Expense on employee stock option scheme	1,655.20	308.04
Interest on income tax refund	-	(683.86)
Interest on lease liabilities	455.37	251.71
Liabilities written back	(395.59)	(336.79)
Operating cash flow before working capital changes	**51,881.08**	**59,445.83**
Movement in working capital:		
(Increase) in receivables	(111.55)	(300.18)
(Increase)/decrease in loans	(219,991.18)	129,579.08
Decrease in other financial assets	806.19	8,623.60
Decrease in other non financial assets	808.86	611.90
(Decrease)/increase in payables	(6,791.87)	6,827.82
(Decrease) in other financial liabilities	(357.97)	(204.19)
(Decrease)/increase in provisions	(153.32)	363.21
(Decrease)/increase in other non financial liabilities	(3,010.82)	2,923.68
Net cash (used in)/generated from operating activities before taxes	**(176,920.58)**	**207,870.75**
Income taxes paid (net of refunds)	(2,479.86)	921.63
Net cash (used in)/generated from operating activities (A)	**(179,400.44)**	**208,792.38**
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(5,010.56)	(1,931.07)
Proceeds from sale of property, plant and equipment	2,416.60	1,127.14
Purchase of intangible assets	(446.66)	(259.58)
Investment in fixed deposits	(12,794.25)	(29,208.24)
Redemption of fixed deposits	27,324.91	38,821.01
Investment in subsidiary	(50,000.00)	-
Purchase of investments	(2,000.00)	-
Proceeds from sale of investments	2,530.48	718.96
Net cash (used in)/generated from investing activities (B)	**(37,979.48)**	**9,268.22**

Statement of Cash Flow

for the year ended 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated)

	Year ended 31 March, 2022	Year ended 31 March, 2021
C. Cash flow from financing activities		
Proceeds from issue of long-term debentures / subordinated liabilities	-	17,500.00
Redemption of long-term debentures / subordinated liabilities	(41,416.89)	(2,500.53)
Proceeds from long term borrowings	187,513.38	57,576.35
Repayment of long term borrowings	(77,809.33)	(107,201.98)
Proceeds from long term borrowings - pass through certificate	-	54,574.43
Repayment of long term borrowings - pass through certificate	(132,813.31)	(189,712.23)
Repayment- loan repayable on demand (net)	(55,696.40)	(40,941.74)
Interest on lease liabilities	(455.37)	(251.71)
Principal portion of lease liabilities	(1,037.07)	(988.44)
Proceeds from issue of equity shares including securities premium	346,105.61	2.02
Share issue expense	-	(92.98)
Net cash generated from/(used in) financing activities (C)	**224,390.62**	**(212,036.81)**
Net increase in cash and cash equivalents (A+B+C)	**7,010.70**	**6,023.79**
Cash and cash equivalents at the beginning of the year	26,509.45	20,485.66
Cash and cash equivalents at the end of the year	**33,520.15**	**26,509.45**

(a) Cash and cash equivalents consist of cash on hand, balance with banks and deposits with banks. Please refer Note 3 for detailed disclosure.

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

This is the Statement of cash flow referred to in our report of even date

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 042423

Place : Mumbai
Date : 12 May, 2022

Amar Deshpande
Director
(DIN : 07425556)

Shabnum Zaman
Company Secretary
Membership No: 13918

Abhay Bhutada
Managing Director
(DIN : 03330542)

Sanjay Miranka
Chief Financial Officer

Place : Pune
Date : 12 May, 2022

Statement of Changes in Equity

for the year ended 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated)

a. Equity share capital

As at 31 March, 2022

Balance as at 1 April, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April, 2021	Changes in equity share capital during the year	Balance as at 31 March, 2022
5,392.33	-	5,392.33	9,906.14	15,298.47

As at 31 March, 2021

Balance as at 1 April, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April, 2020	Changes in equity share capital during the year	Balance as at 31 March, 2021
5,390.31	-	5,390.31	2.02	5,392.33

b. Other equity

As at 31 March, 2022

Particulars	Reserve and Surplus						Other comprehensive income	Total
	Capital Reserve	Securities Premium	Statutory Reserves	Capital Redemption reserve	Share option Outstanding	Retained Earnings	Debt instruments through Other Comprehensive Income	
Balance as at 1 April, 2021	**480.22**	**180,969.11**	**33,960.00**	**1,421.84**	**1,133.01**	**(28,984.93)**	**(165.17)**	**188,814.08**
Profit for the year	-	-	-	-	-	29,319.99	-	29,319.99
Other comprehensive income for the year*	-	-	-	-	-	(1.63)	165.17	163.54
Transfer to/(from) retained earnings	-	-	5,870.00	-	-	(5,870.00)	-	-
Issue of equity shares	-	335,725.71	-	-	-	-	-	335,725.71
Share issue expense	-	(81.81)	-	-	-	-	-	(81.81)
Share based payment to employees	-	1,370.90	-	-	839.87	-	-	2,210.77
Balance as at 31 March, 2022	**480.22**	**517,983.91**	**39,830.00**	**1,421.84**	**1,972.88**	**(5,536.57)**	**-**	**556,152.28**

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

(All amounts are in ₹ lacs unless otherwise stated)

b. Other equity (Continued)

As at 31 March, 2021

Particulars	Reserve and Surplus						Other comprehensive income	Total
	Capital Reserve	Securities Premium	Statutory Reserves	Capital Redemption reserve	Share option Outstanding	Retained Earnings	Debt instruments through Other Comprehensive Income	
Balance as at 1 April, 2020	**480.22**	**180,914.17**	**33,960.00**	**1,421.84**	**972.89**	**28,653.27**	**(261.45)**	**246,140.94**
Loss for the year	-	-	-	-	-	(57,836.08)	-	(57,836.08)
Other comprehensive income for the year*	-	-	-	-	-	197.88	96.28	294.16
Transfer to/(from) retained earnings	-	-	-	-	-	-	-	-
Issue of equity shares	-	-	-	-	-	-	-	-
Share issue expense	-	(92.98)	-	-	-	-	-	(92.98)
Share based payment to employees	-	147.92	-	-	160.12	-	-	308.04
Balance as at 31 March, 2021	**480.22**	**180,969.11**	**33,960.00**	**1,421.84**	**1,133.01**	**(28,984.93)**	**(165.17)**	**188,814.08**

Refer note 28 for the nature and purpose of each reserves

*Amount of other comprehensive income/(loss) transferred to retained earnings pertains to remeasurement of defined plans

Notes 1 to 54 forms an integral part of these standalone financial statements

This is the Statement of Changes in Equity referred to in our report of even date

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 042423

Place : Mumbai
Date : 12 May, 2022

Amar Deshpande
Director
(DIN : 07425556)

Shabnum Zaman
Company Secretary
Membership No: 13918

Abhay Bhutada
Managing Director
(DIN : 03330542)

Sanjay Miranka
Chief Financial Officer

Place : Pune
Date : 12 May, 2022

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022

Note 1: Company Overview

Background

Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) ('the Company'), having its registered office in Pune, India is a publicly held Non-Banking Finance Company ('NBFC') engaged in providing finance through its pan India branch network.

The Company is registered as a systemically important non-deposit taking NBFC as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934. The Company is also registered as a corporate agent under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange.

On 6 May, 2021, the Company has allotted 493,714,286 equity shares of face value of ₹ 2 each to Rising Sun Holdings Private Limited (RSHPL), Mr. Sanjay Chamria and Mr. May,ank Poddar on preferential basis, aggregating to ₹ 345,600 lacs, including premium of ₹ 68 per share. Pursuant to the said allotment, RSHPL has become the largest shareholder of the Company and shall exercise control over the Company. The name of the Company has changed w.e.f 22 July, 2021 from Magma Fincorp Limited to Poonawalla Fincorp Limited. Consequently, Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) has become a subsidiary of RSHPL and Poonawalla Housing Finance Limited (formerly Magma Housing Finance Limited) has become a step down subsidiary of RSHPL.

Further, during the year, the Regional Director (Eastern region), Ministry of Corporate Affairs ('the MCA) vide their order dated 15 December, 2021 has approved the change in registered office of the Company from Kolkata, West Bengal to Pune, Maharashtra.

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements:

a) Statement of compliance and basis of preparation

The financial statements for the year ended 31 March, 2022 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC) CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The financial statements are prepared and presented in the format prescribed in the Division III of Schedule III of the Act.

A summary of the significant accounting policies and other explanatory information is in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as specified under Section 133 of the Act including applicable Ind AS and accounting principles generally accepted in India. The Company consistently applies the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

These financial statements have been approved by the Company's Board of Directors and authorized for issue on 12 May, 2022.

b) Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All amounts have been denominated in lacs and rounded off to the nearest two decimal, except when otherwise indicated.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

c) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following material items:

- » Certain financial assets at Fair value through other comprehensive income (FVTOCI).
- » Financial instruments at Fair value through profit and loss (FVTPL) that is measured at fair value
- » Net defined benefit (asset)/ liability - fair value of plan assets less present value of defined benefit obligation

d) Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both, financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

e) Significant areas of estimation uncertainty, critical judgements and assumptions in applying accounting policies

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Key sources of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

- **Note 48** - impairment of financial instruments: determining inputs into the Expected Credit Loss (ECL) model, including incorporation of forward-looking information and assumptions used in estimating recoverable cash flows
- **Note 47** - determination of the fair value of financial instruments with significant unobservable inputs
- **Note 40** - measurement of defined benefit obligations: key actuarial assumptions
- **Note 10** - recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used

Judgements:

Information about judgements made in applying policies that have the most significant effects on the amount recognized in the standalone financial statements is included in the following note:

Classification of financial assets: Assessment of the business model within which the assets are held for sell, held for sell and maturity and held for maturity.

f) Revenue recognition

I) Interest income from financial assets (assets on finance) is recognized on accrual basis using Effective Interest Rate ('EIR') method. EIR is applied on future principal of amortized cost of assets on finance. Interest income on stage 3 assets is recognized on net basis, i.e., on non-credit impaired portion.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

II) The EIR is the rate that discounts the estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset. The interest income is recognized on EIR method on a time proportion basis applied on the carrying amount for financial assets including credit impaired financial assets.

III) The calculation of the effective interest rate include transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

IV) The 'Amortized cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount adjusted for any expected credit loss allowance.

V) The 'gross carrying amount of a financial asset' is the Amortized cost of a financial asset before adjusting for any expected credit loss allowance.

VI) Income from direct assignment (sale) transactions represents the present value of excess interest spread receivables on de-recognized assets computed by discounting net cash flows from such assigned pools on the date of transactions.

VII) Overdue interest and other charges are treated to accrue on realization, due to uncertainty of realization and is accounted for accordingly.

VIII) For revenue recognition from leasing transactions of the Company, refer Note 41 on Leases.

IX) Income from collection and support services is recognized over time as the services are rendered as per the terms of the contract.

X) Fair value changes from financial instrument measured at FVTPL are recognized in revenue from operations basis their fair valuation and provision.

XI) Income from power generation is recognized based on the unit's generated (point in time) as per the terms of the power purchase arrangements with respective State Electricity Boards.

XII) Dividend is recognized when the right to receive the dividend is established.

Other income

All other items of income are accounted for on accrual basis.

g) Finance Costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts, perpetual debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest expense on lease liabilities is computed by applying the notional borrowing rate and has been included under finance costs. It also includes discounting charges paid for securitization transactions entered under 'pass-through' arrangement.

h) Financial instruments

I) Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenue that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

Transaction costs and revenues of financial assets or financial liabilities carried at fair value through the profit or loss account are recognized immediately in the Statement of Profit or Loss. Trade Receivables are measured at transaction price. Trade receivables and debt securities issued are initially recognized when they are originated.

II) Classifications

Financial assets

On initial recognition, depending on the Company's business model for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

- Amortized cost;
- fair value through other comprehensive income (FVTOCI); or
- fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model. The frequency, volume and timing of sales of financial asset in prior periods, the reason for such sales and expectations about future sales activity are important determining factors of the business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Financial instruments at Amortized Cost

A financial asset is measured at amortized cost only if both of the following conditions are met:

» It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

» The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')

A financial asset is measured at FVTOCI only if both of the following conditions are met:

» It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

» The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

Re-classification from Amortized Cost to FVOCI

If there are multiple sale transaction of portfolios exceeding the prescribed threshold except as allowed under Ind AS 109 i.e. for stress case scenarios, and the management estimates that the Company may continue to sell down the loan assets for the purpose of meeting other business objectives then such part of the loan assets (if specifically identified) shall be re-classified to FVOCI from Amortized Cost category.

Re-classification from FVOCI to Amortized Cost

If considerable time period has elapsed since the past sale transaction and the management estimates that there is a very limited probability of selling down the portfolio in future, other than stressed portfolio or other exceptions as allowed under Ind AS 109, then such portfolio can be re-classified from FVOCI to Amortized Cost category.

Equity Investments

All equity investments other than equity investments in subsidiaries / associates / joint ventures are measured at FVTPL. These include all equity investments in scope of Ind AS 109.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or fair value through profit or loss, as appropriate.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognized at the proceeds received, net of directly attributable transaction costs.

III) Subsequent measurement

Amortized cost

Amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any loss allowance.

FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of profit or loss. The transaction costs and fees are also recorded related to these instruments in the statement of profit and loss.

FVTOCI

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the statement of profit and loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the statement of profit and loss.

IV) De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. The Company continues to recognize the assets on finance on books which has been securitized under pass through arrangement and does not meet the de-recognition criteria.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognized) and the sum of the consideration received (including the value of any new asset obtained less any new liability assumed) is transferred to statement of Profit or loss.

Financial liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Securitization and Assignment

In case of transfer of loans through securitization and direct assignment transactions, the transferred loans are de-recognized and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract.

In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognized in the statement of profit and loss.

Equity

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

V) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

VI) Impairment of Financial Assets

The Company recognizes loss allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

ECL are probability weighted estimate of future credit losses based on the staging of the financial asset to reflect its credit risk. They are measured as follows:

- Stage 1: financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Stage 2: financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- Stage 3: financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.

The Company's policy for determining significant increase in credit risk is set out in Note 48 (ii) (g).

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

Management overlay is used to estimate the ECL allowance in circumstances where management believes that the existing inputs, assumptions and model techniques do not factor the related exception scenario or captures all the risk factors relevant to the Company's lending portfolios.

To mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the powers conferred on the Non-Banking Finance Companies under the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are credited to impairment loss on actual realization from customer.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

For more details, refer Note 48 (ii).

Presentation of ECL allowance for financial asset:
ECL allowance for financial asset measured at Amortized cost or FVOCI is shown as a deduction from the gross carrying amount of the assets.

Modification of financial assets
A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

i) Investment in subsidiaries, associates and joint ventures

The Company accounts for its investments in subsidiaries, associates and joint ventures at cost less accumulated impairment, if any.

j) Assets Held for Sale

Investment in subsidiaries, associates and joint ventures identified for sale in near future by management has been classified as assets held for sale. They are measured at lower of their net carrying amount and the fair value less costs to sell.

k) Leases

I) The Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognized over and above minimum commitment charges based on usage pattern.

II) The Company as lessee

i Right of use assets and Lease liability

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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

a) the contract involves the use of an identified asset;

b) the Company has substantially all the economic benefits from use of the asset through the period of the lease; and

c) the Company has the right to direct the use of the asset.

Recognition and initial measurement
At the lease commencement date, the Company recognizes a Right-of-Use ("RoU") asset and equivalent amount of lease liability. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent measurement
The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the notional borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments). Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in the in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Presentation
Lease liability and right of use assets have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these leases are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

ii) De-recognition
An item of right of use assets and lease liability is de-recognized upon termination of lease agreement. Any difference between the carrying amount of right of use asset and lease liability is recognized in statement of profit or loss.

l) Employee Benefits

I) Short term employee benefits
Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. This includes performance linked incentives. Short term employee obligations are measured at undiscounted basis.

II Post-employment benefits

i) Defined contribution plans

A defined contribution plan is a post–employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

Provident Fund

Contributions paid / payable to the recognized provident fund, which is a defined contribution scheme, are expensed as the related service is provided and recognized as personnel expenses in statement of profit or loss.

ii Defined benefit plans

Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income is recognized in the statement of profit and loss. Re-measurements of net defined benefit liability/ (asset) which comprise of the below are recognized in other comprehensive income:

» Actuarial gains and losses;

» The return on plan assets, excluding amounts included in net interest on the net defined benefit liability / (asset).

III) Other long term employee benefits

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expenses and actuarial gain / loss on account of the above benefit plans are recognized in the statement of profit and loss on the basis of actuarial valuation.

IV) Share-based payment arrangements - Employee Stock Options

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in other equity.

In case, the Company modifies the terms and condition on which the equity instruments were granted in a manner that is beneficial to the employees, the incremental cost will be recognized over the period starting from the modification date till the date of vesting if the modification occurs during the vesting period. In case, modification occurs after the vesting period, the incremental cost will be recognized immediately.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

m) Income Taxes

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax base and book base). It is recognized in statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

I) Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

The amount of current tax reflects the best estimate of the tax amount expected to be paid after considering the uncertainty, if any, related to income taxes.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

II) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

- has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

n) Property, plant and equipment and Investment property

Recognition and measurement

Property, plant and equipment (PPE) held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company. Subsequent expenditure on PPE after its purchase is capitalized if it is probable that the future economic benefits will flow to the enterprise.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less accumulated depreciations and recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment Property consists of building let out to earn rentals. The Company follows cost model for measurement of investment property.

Depreciation and amortization expense

Depreciation on PPE is provided using the straight line method at the rates specified in Schedule II to the Act. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Sl. No.	Item	Life (in Years)
1	Buildings	60
2	Wind mills	22
3	Furniture and Fixtures	10
4	Vehicles	8
5	Office Equipment	5
6	Server	6
7	Network	6
8	Printer	3
9	Tablet	3

Freehold land is not depreciated.

Leasehold improvements are Amortized over the underlying lease term on a straight line basis.

Depreciation on vehicles given on operating lease is provided on straight line method at rates based on tenure of the underlying lease contracts not exceeding 8 years.

For the following class of assets, based on internal assessment, the management believes that the useful lives as given below best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Act:

Desktop	6 years
Laptops / Hand Held Device	4 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When significant parts of an item of PPE have different useful lives, they are accounted for as separate items (major components) of PPE.

De-recognition

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

Capital work-in-progress

PPE not ready for the intended use on the date of the balance sheet are disclosed as "capital work-in-progress" and carried at cost, comprising direct cost, related incidental expenses and attributable interest.

o) Intangible assets

Recognition and measurement

Intangible assets with finite useful lives that are acquired separately are capitalized and carried at cost less accumulated amortization and impairment losses, if any. Cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the Company.

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

Expenditure on internally developed software is recognized as an asset when the Company is able to demonstrate that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development.

The costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs, and are Amortized over its useful life.

Amortization
Amortization of intangible assets is done recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition
An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in statement of profit or loss when the asset is de-recognized.

Intangible assets under development
Intangible assets not ready for the intended use on the date of balance sheet are disclosed as “Intangible assets under development.

p) Impairment of non-financial assets

The Company’s non – financial assets including deferred tax is assessed at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. A reversal of an impairment loss is recognized immediately in the statement of profit and loss. Goodwill is tested annually for impairment.

q) Foreign Currency Transactions

Transactions in currencies other than Company’s operational currency are recorded on initial recognition using the exchange rates prevailing on the date of the transaction. The foreign currency borrowing being a monetary liability is restated to INR (being the functional currency of the Company) at the prevailing rates of exchange at the end of every reporting period with the corresponding exchange gain/ loss being recognized in statement of profit or loss. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing spot rate are recognized in the statement of profit and loss in the period in which they arise.

r) Goods and Services Input Tax Credit

Goods and Services Input tax credit is accounted for in the books in the period in which the supply of goods or service received is accounted for and when there is no uncertainty in availing/utilizing the credits.

s) Provisions and contingencies related to claims, litigation, etc.

A provision is recognized if, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as finance cost. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

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

I) Onerous contracts

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

II) Contingencies related to claims, litigation, etc.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

t) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable.

u) Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

v) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash future, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

w) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. Refer note 51 for details on segment information presented.

x) Earnings per equity share

Basic earnings per equity share has been computed by dividing net income attributable to ordinary equity holders by the weighted average number of shares outstanding during the year. Partly paid-up equity share, if any, is included as fully paid equivalent according to the fraction paid up.

Diluted earnings per equity share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

y) Dividend

Interim dividend declared to equity shareholders, if any, is recognized as liability in the period in which the said dividend is declared by the Board of Directors. Final dividend declared, if any, is recognized in the period in which the said dividend is approved by the Shareholders. Dividend payable is recognized directly in equity.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

3 Cash and cash equivalents

	As at 31 March, 2022	As at 31 March, 2021
Cash on hand	1,176.80	1,506.78
Balances with banks		
In current accounts	764.18	2.67
In deposits with remaining maturity of less than 3 months	31,524.96	25,000.00
Cheques, drafts on hand	54.21	-
	33,520.15	**26,509.45**

4 Other bank balances

	As at 31 March, 2022	As at 31 March, 2021
Unclaimed dividend on equity shares	23.23	29.32
Other bank balance *		
In deposits with original maturity of less than 3 months	6.75	1,621.81
In deposits with original maturity of more than 3 months	20,166.01	33,081.61
	20,195.99	**34,732.74**

* Balances with banks held as security against borrowings, guarantees lien amounts to ₹ 2,036.92 lacs (31 March, 2021: ₹ 2,471.93 lacs) and as cash collateral for securitisation of receivables amounts to ₹ 15,046.77 lacs (31 March, 2021: ₹ 31,790.66 lacs).

5 Receivables

	As at 31 March, 2022	As at 31 March, 2021
(i) Trade receivables		
Considered good - Unsecured	1,018.13	1,017.44
Less: Impairment loss allowance	-	-
	1,018.13	**1,017.44**
(ii) Other receivables		
Considered good - Unsecured	384.99	274.13
Less: Impairment loss allowance	-	-
	384.99	**274.13**
	1,403.12	**1,291.57**

There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Trade receivables ageing schedule as at 31 March, 2022

Particulars	Undisputed Trade receivables – considered good	Disputed Trade Receivables – considered good
Less than 6 months	1,004.91	-
6 months - 1 year	-	-
1-2 years	1.31	-
2-3 years	10.62	-
More than 3 years	1.29	-
Total	**1,018.13**	**-**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

5 Receivables (Continued)

Trade receivables ageing schedule as at 31 March, 2021

Particulars	Undisputed Trade receivables – considered good	Disputed Trade Receivables – considered good
Less than 6 months	996.96	-
6 months - 1 year	8.54	-
1-2 years	11.94	-
2-3 years	-	-
More than 3 years	-	-
Total	**1,017.44**	**-**

6 Loans

As at 31 March, 2022

			Amortised Cost	At Fair Value through other comprehensive income **	Total
(A)	(i)	Term loans	11,08,534.05	-	11,08,534.05
	(ii)	Leasing	17,247.46	-	17,247.46
	(iii)	Loans to staff	19.96	-	19.96
		Total (A) -Gross	**11,25,801.47**	**-**	**11,25,801.47**
		Less: Impairment loss allowance	57,964.38	-	57,964.38
		Total (A) - Net	**10,67,837.09**	**-**	**10,67,837.09**
(B)	(i)	Secured by tangible assets *	7,34,479.15	-	7,34,479.15
	(ii)	Covered by bank/government guarantees #	1,43,014.20	-	1,43,014.20
	(iii)	Unsecured	2,48,308.12	-	2,48,308.12
		Total (B) - Gross	**11,25,801.47**	**-**	**11,25,801.47**
		Less: Impairment loss allowance	57,964.38	-	57,964.38
		Total (B) - Net	**10,67,837.09**	**-**	**10,67,837.09**
(C)	**Loans in India**				
	(i)	Public sector	-	-	-
	(ii)	Others	11,25,801.47	-	11,25,801.47
		Total (C) - Gross	**11,25,801.47**	**-**	**11,25,801.47**
		Less: Impairment loss allowance	57,964.38	-	57,964.38
		Total (C) -Net	**10,67,837.09**	**-**	**10,67,837.09**

* Secured by underlying assets financed

** In line with the business model assessment policy, the Company has reassessed its business model and re-classified its SME Loan and Loan against property (LAP) portfolio from FVOCI to amortized cost category with effect from 31 March, 2022 . Had the loan not reclassified from FVOCI to amortized cost category, fair value gain that would have been recognised in OCI during the year - 78.81 lacs.

#

1) Loans amounting to ₹ 31,341.64 lacs are covered under Emergency Credit Line Guarantee Scheme for NBFCs administered by NCGTC under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.

2) Loans amounting to ₹ 111,672.56 lacs are covered under Credit Guarantee Scheme for NBFCs administered by CGTMSE under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

6 Loans (Continued)

As at 31 March, 2021

	Amortised Cost	At Fair Value through other comprehensive income	Total
(A) (i) Term loans	7,55,757.93	1,90,447.14	9,46,205.07
(ii) Leasing	17,365.69	-	17,365.69
(iii) Loans to staff	18.96	-	18.96
Total (A) -Gross	**7,73,142.58**	**1,90,447.14**	**9,63,589.72**
Less: Impairment loss allowance	88,693.68	18,364.67	1,07,058.35
Total (A) - Net	**6,84,448.90**	**1,72,082.47**	**8,56,531.37**
(B) (i) Secured by tangible assets *	6,29,397.78	61,065.89	6,90,463.67
(ii) Covered by bank/government guarantees #	1,43,725.84	97,065.15	2,40,790.99
(iii) Unsecured	18.96	32,316.10	32,335.06
Total (B) - Gross	**7,73,142.58**	**1,90,447.14**	**9,63,589.72**
Less: Impairment loss allowance	88,693.68	18,364.67	1,07,058.35
Total (B) - Net	**6,84,448.90**	**1,72,082.47**	**8,56,531.37**
(C) Loans in India			
(i) Public sector	-	-	-
(ii) Others	7,73,142.58	1,90,447.14	9,63,589.72
Total (C) - Gross	**7,73,142.58**	**1,90,447.14**	**9,63,589.72**
Less: Impairment loss allowance	88,693.68	18,364.67	1,07,058.35
Total (C) -Net	**6,84,448.90**	**1,72,082.47**	**8,56,531.37**

* Secured by underlying assets financed

1) Loans amounting to ₹ 22,879.31 lacs under amortized cost category and ₹ 11,397.66 lacs under fair value through other comprehensive income category are covered under Emergency Credit Line Guarantee Scheme for NBFCs administered by NCGTC under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.

2) Loans amounting to ₹104,562.91 lacs under amortized cost category and ₹85,667.49 lacs under fair value through other comprehensive income category are covered under Credit Guarantee Scheme for NBFCs administered by CGTMSE under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.

3) Loan amounting to ₹16,283.62 lacs under amortized cost category are covered under Partial Credit Guarantee Scheme for NBFCs.

7 Investments

As at 31 March, 2022

	Amortised Cost	At Fair Value through profit or loss	Others*	Total
(A) Investments in :				
Subsidiary	-	-	81,970.94	81,970.94
Joint ventures **	-	-	-	-
Others	0.16	-	-	0.16
Total – Gross (A)	**0.16**	**-**	**81,970.94**	**81,971.10**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

7 Investments (Continued)

As at 31 March, 2022 (Continued)

	Amortised Cost	At Fair Value through profit or loss	Others*	Total
(B) Other details :				
Investments in India	0.16	-	81,970.94	81,971.10
Investments outside India	-	-	-	-
Total – Gross (B)	**0.16**	**-**	**81,970.94**	**81,971.10**
Less: Allowance for impairment loss (C)	-	-	-	-
Total – Net (D)= (B)-(C)	**0.16**	**-**	**81,970.94**	**81,971.10**

As at 31 March, 2021

	Amortised Cost	At Fair Value through profit or loss	Others*	Total
(A) Investments in :				
Subsidiary	-	-	31,970.94	31,970.94
Joint ventures	-	-	10,920.11	10,920.11
Others	0.16	0.99	-	1.15
Total – Gross (A)	**0.16**	**0.99**	**42,891.05**	**42,892.20**
(B) Other details :				
Investments in India	0.16	0.99	42,891.05	42,892.20
Investments outside India	-	-	-	-
Total – Gross (B)	**0.16**	**0.99**	**42,891.05**	**42,892.20**
Less: Allowance for impairment loss (C)	-	-	-	-
Total – Net (D)= (B)-(C)	**0.16**	**0.99**	**42,891.05**	**42,892.20**

* Investments in subsidiaries and joint ventures are measured at cost in accordance with Ind AS 27.

** Refer note 16

8 Other financial assets

	As at 31 March, 2022	As at 31 March, 2021
Accrued interest	442.19	584.17
Advances recoverable	1,419.87	984.21
Trade advance	18.34	1,624.35
Receivable on assigned loans	2,546.86	4,888.73
Security deposits	734.04	492.54
Advances to related parties #	1,089.89	443.91
Others *	8,180.21	6,508.75
Total (Gross)	**14,431.40**	**15,526.66**
Less: Impairment loss allowance **	(38.42)	(2,109.83)
	14,392.98	**13,416.83**

* Includes security receipt of ₹ 2,258.79 lacs (31 March, 2021 : ₹ 2,521.36 lacs)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

8 Other financial assets (Continued)

** Includes allowance created against advance recoverable of Nil (31 March, 2021: ₹ 505.27 lacs) and expected credit loss against excess interest spread (EIS) receivable of ₹ 20.08 lacs (31 March, 2021: ₹ 47.77 lacs) and trade advance of ₹ 18.34 lacs (31 March, 2021: ₹ 1,556.79 lacs).

Also refer Note 44, related party disclosure for details

9 Current tax assets (net)

	As at 31 March, 2022	As at 31 March, 2021
Advance tax (net)	10,541.34	8,741.52
	10,541.34	**8,741.52**

10 Income tax

A. Income tax recognised in statement of profit or loss

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Current tax		
Current tax	-	-
Tax expense for earlier years	(227.50)	69.66
	(227.50)	**69.66**
Deferred tax		
Origination / (Reversal) of temporary differences	9,364.41	(19,353.25)
Recognition of previously unrecognised temporary timing differences	-	(145.36)
	9,364.41	**(19,498.61)**
Tax expense	**9,136.91**	**(19,428.95)**

B. Income tax recognised in other comprehensive income

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Remeasurements of the defined benefit plans	0.54	(66.55)
Debt instruments fair value through other comprehensive income	(55.54)	(32.38)
	(55.00)	**(98.93)**

C. Reconciliation of effective tax rate

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	%	Amount	%	Amount
Profit / (loss) before tax		38,456.90		(77,265.03)
Tax using the Company's domestic tax rate	25.17	9,678.83	25.17	(19,446.06)
Effect of:				
Non taxable income / tax incentives / disallowable expenses	(0.74)	(285.73)	(0.15)	117.74
Recognition of previously unrecognised temporary timing differences	-	-	0.19	(145.36)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

10 Income tax (Continued)

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	%	Amount	%	Amount
Others (primarily includes difference in depreciation)	(0.07)	(28.69)	0.03	(24.93)
Effective tax rate	24.35	9,364.41	25.24	(19,498.61)
Provisions relating to earlier years	(0.59)	(227.50)	(0.09)	69.66
Income tax expense recognised in the statement of profit and loss	**23.76**	**9,136.91**	**25.15**	**(19,428.95)**

D. Deferred tax assets (net)

Particulars	As at 31 March, 2021	Recognised in profit or loss during the year	Recognised in OCI during the year	Others	As at 31 March, 2022
Deferred tax assets:					
Impairment loss allowance	27,864.13	(12,907.27)	-	-	14,956.86
Application of effective interest rate method on financial assets and financial liabilities	1,309.29	283.60	-	-	1,592.89
Provision for employee benefits	223.13	(38.43)	-	-	184.70
Unabsorbed depreciation	2,572.00	2,667.89	-	-	5,239.89
Business loss	2,576.37	(64.03)	-	-	2,512.34
Others (primarily other financial liability)	109.79	24.12	-	-	133.91
	34,654.71	**(10,034.12)**	**-**	**-**	**24,620.59**

Particulars	As at 31 March, 2021	Recognised in profit or loss during the year	Recognised in OCI during the year	Others	As at 31 March, 2022
Deferred tax liabilities:					
On written down value of property, plant and equipment	595.27	(233.29)	-	-	361.98
Loans	162.01	169.09	55.54	-	386.64
EIS receivable	1,230.40	(589.41)	-	-	640.99
Investments	(482.69)	(158.23)	-	-	(640.92)
On financial assets and financial liabilities	3,108.55	91.99	-	-	3,200.54
Gratuity (excess of plan assets over obligation)	75.67	18.15	(0.54)	-	93.28
Others (primarily other financial assets)	167.51	31.99	-	-	199.50
	4,856.72	**(669.71)**	**55.00**	**-**	**4,242.01**
Net deferred tax assets	**29,797.99**	**(9,364.41)**	**(55.00)**	**-**	**20,378.58**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

10 Income tax (Continued)

Particulars	As at 1 April, 2020	Recognised in profit or loss during the year	Recognised in OCI during the year	Others	As at 31 March, 2021
Deferred tax assets:					
Impairment loss allowance	15,160.40	12,703.73	-	-	27,864.13
Application of effective interest rate method on financial assets and financial liabilities	1,887.09	(577.80)	-	-	1,309.29
Provision for employee benefits	200.13	23.00	-	-	223.13
Unabsorbed depreciation	-	2,572.00	-	-	2,572.00
Business loss	-	2,576.37	-	-	2,576.37
Others (primarily other financial liability)	108.17	1.62	-	-	109.79
	17,355.79	**17,298.92**	**-**	**-**	**34,654.71**

Particulars	As at 1 April, 2020	Recognised in profit or loss during the year	Recognised in OCI during the year	Others	As at 31 March, 2021
Deferred tax liabilities:					
On written down value of property, plant and equipment	837.86	(242.59)	-	-	595.27
Loans	(170.19)	299.82	32.38	-	162.01
EIS receivable	1,881.52	(651.12)	-	-	1,230.40
Investments	(388.01)	(94.68)	-	-	(482.69)
On financial assets and financial liabilities	4,456.18	(1,347.63)	-	-	3,108.55
Gratuity (excess of plan assets over obligation)	8.63	0.49	66.55	-	75.67
Others (primarily other financial assets)	331.49	(163.98)	-	-	167.51
	6,957.48	**(2,199.69)**	**98.93**	**-**	**4,856.72**
Net deferred tax assets	**10,398.31**	**19,498.61**	**(98.93)**	**-**	**29,797.99**

E. Unused tax losses on which deferred tax is not created

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	Amount	Expiry on	Amount	Expiry on
Long term capital loss				
A.Y. 2016-2017	257.58	A.Y. 2024-2025	257.58	A.Y. 2024-2025
Short term capital loss				
A.Y. 2014-2015	-	A.Y. 2022-2023	18.18	A.Y. 2022-2023
	257.58		**275.76**	

A.Y. - 'Assessment Year'

F. Uncertain tax positions

Refer Note 45 on contingent liabilities and commitment relating to income tax matter under dispute.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

11 Investment property

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 31 March, 2022	As at 31 March, 2021
Investment property *	8.60	-	-	8.60	0.72	0.18	-	0.90	7.70	7.88

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 31 March, 2021	As at 31 March, 2020
Investment property *	8.60	-	-	8.60	0.54	0.18	-	0.72	7.88	8.06

* Registration of title is pending.

Description of item of property	Gross carrying Value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter / director	Property held since	Reason for not being held in the name of the Compan
Investment property	8.60	Gouri Shankar Rajgharia and Om Prakash Rajgharia	No	15/07/2004	Disputed

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

12 Property, plant and equipment

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 31 March, 2022	As at 31 March, 2021
Owned Assets^										
Land	30.26	-	-	30.26	-	-	-	-	30.26	30.26
Buildings	1,545.08	-	1,262.34	282.74	153.27	27.44	150.18	30.53	252.21	1,391.81
Wind mills	5,112.34	9.99	13.85	5,108.48	1,642.14	409.74	5.10	2,046.78	3,061.70	3,470.20
Furniture and fixtures	1,243.16	40.71	85.22	1,198.65	717.03	138.99	72.06	783.96	414.69	526.13
Vehicles	442.06	10.92	286.44	166.54	178.90	40.30	153.86	65.34	101.20	263.16
Office equipment	4,256.05	2,274.06	1,002.64	5,527.47	3,145.34	801.33	986.38	2,960.29	2,567.18	1,110.71
Leasehold improvements	1,620.04	3.74	88.58	1,535.20	1,020.52	157.20	75.93	1,101.79	433.41	599.52
Assets under Lease										
Vehicles	9,194.04	2,671.14	4,093.93	7,771.25	4,189.48	1,843.03	2,931.71	3,100.80	4,670.45	5,004.56
Total	**23,443.03**	**5,010.56**	**6,833.00**	**21,620.59**	**11,046.68**	**3,418.03**	**4,375.22**	**10,089.49**	**11,531.10**	**12,396.35**

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 31 March, 2021	As at 31 March, 2020
Owned Assets^										
Land	30.26	-	-	30.26	-	-	-	-	30.26	30.26
Buildings	1,545.08	-	-	1,545.08	114.71	38.56	-	153.27	1,391.81	1,430.37
Wind mills	5,112.34	-	-	5,112.34	1,232.30	409.84	-	1,642.14	3,470.20	3,880.04
Furniture and fixtures	1,217.90	-	(25.26)	1,243.16	493.91	179.98	(43.14)	717.03	526.13	723.99
Vehicles	364.01	54.58	(23.47)	442.06	84.49	54.69	(39.72)	178.90	263.16	279.52
Office equipment	3,391.38	65.10	(799.57)	4,256.05	1,698.54	627.04	(819.76)	3,145.34	1,110.71	1,692.84
Leasehold improvements	1,827.58	-	207.54	1,620.04	803.25	401.88	184.61	1,020.52	599.52	1,024.33
Assets under Lease										
Vehicles	7,966.55	1,811.39	583.90	9,194.04	1,584.19	2,115.01	(490.28)	4,189.48	5,004.56	6,382.36
Total	**21,455.10**	**1,931.07**	**(56.86)**	**23,443.03**	**6,011.39**	**3,827.00**	**(1,208.29)**	**11,046.68**	**12,396.35**	**15,443.71**

^ For details of movable / immovable property, plant and equipment hypothecated against borrowings, refer Note 19 & 20.

For details on contractual commitment, refer note 45

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

13 Intangible assets under development

Particulars	As at 1 April, 2020	Additions	Deletions	Written off	As at 31 March, 2021	Additions	Deletions	Written off	As at 31 March, 2022
Intangible assets under development	553.48	211.35	743.54	3.14	18.15	27.79	-	-	45.94

Intangible assets under development aging schedule as at 31 March, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	33.00	12.94	-	-	45.94
Projects temporarily suspended	-	-	-	-	-
					45.94

Intangible assets under development aging schedule as at 31 March, 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	18.15	-	-	-	18.15
Projects temporarily suspended	-	-	-	-	-
					18.15

14 Other intangible assets

Description of assets	Gross carrying amount				Amortisation				Net carrying amount	
	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 31 March, 2022	As at 31 March, 2021
Computer software	3,626.11	418.87	59.40	**3,985.58**	1,857.11	518.76	59.34	**2,316.53**	**1,669.05**	1,769.00
Total	**3,626.11**	**418.87**	**59.40**	**3,985.58**	**1,857.11**	**518.76**	**59.34**	**2,316.53**	**1,669.05**	**1,769.00**

Description of assets	Gross carrying amount				Amortisation				Net carrying amount	
	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 31 March, 2021	As at 31 March, 2020
Computer software	5,020.88	791.77	2,186.54	**3,626.11**	3,474.86	568.79	2,186.54	**1,857.11**	**1,769.00**	1,546.02
Total	**5,020.88**	**791.77**	**2,186.54**	**3,626.11**	**3,474.86**	**568.79**	**2,186.54**	**1,857.11**	**1,769.00**	**1,546.02**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

15 Right of use assets*

	As at 31 March, 2022	As at 31 March, 2021
	4,232.18	**2,965.52**

* Refer Note 41 for disclosure related to leases.

16 Assets held for sale*

	As at 31 March, 2022	As at 31 March, 2021
	10,920.11	**-**

* Due to change in the shareholding structure of the Company during the year, there is a need to restructure the shareholding of Magma HDI General Insurance Company Limited to comply with IRDAI and RBI Regulations. Accordingly, the Company has accepted binding offer for sale of its shareholding in joint ventures (JVs) namely Magma HDI General Insurance Company Limited (Magma HDI) and Jaguar Advisory Services Private Limited (JASPL) which has been approved by the Board of Directors and Shareholders in their respective meetings held on 2 November, 2021 and 13 December, 2021. The sale is subject to requisite regulatory approvals. The Company expects to close the deal within a year. Accordingly, in line with the requirements of Ind AS 105 "Non-current assets Held for Sale", such investments have been designated as assets held for sale.

17 Other non-financial assets

	As at 31 March, 2022	As at 31 March, 2021
Other advances		
- Prepaid expenses	983.20	1,554.26
- Balances with government authorities	914.46	1,249.80
- Gratuity* (excess of plan assets over obligation)	370.63	300.67
Capital Advances	51.88	24.30
	2,320.17	**3,129.03**

* Refer Note 40 for disclosure related to provisions for employee benefits.

18 Payables

	As at 31 March, 2022	As at 31 March, 2021
(I) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	216.52	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,053.52	8,457.50
(II) Other Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
	1,270.04	**8,457.50**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

18 Payables (Continued)

The below information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, and has been determined to the extent such parties have been identified on the basis of information available with the Company. The same has been relied upon by auditors.

	As at 31 March, 2022	As at 31 March, 2021
a) Dues remaining unpaid to any supplier at the year end	216.52	-
- Principal	-	-
- Interest on the above		
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises		

Trade payables ageing schedule as at 31 March, 2022

Particulars	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
Undisputed dues - MSME	216.52	-	-	-	216.52
Undisputed dues - Others	989.34	44.90	17.64	1.64	1,053.52
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	1,205.86	**44.90**	**17.64**	**1.64**	**1,270.04**

Trade payables ageing schedule as at 31 March, 2021

Particulars	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
Undisputed dues - MSME	-	-	-	-	-
Undisputed dues - Others	7,646.29	46.35	764.86	-	8,457.50
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	7,646.29	**46.35**	**764.86**	**-**	**8,457.50**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

19 Debt securities

(Measured at amortised cost - Secured)

	As at 31 March, 2022	As at 31 March, 2021
(A) Redeemable non-convertible debentures (refer note (a), (b) and (c) below)	66,030.15	82,593.08
Total	**66,030.15**	**82,593.08**
(B) Debt securities in India	66,030.15	82,593.08
Total	**66,030.15**	**82,593.08**

(a) Nature of security

Debentures issued under private placement are secured by mortgage of Company's immovable property situated at Rajarhat, Kolkata in the state of West Bengal (except for 4,500 units allotted from December, 2019 onwards which are only secured by hypothecated loan assets) and are also secured against designated Loans assets. The total asset cover is hundred percent or above of the principal amount of the said debentures. Debentures issued under public issue are secured by mortgage of Company's immovable property situated at Luz Church Road, Mylapore, Chennai and are also secured against designated loan assets. The total asset cover is hundred percent or above of the principal amount of the said debentures.

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

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
0 - 1 Years	8.75% -10.25%	8.20% -9.55%	21,000.38	16,562.94
1 - 3 Years	9.00% -10.50%	8.75% -10.25%	44,565.29	43,354.60
3 - 5 Years	-	9.00% -10.50%	-	22,209.58
> 5 Years	10.27% -10.75%	10.27% -10.75%	464.48	465.96
			66,030.15	**82,593.08**

* As per contractual tenure

(c) Covenant breach

The impact of disruptions caused by COVID-19, additional provisions towards potential credit losses and other reasons have resulted in breach of some of the covenants related to borrowings such as NPA ratios though these are adequately provided for as reflected in the Net Stage 3 metrics.

The Company has been regular in servicing its borrowings and has represented to the lenders in the past and received required waivers. In most of the cases, the consequence of breach is either an increase in interest rate or review of the terms of security which are non-material. The Company is confident of getting the waivers as in the past.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

20 Borrowings (other than debt securities)

(Measured at amortised cost)

	As at 31 March, 2022	As at 31 March, 2021
(A) a) Term loans - Secured		
- from banks	259,550.64	166,091.76
- from other parties	19,831.49	2,863.32
b) Loans repayable on demand (Cash credit facilities and working capital demand loans) - Secured		
- from banks	218,454.54	274,150.94
c) Other loans		
- Liability against securitisation - Secured	59,832.64	192,382.10
Total	**557,669.31**	**635,488.12**
(B) Borrowings in India	557,669.31	635,488.12
Total	**557,669.31**	**635,488.12**

(a) Nature of security

i) Term loans are secured by way of hypothecation of designated loan assets and future rentals receivable therefrom.

ii) Loans against securitisation represents amounts received in respect of securitisation transactions (net of repayments and investment therein) as these transactions do not meet the derecognition criteria specified under Ind AS. These are secured by way of hypothecation of designated loan assets receivables.

iii) Cash Credit facilities and Working Capital Demand Loans from Banks are secured by way of hypothecation of the Company's loan assets and future rental income therefrom and other current assets (expressly excluding those loan assets and future rental income therefrom which have been or will be purchased / financed out of any other facility from Financial Institutions, Banks or any other financial organisation). These are collaterally secured by way of equitable mortgage over immovable property at Santnagar, New Delhi.

(b) Terms of repayment of term loans (secured) *

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
Half yearly installments				
1 - 3 Years	6.70%	-	5,000.00	-
			5,000.00	**-**
Quarterly installments				
0 - 1 Years	6.20% - 7.30%	8.20% - 10.00%	60,607.76	41,617.00
1 - 3 Years	6.00% - 7.30%	8.20% - 10.00%	132,289.63	69,871.92
3 - 5 Years	6.00% - 7.25%	8.25% - 10.00%	42,472.88	13,370.23
			235,370.27	**124,859.15**
Monthly installments				
0 - 1 Years	6.15% - 12.00%	6.21% - 12.00%	26,258.40	24,870.29
1 - 3 Years	6.15% - 12.00%	8.90% - 12.00%	12,752.35	19,208.87
3 - 5 Years	12.00%	12.00%	1.11	16.77
			39,011.86	**44,095.93**
			279,382.13	**168,955.08**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

20 Borrowings (other than debt securities) (Continued)

Terms of repayment for Loan against securitisation *

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
0 - 1 Years	6.00% - 10.71%	6.00% - 10.71%	40,303.38	97,853.66
1 - 3 Years	6.00% - 10.35%	6.00% - 10.71%	19,480.03	91,100.81
3 - 5 Years	6.00% - 8.46%	6.00% - 8.46%	49.23	3,427.63
			59,832.64	**192,382.10**

* As per contractual tenure

(c) Details of cash credit facilities and working capital demand loans

The cash credit facilities are repayable on demand and carry interest rates ranging from 7.05% p.a. to 9.25 % p.a. (31 March, 2021: from 8.30% p.a. to 11.80% p.a.). Working capital demand loans are repayable on demand and carry interest rates ranging from 4.50 % p.a. to 5.50 % p.a. (31 March, 2021: from 6.90% p.a. to 8.80% p.a.). As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature. There is no unhedged foreign currency exposure as on 31 March, 2022.

(d) Covenant breach

The impact of disruptions caused by COVID-19, additional provisions towards potential credit losses and other reasons have resulted in breach of some of the covenants related to borrowings such as NPA ratios though these are adequately provided for as reflected in the Net Stage 3 metrics. The Company has been regular in servicing its borrowings and has represented to the lenders in the past and received required waivers. In most of the cases, the consequence of breach is either an increase in interest rate or review of the terms of security which are non-material. The Company is confident of getting the waivers as in the past.

(e) 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.

21 Subordinated liabilities

(Measured at amortised cost - Unsecured)

		As at 31 March, 2022	As at 31 March, 2021
(A)	Perpetual debt instruments (Tier I capital) to the extent that do not qualify as equity	7,850.53	7,826.83
	Others (Tier II capital) :		
	From banks (subordinated debts)	18,269.08	19,910.53
	Redeemable subordinate debt instruments to the extent that do not qualify as equity	22,762.26	45,660.17
	Total	**48,881.87**	**73,397.53**
(B)	Subordinated liabilities in India	48,881.87	73,397.53
	Total	**48,881.87**	**73,397.53**

(a) Terms of maturity of perpetual debt debentures (Tier I capital) *

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
1 - 3 Years	12.00% - 12.10%	12.00% - 12.10%	5,002.22	4,988.33
3 - 5 Years	11.50% - 12.10%	12.10%	2,748.41	681.65
> 5 Years	11.00%	11.00% - 12.10%	99.90	2,156.85
			7,850.53	**7,826.83**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

21 Subordinated liabilities (Continued)

Terms of maturity of redeemable subordinated debt instruments (Tier II capital) *

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
0 - 1 Years	10.30% - 11.50%	11.00% - 11.45%	5,726.86	22,897.91
1 - 3 Years	10.70% - 10.90%	10.30% - 11.50%	6,111.78	11,881.07
3 - 5 Years	10.20% - 10.40%	10.20%	9,424.71	415.47
> 5 Years	10.00% - 10.10%	10.00% - 10.40%	1,498.91	10,465.72
			22,762.26	**45,660.17**

Terms of repayment of subordinated instruments from banks (Tier II capital) *

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
0 - 1 Years	9.80%	10.10%	6,645.64	1,640.70
1 - 3 Years	9.80%	10.10%	1,637.71	8,298.41
3 - 5 Years	12.50%	-	9,985.73	-
> 5 Years	-	12.50%		9,971.42
			18,269.08	**19,910.53**

* As per contractual tenure

The Company has not defaulted in repayment of principal and interest.

22 Lease liabilities*

	As at 31 March, 2022	As at 31 March, 2021
	4,760.61	**3,394.37**

* Refer Note 41 for disclosure related to leases.

Terms of maturity of Lease liability

	As at 31 March, 2022	As at 31 March, 2021
0 - 1 Years	967.92	665.47
1 - 3 Years	1,659.45	1,028.63
3 - 5 Years	880.13	888.90
> 5 Years	1,253.11	811.37
	4,760.61	**3,394.37**

23 Other financial liabilities

	As at 31 March, 2022	As at 31 March, 2021
Interest accrued	5,726.74	8,115.94
Unclaimed dividend*	23.23	29.32
Pending remittance on assignment	3,425.43	5,876.90
Employee dues	2,855.10	2,767.40
Liability for expenses	4,854.51	3,245.36
Other payables	6,617.30	5,156.60
	23,502.31	**25,191.52**

* There has been no delay in transfer of amounts required to be transferred to Investor Education and Protection Fund.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

24 Current tax liabilities (net)

	As at 31 March, 2022	As at 31 March, 2021
Provision for tax (net of advance tax)	36.02	943.56
	36.02	**943.56**

25 Provisions

	As at 31 March, 2022	As at 31 March, 2021
Provision for employee benefits	879.79	1,030.94
Provision - others	94.00	94.00
	973.79	**1,124.94**

26 Other non-financial liabilities

	As at 31 March, 2022	As at 31 March, 2021
Revenue received in advance	120.47	99.05
Advances and deposits from customers	4,803.92	7,647.60
Payable to customers *	-	943.23
Statutory dues	1,467.36	712.69
	6,391.75	**9,402.57**

* Interest on interest payable to customers in accordance with RBI circular dated April, 07 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19 April, 2021.

27 Equity

	As at 31 March, 2022	As at 31 March, 2021
Authorised		
1,265,000,000 (31 March, 2021: 1,265,000,000) Equity shares of ₹ 2/- each	25,300.00	25,300.00
58,300,000 (31 March, 2021: 58,300,000) Preference shares of ₹ 100/- each	58,300.00	58,300.00
	83,600.00	**83,600.00**
Issued, subscribed and fully paid-up		
Equity share capital		
764,923,539 (31 March, 2021: 269,616,712) Equity shares of ₹ 2/- each, fully paid up	15,298.47	5,392.33
	15,298.47	**5,392.33**

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	Number	Amount	Number	Amount
Equity shares				
At the beginning of the year	269,616,712	5,392.33	269,515,312	5,390.31
Issued during the year	493,714,286	9,874.29	-	-
Issued against employee stock option	1,592,541	31.85	101,400	2.02
	764,923,539	**15,298.47**	**269,616,712**	**5,392.33**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

27 Equity (Continued)

(b) Terms / rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 2/- each. Each holder of equity share is entitled to one vote per share.

The dividend recommended by the Board of Directors and approved by the Shareholders in the Annual General meeting is paid in Indian rupees.

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

During the year, the Company has allotted on 31 May, 2021, 11 August, 2021, 27 October, 2021, 30 November, 2021 and 1 February, 2022, 1,009,649 equity shares, 186,777 equity shares, 6,400 equity shares, 97,857 equity shares and 291,858 equity shares respectively of the face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan 2007 / Restricted Stock Option Plan 2014 pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014 and SEBI (Share Based Employee Benefits And Sweat Equity) Regulations, 2021 , as amended from time to time. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to 764,923,539 equity shares of ₹ 2/- each aggregating to ₹ 15,298.47 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

After the end of the year, on 9 May, 2022, the Nomination and Remuneration Committee has allotted 39,495 equity shares of the face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan/ Restricted Stock Option Plan 2014 pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014 and SEBI (Share Based Employee Benefits And Sweat Equity) Regulations, 2021 , as amended from time to time. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to ₹ 15,299.26 lacs consisting of 764,963,034 equity shares. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

During the previous year, the Company has allotted on 17 June, 2020, 7 August, 2020, 6 November, 2020 and 4 February, 2021 4,800 equity shares, 4,800 equity shares, 66,600 equity shares and 25,200 equity shares respectively of the face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time.

On 6 May, 2021, the Company has allotted 493,714,286 equity shares of face value of ₹ 2 each to Rising Sun Holdings Private Limited (RSHPL), Mr. Sanjay Chamria and Mr. May,ank Poddar on preferential basis, aggregating to ₹ 345,600 lacs, including premium of ₹ 68 /- per share under Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the Act read with relevant rules thereunder and other applicable provisions. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect. Pursuant to the said allotment and completion of the open offer, RSHPL is the largest shareholder of the Company and shall exercise control over the Company. Subsequently, the name of the Company has changed w.e.f 22 July, 2021 from Magma Fincorp Limited to Poonawalla Fincorp Limited. Consequently, Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) has become a subsidiary of RSHPL and Poonawalla Housing Finance Limited (formerly Magma Housing Finance Limited) has become a step down subsidiary of RSHPL.

The Board of Directors at their meeting considered and recommended an equity dividend of 20% i.e. ₹ 0.40 per equity share of ₹ 2/- each for the financial year 2021-22, including equity shares allotted post 31 March, 2022 upto the record date, subject to approval of the shareholders. The estimated payout will be ₹ 3,059.85 lacs in respect of shares allotted till date.

(c) Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares:

The Company has not issued bonus shares or shares for consideration other than cash during the five year period immediately preceding the reporting date.

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

27 Equity (Continued)

(d) Shares bought back

The Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

(e) Details of Shareholders holding more than 5% shares in the Company

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	%	No. of shares	%	No. of shares
Equity shares				
Rising Sun Holdings Private Limited	61.50%	470,405,352	-	-
Microfirm Capital Private Limited	-	-	12.62	34,015,928
Celica Developers Private Limited	-	-	10.92	29,434,455
True North Fund V LLP	-	-	7.49	20,189,739
Amansa Holdings Private Limited	-	-	7.66	20,656,242
Lavender Investments Limited	-	-	5.60	15,101,431
Nippon Life India Trustee Limited	-	-	5.30	14,285,290

(f) Shareholding of Promoters

Shares held by promoters as at 31 March, 2022			% Change during the year *
Name of promoter	No of shares	% of total shares	
Rising Sun Holdings Private Limited *	470,405,352	61.50%	1.50%

*Holding Company

Shareholding of Promoters

Shares held by promoters as at 31 March, 2021			% Change during the year *
Name of promoter #	No of shares	% of total shares	
Ashita Poddar	16,500	0.01%	-
Kalpana Poddar	55,080	0.02%	-
Mansi Poddar	285,000	0.11%	-
Shaili Poddar	125,000	0.05%	-
Celica Developers Private Limited	29,434,455	10.92%	-
Magma Consumer Finance Private Limited	1,820,120	0.68%	-
Microfirm Capital Private Limited	34,015,928	12.62%	-

*% change during the year are computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue.

#Further on 16 March, 2022, the Company has received approval from Bombay Stock Exchange of India Limited and National Stock Exchange of India Limited for re-classification of Mr. Sanjay Chamria, Mr. May,ank Poddar and other associates ('Original Promoters') from the 'Promoter/Promoter Group' category to the 'Public' category of shareholders of the Company. RSHPL is classified as a 'Promoter' of the Company in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time. Post reclassification as on 31 March, 2022, the Promoters shareholding stands at 61.50%.

(g) For equity shares reserved for issue under options, please refer note 43.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

28 Other equity

	As at 31 March, 2022	As at 31 March, 2021
Capital Reserve	480.22	480.22
Securities Premium	517,983.91	180,969.11
Statutory Reserves	39,830.00	33,960.00
Capital Redemption reserve	1,421.84	1,421.84
Share option Outstanding	1,972.88	1,133.01
Retained Earnings	(5,536.57)	(28,984.93)
Other comprehensive income	-	(165.17)
	556,152.28	**188,814.08**

Refer statement of changes in equity for movement in reserves

Nature and purpose of reserves :

Capital redemption reserve

Capital redemption reserve is created to keep the capital intact when preference shares are redeemed or equity shares are bought back. It is utilised in accordance with the provisions of the Companies Act, 2013.

Employee share option outstanding

The Company instituted the Magma Employee Stock Option Plan (MESOP) in 2007 and Magma Restricted Stock Option Plan 2014 (MRSOP) in 2014, which were approved by the Board of Directors and the shareholders of the Company. The share option outstanding reserve is used to recognise the grant date fair value of option issued under aforesaid plans.

Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)

Statutory reserve represents the Reserve Fund created under section 45-IC of the Reserve Bank of India Act, 1934. The Company is required to transfer a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss. The statutory reserve can be utilized for the purposes as may be specified by the Reserve Bank of India from time to time.

Securities premium reserve

Securities premium represents premium received on issue of shares. This amount can be utilised in accordance with the provisions of the Companies Act, 2013.

Capital reserve

Capital reserve has been created to set aside gains of capital nature from amalgamation and merger. It is utilised in accordance with the provisions of the Companies Act, 2013.

Debt instruments through other comprehensive income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income. The Company transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Retained earnings

Retained earnings represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves. It also includes impact of remeasurement of defined benefit plans.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

29 Interest Income

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost
Interest on loans	35,086.72	108,424.94	34,555.16	138,454.60
Interest on deposits with banks	-	2,222.84	-	2,481.70
Other interest income				
- On loans and margins	-	74.52	-	115.52
- On security deposit	-	46.75	-	91.30
	35,086.72	110,769.05	34,555.16	141,143.12
Total		**145,855.77**		**175,698.28**

30 Rental Income

	Year ended 31 March, 2022	Year ended 31 March, 2021
Income from lease rentals		
- on operating lease assets	2,641.89	2,964.77
- on investment property	2.54	2.54
Total	**2,644.43**	**2,967.31**

31 Fees and Commission Income

	Year ended 31 March, 2022	Year ended 31 March, 2021
Collection and support services	553.78	1,292.38
Foreclosure income	2,180.72	2,219.17
Insurance commission income	629.23	1,045.77
Others (cheque bouncing charges, valuation charges, etc)	1,491.18	1,493.15
Total	**4,854.91**	**6,050.47**

32 Net gain on fair value changes*

	Year ended 31 March, 2022	Year ended 31 March, 2021
(A) Others		
- On investment	3.59	-
- On other financial assets	263.33	156.90
Total Net gain on fair value changes (A)	**266.92**	**156.90**
(B) Fair Value changes:		
Realised	3.59	-
Unrealised	263.33	156.90
Total Net gain on fair value changes (B)	**266.92**	**156.90**

* Fair value changes in this schedule are other than those arising on account of interest income/expense.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

33 Other Income

	Year ended 31 March, 2022	Year ended 31 March, 2021
Sale of power	936.59	845.16
Miscellaneous income (includes reversal of excess managerial remuneration of Nil (31 March, 2021 : ₹ 317.85 lacs pertaining to last year, refer note 44)	2,149.31	1,966.98
Total	**3,085.90**	**2,812.14**

34 Finance cost (measured at amortised cost)

	Year ended 31 March, 2022	Year ended 31 March, 2021
Interest on security deposits	64.17	64.98
Interest on borrowings other than debt securities	33,989.06	68,400.91
Interest on debt securities	7,268.63	7,074.81
Interest on subordinated liabilities	6,383.29	8,738.11
Other interest expense *	463.33	262.63
Other borrowing costs (Includes non EIR borrowing expenses)	2,760.16	2,918.12
Total	**50,928.64**	**87,459.56**

* Refer Note 41 for disclosure related to leases.

35 Impairment on financial instruments

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost
Loans	(3,538.64)	(45,555.37)	5,408.58	43,348.82
Other assets	-	(2,044.91)	-	353.12
Bad debts written-off (net of recoveries) (includes gain on sale of written-off assets ₹ 961 lacs (31 March, 2021 : ₹ 2,097 lacs). Refer Note 54 (d)(5) *	4,925.94	53,074.24	18,686.10	64,066.01
	1,387.30	**5,473.96**	**24,094.68**	**107,767.95**
		6,861.26		**131,862.63**

* Includes other financial assets written off Nil (31 March, 2021 : ₹ 184.68 lacs)

36 Employee benefits expenses * ^

	Year ended 31 March, 2022	Year ended 31 March, 2021
Salaries and wages	35,998.72	27,640.30
Contribution to provident and other funds	2,245.00	1,959.01
Share based payments to employees	1,655.20	308.04
Staff welfare expenses	1,086.74	691.93
Total	**40,985.66**	**30,599.28**

* Refer Note 44 for related party disclosure

^ Refer Note 40 for disclosure related to provisions for employee benefits.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

37 Depreciation and amortisation expense

	Year ended 31 March, 2022	Year ended 31 March, 2021
Depreciation on property, plant and equipment	3,418.03	3,827.00
Depreciation on investment property	0.18	0.18
Depreciation on right of use assets	1,012.59	819.47
Amortisation of intangible asset	518.76	568.79
Total	**4,949.56**	**5,215.44**

38 Others expenses

	Year ended 31 March, 2022	Year ended 31 March, 2021
Rent	104.89	160.24
Rates and taxes	25.03	70.95
Net loss on derecognition of property, plant and equipment	41.24	24.29
Electricity charges	374.52	385.49
Repairs and maintenance		
- Machinery	229.35	203.00
- Others	3,531.55	1,663.27
Communication expenses	727.88	503.59
Printing and stationery	211.72	239.94
Advertisement and publicity	1,411.62	240.60
Directors		
- Fees	233.90	142.51
- Commission	-	-
Legal charges	928.95	506.44
Professional fees*	2,371.10	1,062.92
Insurance	51.81	81.87
Travelling and conveyance	1,225.76	503.91
CSR expenditure**	1.16	1,159.81
Outsource collection charges	1,616.15	1,019.61
Intangible assets under development written off	-	3.14
Credit guarantee fees	965.50	1,596.45
Miscellaneous expenses	473.78	245.19
	14,525.91	**9,813.22**

Refer Note 44 for related party disclosure

	Year ended 31 March, 2022	Year ended 31 March, 2021
*** Payments to auditors**		
Statutory audit including limited reviews	107.57	85.00
Other services	18.61	12.63
Reimbursement of expenses	7.73	5.73
Total	**133.91**	**103.36**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

38 Others expenses (Continued)

**** Details of corporate social responsibility expenditure ("CSR")**

A CSR committee has been formed by the Company as per the Companies Act, 2013. CSR expenses have been incurred through out the year on the activities as specified in Schedule VII of the said Act. The focus area of CSR initiatives undertaken by the Company are education, health and environment. The Company incurs CSR expenses directly or through trust Magma Foundation.

	Year ended 31 March, 2022	Year ended 31 March, 2021
(a) Gross Amount required to be spent by the Company during the year	-	447.39
(b) Amount spent during the year *		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	1.16	1,159.81
(c) Shortfall at the end of the year	-	-
(d) Previous years shortfall	-	712.42
(e) Reason for shortfall	Not applicable	Not applicable

(f) Nature of CSR activities

i) M Scholar : Under this, scholarships are offered to meritorious students from marginalized families

ii) Highway Hero : Under this, medical camps are conducted and trainings are provided to truck drivers

iii) M Care : Under this, health camps are conducted in rural areas, which lacks basic health infrastructure or clinics.

iv) Mid Day Meal : Under this, happiness kits are distributed consisting of exercise nooks, stationery, masks, sanitizers, etc to students of government schools.

v) Swayam : Under this, various projects are undertaken for the betterment of society.

*As per Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, In previous year ended 31 March, 2021 Company had transferred a sum of ₹ 476.76 lacs to Poonawalla Fincorp Limited-Unspent Corporate Social Responsibility Bank account with ICICI Account No.: 000605035547, being the amount related to continuing CSR projects. Company had also created liability of the same amount. Out of the same, Company has spent ₹ 133.68 lacs during the year ended 31 March, 2022.

39 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 March, 2022			As at 31 March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	33,520.15	-	33,520.15	26,509.45	-	26,509.45
Other bank balances	19,060.35	1,135.64	20,195.99	33,171.95	1,560.79	34,732.74
Receivables	1,403.12	-	1,403.12	1,291.57	-	1,291.57
Loans	446,815.06	621,022.03	1,067,837.09	349,216.24	507,315.13	856,531.37
Investments	-	81,971.10	81,971.10	-	42,892.20	42,892.20
Other financial assets	11,220.33	3,172.65	14,392.98	9,268.56	4,148.27	13,416.83
	512,019.01	**707,301.42**	**1,219,320.43**	**419,457.78**	**555,916.38**	**975,374.16**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

39 Maturity analysis of assets and liabilities (Continued)

	As at 31 March, 2022			As at 31 March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current tax assets (net)	-	10,541.34	10,541.34	-	8,741.52	8,741.52
Deferred tax assets (net)	-	20,378.58	20,378.58	-	29,797.99	29,797.99
Investment property	-	7.70	7.70	-	7.88	7.88
Property, plant and equipment	-	11,531.10	11,531.10	-	12,396.35	12,396.35
Intangible assets under development	-	45.94	45.94	-	18.15	18.15
Other intangible assets	-	1,669.05	1,669.05	-	1,769.00	1,769.00
Right of use assets	1,089.52	3,142.66	4,232.18	747.14	2,218.38	2,965.52
Assets held for sale	10,920.11	-	10,920.11	-	-	-
Other non-financial assets	1,812.68	507.49	2,320.17	2,722.48	406.55	3,129.03
	13,822.31	**47,823.86**	**61,646.17**	**3,469.62**	**55,355.82**	**58,825.44**
	525,841.32	**755,125.28**	**1,280,966.60**	**422,927.40**	**611,272.20**	**1,034,199.60**
LIABILITIES						
Financial liabilities						
Payables	1,270.04	-	1,270.04	8,457.50	-	8,457.50
Debt securities	21,000.38	45,029.77	66,030.15	16,562.94	66,030.14	82,593.08
Borrowings (other than debt securities)	345,624.08	212,045.23	557,669.31	438,491.89	196,996.23	635,488.12
Subordinated liabilities	12,372.50	36,509.37	48,881.87	24,538.61	48,858.92	73,397.53
Lease liabilities	967.92	3,792.69	4,760.61	665.47	2,728.90	3,394.37
Other financial liabilities	23,502.31	-	23,502.31	25,191.52	-	25,191.52
	404,737.23	**297,377.06**	**702,114.29**	**513,907.93**	**314,614.19**	**828,522.12**
Non-financial liabilities						
Current tax liabilities (net)	36.02	-	36.02	943.56	-	943.56
Provisions	61.88	911.91	973.79	38.67	1,086.27	1,124.94
Other non-financial liabilities	6,320.65	71.10	6,391.75	9,352.48	50.09	9,402.57
	6,418.55	**983.01**	**7,401.56**	**10,334.71**	**1,136.36**	**11,471.07**
	411,155.78	**298,360.07**	**709,515.85**	**524,242.64**	**315,750.55**	**839,993.19**

40 Employee benefits

The Company operates the following post-employment plans -

i. Defined contribution plan

The contribution made to various statutory funds is recognized as expenses and included in Note 36 'Employee benefits expenses' under 'Contribution to provident and other funds' in Statement of Profit and Loss. The detail is as follows :

	Year ended 31 March, 2022	Year ended 31 March, 2021
Provident and Other Funds	1,892.67	1,642.93

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

40 Employee benefits (Continued)

ii. Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The scheme is fully funded with Life Insurance Corporation of India (LIC). This defined benefit plan expose the Company to actuarial risks, such as regulatory risk, credit risk, liquidity risk, etc as defined below.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March, 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at 31 March, 2022	As at 31 March, 2021
Net defined benefit asset/(liability)	370.63	300.67

A. Funding

The scheme is fully funded with Life Insurance Corporation of India (LIC). The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section E below.

Expected contributions to gratuity plan for the year ending 31 March, 2023 is ₹ 169.58 lacs.

B. Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	As at 31 March, 2022			As at 31 March, 2021		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) liability
Balance at the beginning of the year	2,389.46	2,690.13	(300.67)	2,481.38	2,515.67	(34.29)
Included in statement of profit or loss						
Current service cost	376.56	-	376.56	328.88	-	328.88
Interest cost (income)	161.39	(185.62)	(24.23)	153.99	(166.79)	(12.80)
	537.95	**(185.62)**	**352.33**	**482.87**	**(166.79)**	**316.08**
Included in other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- financial assumptions	(77.20)	-	(77.20)	(76.27)	-	(76.27)
- experience adjustment	65.25	-	65.25	(188.16)	-	(188.16)
– on plan assets	-	14.12	14.12	-	-	-
	(11.95)	**14.12**	**2.17**	**(264.43)**	**-**	**(264.43)**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

40 Employee benefits (Continued)

	As at 31 March, 2022			As at 31 March, 2021		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) liability
Other						
Contributions paid by the employer	-	415.11	(415.11)	-	318.03	(318.03)
Benefits paid	(796.14)	(786.79)	(9.35)	(310.36)	(310.36)	-
	(796.14)	(371.68)	(424.46)	(310.36)	7.67	(318.03)
Balance at the end of the year	**2,119.32**	**2,489.95**	**(370.63)**	**2,389.46**	**2,690.13**	**(300.67)**

C. Plan assets

	As at 31 March, 2022	As at 31 March, 2021
Funds managed by Life insurance Corporation of India (LIC)	100%	100%

On an annual basis, an asset-liability matching is done whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

D. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March, 2022	As at 31 March, 2021
Discount rate (per annum)	7.28%	6.90%
Salary increase rate (per annum)	5.00%	5.00%
Withdrawal rate:		
Below 40 years (per annum)	4.20%	4.20%
40 years to 54 years (per annum)	1.80%	1.80%
Above 54 years (per annum)	2.20%	2.20%
Expected rate of return on plan assets (per annum)	6.90%	6.62%
Mortality	IALM (2012-14)	IALM (2012-14)

E. Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at 31 March, 2022		As at 31 March, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25% movement)	2,070.79	2,169.63	2,324.26	2,457.39
Salary increase rate (0.5% movement)	2,223.57	2,021.50	2,530.12	2,258.85
Withdrawal rate (2% movement)	2,118.25	2,118.25	2,389.60	2,389.31
Mortality rate (1% movement)	2,119.44	2,119.21	2,389.60	2,389.31

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

40 Employee benefits (Continued)

F. Expected maturity analysis of the defined benefit plans in future years

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March, 2022	As at 31 March, 2021
1 year	169.58	104.45
Between 2-5 years	476.30	461.56
Between 6-10 years	1,037.58	901.43
Over 10 years	1,126.04	4,551.45
Total	**2,809.50**	**6,018.89**

As at 31 March, 2022, the weighted-average duration of the defined benefit obligation was 15.72 years (31 March, 2021: 12.93 years).

G. Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Market Risk (Interest Rate): Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Longevity Risk: The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.

Future Salary Increase Risk: Actual Salary increase that are higher than the assumed salary escalation, will result in increase to the Obligation at a rate that is higher than expected.

Demographic Risk: If actual withdrawal rates are higher than assumed withdrawal rates, the benefits will be paid earlier than expected. Similarly if the actual withdrawal rates are lower than assumed, the benefits will be paid later than expected. The impact of this will depend on the demography of the Company and the financials assumptions.

Regulatory Risk: Any changes to the current Regulations by the Government, will increase (in most cases) or decrease the obligation which is not anticipated. Sometimes, the increase is many fold which will impact the financials quite significantly.

iii. Other long-term benefits

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of profit and loss for compensated absences is as under-

	As at 31 March, 2022	As at 31 March, 2021
Amount recognised in statement of profit and loss		
Compensated absences	381.16	349.02

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

41 Leases

The Company has adopted Ind AS 116 effective 01 April, 2019, using the modified retrospective method. The Company has applied the Accounting Standard to its leases with the cumulative impact recognised on the date of initial application ie 01 April, 2019. This has resulted in recognizing a right-of-use asset and a corresponding lease liability.

A. Lease in the capacity of Lessee

a) Nature : Leases considered here are taken for offices use, guesthouse and godown

b) Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Amount recognised in statement of profit or loss		
1) Depreciation on right of use assets (gross)	1,136.65	1,042.63
2) Interest expense on lease liability	455.37	251.71
3) Rent paid for leases which are not considered under IND AS 116	84.15	75.90
4) Income from subletting right of use assets	-	-
Other disclosures		
5) Total cash outflow for leases	1,492.44	1,240.15
6) Additions to right of use assets	2,821.91	782.13
7) Carrying amount of right of use assets (refer note 15)	4,232.18	2,965.52
c) Bifurcation of rent paid during the year		
- Principal	1,037.07	988.44
- Interest	455.37	251.71

	As at 31 March, 2022	As at 31 March, 2021
c) Movement in the carrying value of the right of use asset		
Opening balance	2,965.52	5,122.24
Depreciation charge for the period	(1,136.65)	(1,042.63)
Additions during the period	2,821.91	782.13
Adjustment/deletion	(418.60)	(1,896.22)
Closing balance	**4,232.18**	**2,965.52**
d) Movement in the carrying value of the lease liability		
Opening balance	3,394.37	5,496.91
Interest expense	455.37	251.71
Lease payments	(1,492.44)	(1,240.15)
Additions during the year	2,821.91	782.13
Adjustment/deletion	(418.60)	(1,896.23)
Closing balance	**4,760.61**	**3,394.37**

B. Lease in the capacity of Lessor

a) Nature : Operating and finance lease of Vehicles primarily to Corporate clients

b) Company manages the risk associated with any rights it retains in underlying assets as per the terms of the respective lease contracts. There is a dedicated team which manages this portfolio.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

41 Leases (Continued)

c) Future lease payments

At year end, the future lease receivables under finance leases are as follows:

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
1st Year	8,631.21	8,756.41
2nd Year	6,413.39	6,340.38
3rd Year	4,045.23	3,763.46
4th Year	1,946.53	1,354.74
5th Year	362.60	320.56
More than 5 year	-	1.90
Total	**21,398.96**	**20,537.45**

At year end, the future lease receivables under operating leases are as follows:

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
1st Year	2,573.88	2,914.00
2nd Year	1,701.51	1,978.80
3rd Year	1,045.45	956.08
4th Year	487.04	394.32
5th Year	182.89	117.22
More than 5 year	-	-
Total	**5,990.77**	**6,360.42**

d) Reconciliation - Finance lease

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Net investment in lease (carrying amount of Finance lease)	17,727.46	17,104.06
Unearned finance income	3,671.50	3,433.39
Total lease payments	21,398.96	20,537.45

42 Earnings per share (EPS)

Particulars			Units	Year ended 31 March, 2022	Year ended 31 March, 2021
a)	(i)	Weighted average number of equity shares for basic EPS	Nos	717,034,063	269,552,784
	(ii)	Effect of potential ordinary equity shares on employee stock options	Nos	8,998,302	1,473,054
	(iii)	Weighted average number of equity shares for diluted EPS	Nos	726,032,365	271,025,838
b)	Net profit / (loss) after tax		₹ in lacs	29,319.99	(57,836.08)
d)	(i)	Earnings per share (Face value of ₹ 2/- per share) – basic	₹	4.09	(21.46)
	(ii)	Earnings per share (Face value of ₹ 2/- per share) – diluted	₹	4.04	(21.46)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

43 Share-based payments

A Description of share-based payment arrangements

The Company instituted the Employee Stock Option Plan (ESOP) in 2007 and Restricted Stock Option Plan 2014 (RSOP) in 2014 and Employee Stock Option Plan (ESOP) in 2021 which were approved by the Board of Directors and the shareholders of the Company.

ESOP, 2007

Under ESOP 2007, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Company. The options generally vest in a graded manner and are exercisable within 3/4 years from the date of vesting. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended 31 March, 2011, the number of options increased from 1,000,000 to 5,000,000.

During the year, the Nomination and Remuneration Committee of the Company has approved cancellation of 1,170,000 ungranted options under ESOP 2007. Options already granted under ESOP 2007 to eligible employees shall remain operational.

RSOP, 2014

Under RSOP 2014, the Company provided for the creation and issue of 5,000,000 options, that would eventually convert into equity shares of ₹ 2/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company and at the exercise price of the face value of ₹ 2/- each. The options generally will vest in a graded manner and are exercisable within 3 years from the date of vesting. The shareholders of the Company on 24 July, 2021 had amended the RSOP 2014 by increasing existing plan pool from 5,000,000 equity shares having face value of ₹ 2 ('Equity Shares') to 10,000,000 Equity Shares During the year, 8,647,481 awards were lapsed and added in the pool. The Nomination and Remuneration Committee of the Company has granted 15,200,000 awards (31 March, 2021: 1,280,515 awards) under RSOP 2014 to the eligible employees of the Company (each award entitles the award holder to 1 equity share of ₹ 2/- each).

ESOP, 2021

The shareholders of the Company on 24 July, 2021 had instituted ESOP Plan 2021 wherein the Company provided for the creation and issue of 15,000,000 options, that would eventually convert into equity shares of ₹ 2/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company and at the fair market value. The options generally will vest in a graded manner and are exercisable within 36 months from the date of vesting. During the year, the Nomination and Remuneration Committee of the Company has granted 8,087,800 options (31 March, 2021: NA) under ESOP 2021 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

B Measurement of Fair values

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option of Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) was ₹ 145.82 (31 March, 2021: ₹ 46.28).

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Units	31 March, 2022	31 March, 2021
Fair value at grant date	₹	14.41 - 250.82	14.41 - 146.98
Share price at grant date	₹	39.45 - 254.25	39.45 - 151.50
Exercise price	₹	2.00 - 256.03	2.00 - 120.00
Expected volatility (weighted average volatility)	%	40.86 - 55.43	39.83 - 53.05
Expected life (expected weighted average life)	years	3.05 - 4.50	2.38 - 5.21
Expected dividend Yield	%	0.20 - 2.03	0.53 - 2.03
Risk-free interest rate (based on government bonds)	%	4.60 - 8.06	4.60 - 8.06

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

43 Share-based payments (Continued)

C Reconciliation of outstanding share options

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

ESOP, 2007

	Year ended 31 March, 2022		Year ended 31 March, 2021	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	2,124,957	74.16	2,204,088	72.61
Add: Granted during the year	-	-	92,000	2.00
Less: Exercised during the year	1,408,231	36.71	101,400	2.00
Less: Lapsed/forfeited during the year	398,029	33.56	69,731	34.88
Outstanding options at the end of the year	**318,697**	**27.49**	**2,124,957**	**74.16**
Options vested and exercisable at the end of the year	80,340	23.23	1,107,867	36.31

The options outstanding at 31 March, 2022 have an exercise price in the range of ₹ 2 to ₹ 39.45 (31 March, 2021: ₹ 2 to ₹ 60) and a weighted average remaining contractual life of 0.7 years (31 March, 2021: 1.2 years).

The weighted average share price at the date of exercise for share options exercised in 2021-22 was ₹ 145.37 (2020-21: ₹ 36.69).

RSOP 2014

	Year ended 31 March, 2022		Year ended 31 March, 2021	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	1,580,515	49.94	300,000	100.00
Add: Granted during the year	15,200,000	2.00	1,280,515	38.21
Less: Exercised during the year	184,310	38.21	-	-
Less: Lapsed/forfeited during the year	8,647,481	8.53	-	-
Outstanding options at the end of the year	**7,948,724**	**3.59**	**1,580,515**	**49.94**
Options vested and exercisable at the end of the year	72,502	38.21	-	-

The options outstanding at 31 March, 2022 have an exercise price in the range of ₹ 2 to ₹ 38.21 (31 March, 2021: ₹ 38.21 to ₹ 100) and a weighted average remaining contractual life of 1.87 years (31 March, 2021: 1.61 years).

The weighted average share price at the date of exercise for share options exercised in 2021-22 was ₹ 266.10 (2020-21: Nil).

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

43 Share-based payments (Continued)

ESOP 2021

	Year ended 31 March, 2022		Year ended 31 March, 2021	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	-	-	-	-
Add: Granted during the year	8,087,800	187.57	-	-
Less: Exercised during the year	-	-	-	-
Less: Lapsed/forfeited during the year	2,149,000	170.42	-	-
Outstanding options at the end of the year	**5,938,800**	**193.78**	**-**	**-**
Options vested and exercisable at the end of the year	-	-	-	-

The options outstanding at 31 March, 2022 have an exercise price in the range of ₹ 164.42 to ₹ 256.03 (31 March, 2021: Nil) and a weighted average remaining contractual life of 2.7 years (31 March, 2021: Nil).

No options were exercised during the year FY 21-22 and FY 20-21.

D Equity shares reserved for issue under options

	No. of options granted	Exercise price (₹)	Year ended 31 March, 2022		Year ended 31 March, 2021	
			No. of options	Amount	No. of options	Amount
Under ESOP 2007:						
Tranche VI	50,000	60.00	-	-	10,000	0.20
Tranche XVI A	726,083	39.45	-	-	400,411	8.01
Tranche XVI B	322,000	2.00	4,000	0.08	56,400	1.13
Tranche XVII	8,000	2.00	-	-	2,800	0.06
Tranche XIX	60,000	39.45	-	-	60,000	1.20
Tranche XX	30,000	39.45	-	-	30,000	0.60
Tranche XXI	100,000	39.45	-	-	100,000	2.00
Tranche XXII	44,000	2.00	5,600	0.11	25,600	0.51
Tranche XXIII	9,000	39.45	-	-	9,000	0.18
Tranche XXIV A	125,000	39.45	37,500	0.75	125,000	2.50
Tranche XXIV B	175,000	39.45	-	-	175,000	3.50
Tranche XXV	1,001,711	39.45	179,397	3.59	942,746	18.85
Tranche XXVI	102,000	2.00	37,600	0.75	96,000	1.92
Tranche XXVII	92,000	2.00	54,600	1.09	92,000	1.84

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

43 Share-based payments (Continued)

	No. of options granted	Exercise price (₹)	Year ended 31 March, 2022		Year ended 31 March, 2021	
			No. of options	Amount	No. of options	Amount
Under RSOP 2014:						
Tranche I (D)	300,000	100.00	-	-	300,000	6.00
Tranche II	1,263,495	38.21	336,810	6.74	1,263,495	25.27
Tranche II (A)	17,020	38.21	11,914	0.24	17,020	0.34
Tranche V (A) & (B)	5,000,000	2.00	5,000,000	100.00	-	-
Tranche VI (A) & (B)	2,600,000	2.00	2,600,000	52.00	-	-
Under ESOP 2021:						
Tranche I	1,500,000	175.48	500,000	10.00	-	-
Tranche II	4,325,750	164.42	3,196,750	63.94	-	-
Tranche III	170,000	256.03	150,000	3.00	-	-
Tranche IV	2,092,050	238.55	2,092,050	41.84	-	-

E Amount recognised in statement of profit and loss

Year ended 31 March, 2022 : 1,655.20 lacs

Year ended 31 March, 2021 : 308.04 lacs

44 Related parties

(i) Name of related parties and description of relationship:

A Holding Company

Rising Sun Holdings Private Limited (w.e.f 21 May, 2021)

B Subsidiary

Poonawalla Housing Finance Limited (Formerly Magma Housing Finance Limited) (ceases to be wholly owned subsidiary company w.e.f 29 November, 2021)

C Fellow Subsidiary

Poonawalla Finance Private Limited (w.e.f 21 May, 2021)

D Joint Venture

Magma HDI General Insurance Company Limited
Jaguar Advisory Services Private Limited

E Key Managerial Personnel ('KMP')	Nature of Relationship
Mr. Abhay Bhutada	Managing Director (w.e.f 1 June, 2021 upto 16 September, 2021, reappointed w.e.f 12 February, 2022)
Mr. Sanjay Miranka	Group Chief Financial Officer (w.e.f 2 July, 2021)
Mr. Vijay Deshwal	Group Chief Executive Officer (w.e.f 21 June, 2021 upto 4 March, 2022)
Mr. May,ank Poddar	Chairman Emeritus and Whole Time Director (upto 7 November, 2020)
Mr. Sanjay Chamria	Executive Vice Chairman (upto 23 November, 2021) (Vice Chairman and Managing Director upto 1 June, 2021)
Mr. Kailash Baheti	Chief Financial Officer (upto 1 July, 2021)
Mrs. Shabnum Zaman	Company Secretary

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

44 Related parties (Continued)

F	Directors	Nature of Relationship
	Mr. Adar Cyrus Poonawalla	Chairman & Non Executive Director (w.e.f 1 June, 2021)
	Mr. Prabhakar Dalal	Independent Director (w.e.f 5 May, 2021)
	Mr. Amar Sudhakar Deshpande	Non Executive Director (w.e.f 3 June, 2021)
	Mr. Sajid Fazalbhoy	Non Executive Director (w.e.f 4 February, 2022) (Independent Director w.e.f 5 May, 2021 upto 3 February, 2022)
	Mr. Atul Kumar Gupta	Independent Non Executive Director (w.e.f 27 January, 2022)
	Mr. G Jaganmohan Rao	Independent Non Executive Director (w.e.f 15 January, 2022)
	Mr. Sanjay Kumar	Independent Non Executive Director (w.e.f 15 January, 2022)
	Mr. Narayan K Seshadri	Chairman and Independent Director (upto 31 August, 2020)
	Mr. May,ank Poddar	Non Executive Director (w.e.f 8 November, 2020 upto 7 June, 2021)
	Mr. V K Viswanathan	Independent Director (Upto 8 February, 2021)
	Mrs. Vijayalakshmi R Iyer	Independent Director (w.e.f 31 January, 2019)
	Mr. Sunil Rewachand Chandiramani	Independent Director (w.e.f 10 December, 2019 upto 3 June, 2021)
	Mr. Bontha Prasada Rao	Independent Director (w.e.f 10 December, 2019)

G	Private Company in which KMP/ Director or his relative is Member or Director	Nature of Relationship
	Magma Consumer Finance Private Limited	upto 23 November, 2021

H	Relatives of Directors / KMP	Nature of Relationship
	Harshvardhan Chamria	upto 23 November, 2021
	May,ank Poddar H U F	upto 7 June, 2021
	Kalpana Poddar	upto 7 June, 2021
	Ashita Poddar	upto 7 June, 2021
	Bimla Devi Baheti	upto 1 July, 2021
	Shashi Baheti	upto 1 July, 2021
	Apoorva Baheti	upto 1 July, 2021
	Ankita Baheti	upto 1 July, 2021
	Kailash Baheti HUF	upto 1 July, 2021
	Sanjay Chamria (HUF)	upto 23 November, 2021
	Banwarilal Chamria and Others (HUF)	upto 23 November, 2021

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

44 Related parties (Continued)

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

Name of related party	Nature of transaction	Transaction value for the year ended 31 March, 2022	Outstanding amount as at 31 March, 2022	Transaction value for the year ended 31 March, 2021	Outstanding amount as at 31 March, 2021
A) Holding Company					
Rising Sun Holdings Private Limited	Share Capital	9,160.00	-	-	-
	Share Premium	311,440.00	-	-	-
B) Subsidiary					
Poonawalla Housing Finance Limited (Formerly Magma Housing Finance Limited)	Cost allocation made*	1,266.85	-	1,262.39	-
	Investment in equity shares	50,000.00	81,970.94	-	31,970.94
	Long-term loans and advances given	25,000.00	-	-	-
	Refund of long-term loans and advances given	25,000.00	-	-	-
	Direct assignment servicing fees paid	26.00	1.76	34.51	2.26
	Interest income	64.73	-	-	-
C) Fellow Subsidiary					
Poonawalla Finance Private Limited	Purchase of property plant and equipment	272.97	-	-	-
D) Joint venture					
1 Magma HDI General Insurance Company Limited	Investment in equity shares	-	10,917.91	-	10,917.91
	Short-term loans and advances given	7,153.78	546.86	13,358.16	431.99
	Refund / adjustment of short-term loans and advances given	7,038.91	-	13,760.07	-
	Claims received	10.60	-	5.92	-
	Insurance commission income	742.49	32.77	1,234.54	68.27
	Insurance premium paid	72.91	-	118.22	-
	Advance for mediclaim policy **	543.03	543.03		
	Subscription to public issue of NCD	-	7,500.00	-	7,500.00
	Interest accrued but not due on NCD	787.50	711.99	787.29	711.99
	Interest Paid on NCD	787.50	-	787.50	-
2 Jaguar Advisory Services Private Limited	Investment in equity shares	-	2.20	-	2.20
E) Private Company in which director is member or director					
1 Magma Consumer Finance Private Limited	Subscription to public issue of NCD	-	-	-	8.68
	Interest accrued but not due on NCD	-	-	-	0.72
	Interest Paid on NCD	0.42	-	0.27	-
	Sale of car	23.00	-	-	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

44 Related parties (Continued)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March, 2022	Outstanding amount as at 31 March, 2022	Transaction value for the year ended 31 March, 2021	Outstanding amount as at 31 March, 2021
F) Key Managerial Personnel					
1 Mr. Abhay Bhutada	Director's remuneration	217.24	-	-	-
2 Mr. Sanjay Miranka	Salary	336.82	-	-	-
3 Mr. Vijay Deshwal	Salary	740.81	-	-	-
4 Mr. May,ank Poddar	Director's remuneration	-	-	112.71	-
	Refund received of earlier year Remuneration ***	-	-	136.27	-
	Mediclaim premium paid recoverable #	-	-	0.08	-
5 Mr. Sanjay Chamria	Director's remuneration	183.51	-	224.40	-
	Share Capital	357.14	-	-	-
	Share Premium	12,142.86	-	-	-
	Refund received of earlier year Remuneration ***	-	-	181.58	-
	Mediclaim premium paid recoverable #	-	-	0.08	-
6 Mr. Kailash Baheti	Salary	429.74	-	217.25	-
	Share Capital	3.62	-	-	-
	Share Premium	67.79	-	-	-
	Subscription to public issue of NCD	-	-	-	10.00
	Interest accrued but not due on NCD	0.24	-	0.98	1.86
	Mediclaim premium paid recoverable #	-	-	0.08	-
7 Mrs. Shabnum Zaman	Salary	59.10	-	27.42	-
	Share Capital	0.07	-	-	-
	Mediclaim premium paid recoverable #	-	-	0.06	-
G) Directors					
1 Mr. Adar Cyrus Poonawalla	Sitting fees	4.00	-	-	-
2 Mr. Prabhakar Dalal	Sitting fees	43.30	0.90	-	-
3 Mr. Amar Sudhakar Deshpande	Sitting fees	40.70	0.90	-	-
4 Mr. Sajid Fazalbhoy	Sitting fees	30.30	-	-	-
5 Mr. Atul Kumar Gupta	Sitting fees	3.50	-	-	-
6 Mr. G Jaganmohan Rao	Sitting fees	6.00	0.90	-	-
7 Mr. Sanjay Kumar	Sitting fees	6.00	0.90	-	-
8 Mr. Narayan K Seshadri	Sitting fees	-	-	15.00	-
9 Mr. May,ank Poddar	Sitting fees	10.00	-	8.00	-
	Share Capital	357.14	-	-	-
	Share Premium	12,142.86	-	-	-
10 Mr. V K Viswanathan	Sitting fees	-	-	27.00	-
11 Mr. Sunil Rewachand Chandiramani	Sitting fees	11.40	-	32.10	-

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

44 Related parties (Continued)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March, 2022	Outstanding amount as at 31 March, 2022	Transaction value for the year ended 31 March, 2021	Outstanding amount as at 31 March, 2021
12 Mrs. Vijayalakshmi R Iyer	Sitting fees	37.30	0.90	32.10	-
13 Mr. Bontha Prasada Rao	Sitting fees	22.50	-	16.20	-
H) Other related parties					
1 Harshvardhan Chamria	Salary	37.15	-	118.46	-
	Sale of laptop	0.30	-	-	-
	Mediclaim premium paid recoverable #	-	-	0.08	-
2 May,ank Poddar H U F	Rent expense	2.08	-	11.19	-
	Advances given / Prepaid Rent ##	-	-	-	4.64
3 Kalpana Poddar	Rent expense	4.17	-	22.38	-
	Advances given / Prepaid Rent ##	-	-	-	9.29
4 Ashita Poddar	Rent expense	2.08	-	11.19	-
	Advances given / Prepaid Rent ##	-	-	-	4.64
5 Bimla Devi Baheti	Subscription to public issue of NCD	-	-	-	10.00
	Interest accrued but not due on NCD	0.24	-	0.98	1.86
6 Shashi Baheti	Subscription to public issue of NCD	-	-	-	10.00
	Interest accrued but not due on NCD	0.24	-	0.98	1.86
7 Apoorva Baheti	Subscription to public issue of NCD	-	-	-	10.00
	Interest accrued but not due on NCD	0.24	-	0.98	1.86
8 Ankita Baheti	Subscription to public issue of NCD	-	-	-	10.00
	Interest accrued but not due on NCD	0.24	-	0.98	1.86
9 Kailash Baheti HUF	Subscription to public issue of NCD	-	-	-	10.00
	Interest accrued but not due on NCD	0.24	-	0.98	1.86
10 Sanjay Chamria (HUF)	Subscription to public issue of NCD	-	-	-	25.00
	Interest accrued but not due on NCD	1.66	-	2.56	2.32
	Interest Paid on NCD	2.56	-	2.56	-
11 Banwarilal Chamria and Others(HUF)	Subscription to public issue of NCD	-	-	-	25.00
	Interest accrued but not due on NCD	1.66	-	2.56	2.32

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

44 Related parties (Continued)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March, 2022	Outstanding amount as at 31 March, 2022	Transaction value for the year ended 31 March, 2021	Outstanding amount as at 31 March, 2021
	Interest Paid on NCD	2.56	-	2.56	-

Notes :

Related parties identified includes related parties as per section 2(76) of the Companies Act, 2013.

* represents expenses recovered towards infrastructural support, operational assistance and other services.

** MHDI will report advance against mediclaim policy in April, 2022 as policy issuance are done in April, 2022.

*** The remuneration paid to KMP for the Financial Year 2019-20 had exceeded the limit specified under Regulation 17(6) (e) of the SEBI regulations. Since, resolution for payment of excess remuneration was not passed with requisite majority, the same has been reversed by the Company during the quarter ended 30 September, 2020.The KMP has repaid the outstanding amount in 3rd quarter of FY 21 net of adjustment of TDS.

Mediclaim Paid includes recoverable portion of Top up Insurance with MHDI.

Includes the impact of fair valuation of security deposits.

Pursuant to loss due to additional provision for COVID-19,the existing managerial remuneration paid by the Company to its Whole Time Director (upto 7 November, 2020) and the Vice Chairman and Managing Director of the Company for the financial year ended 31 March, 2021, being in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by ₹ NIL and ₹ 49.93 Lakhs for Whole Time Director and Vice Chairman and Managing Director respectively and in excess of limit prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by ₹ 112.71 lacs and ₹ 224.40 lacs for Whole Time Director and Vice Chairman and Managing Director respectively. The Company is in process of obtaining approval from its shareholders vide special resolution at the forthcoming annual general meeting for such excess remuneration paid. The Company is reasonably certain of getting the required approval.

(iii) Compensation of key managerial personnel

Particulars	31 March, 2022	31 March, 2021
Short-term employee benefits	1,653.72	571.49
Post-employment defined benefit*	16.20	10.29
Share-based payments	297.30	-
	1,967.22	**581.78**

* Excludes provision for encashable leave and gratuity for certain key management personnel as these are determined for the Company as a whole.

Terms and conditions

All transactions with these related parties are priced on an arm's length basis. Outstanding amount as at the end of the year, in respect of loan and advances are unsecured and to be settled in cash and / or adjusted against goods or services.

(iv) Loans and advances to subsidiary company pursuant to Regulation 33 (e) and 53 (f) of SEBI (Listing Obligation and Disclosure Requirements), 2015

Name of the Subsidiary	Maximum Outstanding	Closing Amount Outstanding
Poonawalla Housing Finance Limited (Formerly Magma Housing Finance Limited)*		
Year ended 31 March, 2022	-	-
Year ended 31 March, 2021	20,000.00	-

*Above loans and advances have been given for general business purposes.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

45 Contingent liabilities

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

a) Contingent liabilities

	As at 31 March, 2022	As at 31 March, 2021
Claims against the Company not acknowledged as debt		
i) Income tax matters under dispute	398.36	147.48
ii) VAT and GST matters under dispute	808.91	288.12
iii) Service tax matters under dispute	911.91	293.89
iv) Legal cases against the Company *	183.98	172.42

* The Company is also involved in other law suits, claims, investigations and proceedings, including collection and repossession related matters, which arise in the ordinary course of business. However, there are no significant claims on such cases. Future cash outflows in respect of the above, if any, is determinable only on receipt of judgement / decisions pending with the relevant authorities.

b) Commitments

	As at 31 March, 2022	As at 31 March, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for	33.22	133.02

c) The amount included above represents best possible estimate arrived at on the basis of available information. The Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision has been created.

d) The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. As at year end, the Company does not have any long term contracts (including derivative contracts) for which there were material foreseeable losses.

46 Transfers of financial assets

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised or derecognised as per the conditions specified in Ind AS.

The Company transfers financial assets that are not derecognised in their entirety are primarily through securitisation transactions, in which loans to customers are transferred to securitisation special purpose vehicles.

Transferred financial assets that are not derecognised in their entirety

Securitisation

Certain loans to customers are sold by the Company to securitisation special purpose vehicles, which in turn issue Pass Through Certificates ('PTC') to investors collateralised by the purchased assets. In securitisation transactions entered, the Company transfers loans to an unconsolidated securitisation vehicle, however it retains credit risk (principally by providing credit enhancement). The Company retains substantial risks and rewards of such loan transferred and accordingly, does not derecognise the loans transferred in its entirety and recognises an associated liability for the consideration received.

The following table sets out the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

46 Transfers of financial assets (Continued)

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
As at 31 March, 2022		
Assets		
Securitisation	-	75,616.58
Carrying amount of assets	**-**	**75,616.58**
Associated liabilities		
Loans from PTC Investors	-	59,832.64
Carrying amount of associated liabilities	**-**	**59,832.64**
For those liabilities that have recourse only to the transferred financial assets		
Assets		
Securitisation	-	75,616.58
Fair value of assets	**-**	**75,616.58**
Associated liabilities		
Loans from PTC Investors	-	60,353.32
Fair value of associated liabilities	**-**	**60,353.32**

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
As at 31 March, 2021		
Assets		
Securitisation	77.18	222,508.18
Carrying amount of assets	**77.18**	**222,508.18**
Associated liabilities		
Loans from PTC Investors	-	192,382.10
Carrying amount of associated liabilities	**-**	**192,382.10**
For those liabilities that have recourse only to the transferred financial assets		
Assets		
Securitisation	77.18	222,508.18
Fair value of assets	**77.18**	**222,508.18**
Associated liabilities		
Loans from PTC Investors	-	195,539.86
Fair value of associated liabilities	**-**	**195,539.86**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

47 Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts of financial assets and financial liabilities.

Particulars	As at 31 March, 2022			
	Others	FVTPL	FVTOCI	Amortised cost
Financial assets:				
Cash and cash equivalents	-	-	-	33,520.15
Other bank balances	-	-	-	20,195.99
Receivables	-	-	-	1,403.12
Loans *	-	-	-	1,067,837.09
Other investment	-	-	-	0.16
Investments in subsidiary **	81,970.94	-	-	-
Other financial assets	-	2,258.79	-	12,134.19
	81,970.94	**2,258.79**	**-**	**1,135,090.70**
Financial liabilities:				
Payables	-	-	-	1,270.04
Debt securities	-	-	-	66,030.15
Borrowings (other than debt securities)	-	-	-	557,669.31
Subordinated liabilities	-	-	-	48,881.87
Lease liabilities	-	-	-	4,760.61
Other financial liabilities	-	-	-	23,502.31
	-	**-**	**-**	**702,114.29**

* Refer note 6 for reclassification of loan from FVOCI to amortised category.

** Investment in joint venture has been reclassified as assets held for sale as on 31 March, 2022

Particulars	As at 31 March, 2021			
	Others	FVTPL	FVTOCI	Amortised cost
Financial assets:				
Cash and cash equivalents	-	-	-	26,509.45
Other bank balances	-	-	-	34,732.74
Receivables	-	-	-	1,291.57
Loans	-	-	172,082.47	684,448.90
Other investment	-	0.99	-	0.16
Investments in subsidiary and joint venture	42,891.05	-	-	-
Other financial assets	-	2,521.36	-	10,895.47
	42,891.05	**2,522.35**	**172,082.47**	**757,878.29**
Financial liabilities:				
Payables	-	-	-	8,457.50
Debt securities	-	-	-	82,593.08
Borrowings (other than debt securities)	-	-	-	635,488.12
Subordinated liabilities	-	-	-	73,397.53
Lease liabilities	-	-	-	3,394.37
Other financial liabilities	-	-	-	25,191.52
	-	**-**	**-**	**828,522.12**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

47 Financial instruments - fair value and risk management (Contd.)

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost / other and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March, 2022	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	-	-
Other investment	-	-	-	-
Other financial assets	-	2,258.79	-	2,258.79
	-	**2,258.79**	**-**	**2,258.79**

Assets and liabilities which are measured at amortised cost / others for which fair values are disclosed

As at 31 March, 2022	Amortised cost / Other	Fair Value
Financial assets:		
Cash and cash equivalents	33,520.15	33,520.15
Other bank balances	20,195.99	20,194.36
Receivables	1,403.12	1,403.12
Loans	1,067,837.09	1,073,571.34
Other investment	0.16	0.16
Investments in subsidiary	81,970.94	107,331.21
Other financial assets	12,134.19	12,134.19
	1,217,061.64	**1,248,154.53**
Financial liabilities:		
Payables	1,270.04	1,270.04
Debt securities	66,030.15	69,227.75
Borrowings (other than debt securities)	557,669.31	558,340.30
Subordinated liabilities	48,881.87	52,320.31
Lease liabilities	4,760.61	4,760.61
Other financial liabilities	23,502.31	23,502.31
	702,114.29	**709,421.32**

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March, 2021	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	172,082.47	172,082.47
Other investment	-	0.99	-	0.99
Other financial assets	-	2,521.36	-	2,521.36
	-	**2,522.35**	**172,082.47**	**174,604.82**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

47 Financial instruments - fair value and risk management (Continued)

Assets and liabilities which are measured at amortised cost / others for which fair values are disclosed

As at 31 March, 2021	Amortised cost / Other	Fair Value
Financial assets:		
Cash and cash equivalents	26,509.45	26,509.45
Other bank balances	34,732.74	34,740.22
Receivables	1,291.57	1,291.57
Loans	684,448.90	684,222.25
Other investment	0.16	0.16
Investments in subsidiary and joint venture	42,891.05	66,190.57
Other financial assets	10,895.47	10,895.47
	800,769.34	**823,849.69**
Financial liabilities:		
Payables	8,457.50	8,457.50
Debt securities	82,593.08	87,748.28
Borrowings (other than debt securities)	635,488.12	639,008.20
Subordinated liabilities	73,397.53	76,016.46
Lease liability	3,394.37	3,394.37
Other financial liabilities	25,191.52	25,191.52
	828,522.12	**839,816.33**

C. Valuation framework

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable
Financial assets and liabilities measured at FVOCI	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	The discount rate is the average lending rate at which the loans are disbursed.	There is an inverse correlation. Higher the discount rate i.e average lending rate for the disbursed loans, lower the fair value of the assets.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

47 Financial instruments - fair value and risk management (Continued)

C. Valuation framework (Continued)

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets measured at FVTPL	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable
Investment	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable

D. Movement in Level 3 financial instruments measured at fair value

Particulars	As at 1 April, 2021	Purchase / origination	Sales / run-off	Transfer into Level 3	Interest income	Other Comprehensive Income	As at 31 March, 2022
Financial instruments at FVOCI*	190,447.14	210,125.41	121,725.11	(314,154.87)	35,086.72	220.71	0.00

Particulars	As at 1 April, 2020	Purchase / origination	Sales / run-off	Transfer into Level 3	Interest income	Other Comprehensive Income	As at 31 March, 2021
Financial instruments at FVOCI*	228,563.69	61,202.99	134,003.36	-	34,555.16	128.66	190,447.14

* The above numbers are gross carrying amount. Refer Note 48

48 Financial risk management

The Company assumes credit risk, market risk, liquidity risk, compliance risk, operational risk and reputational risk in the normal course of it business. This exposes the Company to a substantial level of inherent financial risk.

i Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Financial risk management (Continued)

ii Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's asset on finance;

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- a breach of contract such as a default or past due event;
- when a borrower becomes 3 months overdue in its contractual payments;"

The risk management committee has established credit policies for various lending products under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit bureau information, industry information, etc (as applicable).

b) Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analyzed by type of product or borrower as well as by DPD.

The Company employs statistical models to analyze the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

Expected loss has been calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: upside (0% probability), downside (32%) and base (68%). These weightages have been decided on best practices and expert's judgement. Weight of downside has been increased from 16% to 32% and that of upside reduced from 16% to 0% to make additional provision on account of COVID 19 scenario. The same is reviewed from time to time.

c) Definition of default

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 3 months overdue on its contractual payments.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

d) Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation;

To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Financial risk management (Continued)

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios.

e) Loss given default (LGD)

Loss given default (LGD) represents estimated financial loss the Company is likely to suffer in respect of default account and it is used to calculate provision requirement on EAD along with PD. The Company uses collection details on previously defaulted cases for calculating LGD including estimated direct cost of collection from default cases. Appropriate discounting rates are applied to calculate present value of future estimated collection net of direct collection cost. LGD thus calculated is used for all stages, i.e. Stage 1, Stage 2 and Stage 3.

f) Discounting

ECL is computed by estimating timing of expected credit shortfalls associated with defaults and discounting them using effective interest rate.

g) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 1 month overdue, the credit risk is deemed to have increased significantly since initial recognition.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortised cost and FVOCI. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is recognized on net basis.

h) Expected Credit Loss on Loans

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, product type, collateral type, and other relevant factors.

The Company considers defaulted assets as those which are contractually 3 months overdue, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually 1 month overdue are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Financial risk management (Continued)

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Models and accordingly, Company have used consumer price index as the relevant ME variable. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

Stage 3 Assets vs Non perfoming assets as per RBI framework

Stage 3 assets includes restructured loan where assets are considered as credit impaired whereas for the limited purpose of regulatory disclosures based on dispensation given by RBI, the same has been considered as standard assets. The restructured assets have been provided for accordingly under Ind AS.

Similarly, Stage 2 assets includes restructured loan where assets are considered as significant increase in credit risk whereas for the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring the same has been considered as Sub - Standard assets. The restructured assets have been provided for accordingly under Ind AS, subject to minimum provisioning requirement as per RBI guidelines.

Further, Stage 1 and Stage 2 assets includes loans where assets are considered as Sub-standard for limited purpose of regulatory disclosures as per RBI notification no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated 12 Nov 2021. The assets have been provided for as per Ind AS requirement.

Policy on write off of loan assets

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit or loss on actual realization from customer.

i) COVID-19

The Company carried a management overlay of ₹ 66,342.52 lacs as at 31 March, 2021, towards potential impact of COVID-19 pandemic.

For the year ended 31 March, 2022, the Company has continued the process of risk assessment on its credit exposures and accordingly, in addition to the model determined ECL provision, the Company carries a management overlay of ₹ 14,021.23 lacs.

Apart from the technical write-offs as per the adopted policy, the Company has additionally written-off loans aggregating to ₹ 21,877.21 lacs during the year ended 31 March, 2022.

Further, the underlying forecasts and assumptions applied by the Company in determination of ECL provision are subject to uncertainties which are often outside the control of the Company and accordingly, actual results may differ from these estimates. However, based on the revival of business sentiments, increase in lending activities and overall efficiencies in collections, management believes that as at 31 March, 2022, there is no uncertainty towards its business operations and overall provisioning made by the Company towards its loan assets.

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Financial risk management (Continued)

The following table provides information about the exposure to credit risk and expected credit loss for assets on finance.

Loans measured at amortised cost (Including trade advance)

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at 31 March, 2022				
Current (not past due)	900,873.91	1.46%	13,150.59	No
Upto 1 month overdue	73,698.39	5.56%	4,100.05	No
More than 1 month and upto 2 months overdue	58,011.64	12.41%	7,198.65	No
More than 2 month and upto 3 months overdue	55,996.31	19.18%	10,737.47	No
More than 3 months overdue	37,219.60	61.25%	22,795.96	Yes
	1,125,799.85	**5.15%**	**57,982.72**	

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at 31 March, 2021				
Current (not past due)	534,586.93	3.29%	17,591.98	No
Upto 1 month overdue	90,869.37	17.34%	15,760.66	No
More than 1 month and upto 2 months overdue	63,710.48	23.53%	14,993.14	No
More than 2 month and upto 3 months overdue	50,456.16	33.55%	16,927.84	No
More than 3 months overdue	35,266.74	70.82%	24,976.85	Yes
	774,889.68	**11.65%**	**90,250.47**	

Loans at fair value through OCI

As at 31 March, 2022

There are no outstanding loans measured at fair value through OCI due to change in business model (Refer Note 6).

As at 31 March, 2021

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
Current (not past due)	155,053.76	3.05%	4,732.35	No
Upto 1 month overdue	7,585.30	17.10%	1,297.08	No
More than 1 month and upto 2 months overdue	10,637.73	32.49%	3,456.22	No
More than 2 month and upto 3 months overdue	10,582.22	41.47%	4,387.93	No
More than 3 months overdue	6,588.13	68.17%	4,491.09	Yes
	190,447.14	**9.64%**	**18,364.67**	

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Financial risk management (Continued)

Expected credit loss on trade receivables and other financial assets

Trade receivables primarily includes receivables against sale of power, support services and operating lease. These receivables are of short term nature and there has been no impairment allowance on the same. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Other financial asset are measured at FVTPL and hence the credit risk is already factored in the fair value.

Cash and cash equivalents and bank balance other than cash and cash equivalents

The Company holds cash and cash equivalents and bank balance of ₹ 53,716.14 lacs at 31 March, 2022 (31 March, 2021: ₹ 61,242.19 lacs). The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

Derivatives

The derivatives are entered into with bank and financial institution counterparties with sound credit ratings.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows :

(i) Movements in the gross carrying amount in respect of loans, i.e. asset on finance

Loans measured at amortised cost (Including trade advance)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 1 April, 2020	**760,871.38**	**115,613.51**	**73,038.34**
Transfer to Stage 1	31,928.37	(28,820.55)	(3,107.82)
Transfer to Stage 2	(71,669.76)	76,008.56	(4,338.80)
Transfer to Stage 3	(17,411.29)	(13,142.40)	30,553.69
Loan assets originated or purchased (net of repayments)	169,508.74	2,239.97	893.26
Loan assets that have been derecognised / repaid (excluding write offs)	(240,780.48)	(24,569.21)	(18,044.50)
Write offs	(6,990.66)	(13,163.24)	(43,727.43)
Transfer from Fair value through OCI to Amortised cost	-	-	-
Gross carrying amount on 31 March, 2021	**625,456.30**	**114,166.64**	**35,266.74**
Transfer to Stage 1	16,718.89	(15,338.79)	(1,380.10)
Transfer to Stage 2	(80,422.18)	81,877.25	(1,455.07)
Transfer to Stage 3	(23,120.12)	(10,723.43)	33,843.55
Loan assets originated or purchased (net of repayments)	415,844.68	11,364.44	1,459.63
Loan assets that have been derecognised / repaid (excluding write offs)	(262,518.26)	(55,810.31)	(20,510.64)
Write offs	(5,373.87)	(28,746.38)	(18,953.99)
Transfer from Fair value through OCI to Amortised cost	287,986.86	17,218.53	8,949.48
Gross carrying amount on 31 March, 2022	**974,572.30**	**114,007.95**	**37,219.60**

Loans at fair value through OCI

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 1 April, 2020	**202,440.53**	**11,694.83**	**14,428.33**
Transfer to Stage 1	1,858.24	(1,791.66)	(66.58)
Transfer to Stage 2	(16,913.67)	17,005.14	(91.47)
Transfer to Stage 3	(2,415.43)	(1,340.91)	3,756.34

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Financial risk management (Continued)

Loans at fair value through OCI (Contd.)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Loan assets originated or purchased (net of repayments)	60,638.47	255.33	309.19
Loan assets that have been derecognised / repaid (excluding write offs)	(79,640.30)	(1,402.27)	409.13
Write offs	(3,328.78)	(3,200.51)	(12,156.81)
Transfer from Fair value through OCI to Amortised cost	-	-	-
Gross carrying amount on 31 March, 2021	**162,639.06**	**21,219.95**	**6,588.13**
Transfer to Stage 1	4,818.25	(4,309.88)	(508.36)
Transfer to Stage 2	(9,902.56)	10,303.11	(400.55)
Transfer to Stage 3	(2,161.36)	(3,759.04)	5,920.40
Loan assets originated or purchased (net of repayments)	209,299.22	726.74	99.45
Loan assets that have been derecognised / repaid (excluding write offs)	(77,833.69)	(3,713.30)	55.24
Write offs	1,127.94	(3,249.05)	(2,804.83)
Transfer from Fair value through OCI to Amortised cost	(287,986.86)	(17,218.53)	(8,949.48)
Gross carrying amount on 31 March, 2022	**-**	**-**	**-**

ii) Movements in the allowance for impairment in respect of loans, i.e. asset on finance

The movement in the allowance for impairment in respect of asset on finance is as follows:

Loans measured at amortised cost (Including trade advance)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April, 2020	**10,795.56**	**11,846.48**	**23,896.33**
Transfer to Stage 1	3,405.90	(2,695.53)	(710.37)
Transfer to Stage 2	(1,643.57)	2,911.64	(1,268.07)
Transfer to Stage 3	(389.10)	(1,478.19)	1,867.29
COVID-19 wave 2 provision	22,088.70	18,009.10	8,330.40
Loan assets originated or purchased	2,302.51	243.90	258.19
Loan assets that have been derecognised / repaid (excluding write offs)	(2,522.79)	5,236.68	10,313.09
Write offs	(684.57)	(2,153.10)	(17,710.01)
Transfer from Fair value through OCI to Amortised cost	-	-	-
Loss allowance on 31 March, 2021	**33,352.64**	**31,920.98**	**24,976.85**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Financial risk management (Continued)

Loans measured at amortised cost (Including trade advance) (Continued)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Transfer to Stage 1	2,177.98	(1,719.11)	(458.87)
Transfer to Stage 2	(2,189.31)	2,693.63	(504.32)
Transfer to Stage 3	(581.04)	(1,331.37)	1,912.42
COVID-19 wave 2 provision	(22,088.70)	(18,009.10)	(8,330.40)
Loan assets originated or purchased	6,231.84	1,176.41	744.49
Loan assets that have been derecognised / repaid (excluding write offs)	(3,870.15)	5,197.72	12,036.26
Write offs	(949.57)	(6,142.67)	(13,078.80)
Transfer from Fair value through OCI to Amortised cost	5,166.95	4,149.63	5,498.33
Loss allowance on 31 March, 2022	**17,250.64**	**17,936.12**	**22,795.96**

Loans at fair value through OCI

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April, 2020	**1,993.19**	**3,039.19**	**7,923.71**
Transfer to Stage 1	278.36	(248.94)	(29.42)
Transfer to Stage 2	(257.09)	296.67	(39.58)
Transfer to Stage 3	(32.27)	(196.07)	228.34
COVID-19 wave 2 provision	3,988.50	3,888.50	1,375.70
Loan assets originated or purchased	745.46	76.48	93.77
Loan assets that have been derecognised / repaid (excluding write offs)	(388.51)	2,983.21	1,766.53
Write offs	(298.21)	(1,994.89)	(6,827.96)
Transfer from Fair value through OCI to Amortised cost	-	-	-
Loss allowance on 31 March, 2021	**6,029.43**	**7,844.15**	**4,491.09**
Transfer to Stage 1	1,028.01	(807.18)	(220.83)
Transfer to Stage 2	(176.36)	374.50	(198.14)
Transfer to Stage 3	(34.56)	(686.84)	721.40
COVID-19 wave 2 provision	(3,988.50)	(3,888.50)	(1,375.70)
Loan assets originated or purchased	3,921.81	156.77	92.59
Loan assets that have been derecognised / repaid (excluding write offs)	(1,441.04)	2,337.70	3,115.06

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Financial risk management (Continued)

Loans at fair value through OCI (Continued)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Write offs	(171.84)	(1,180.97)	(1,127.14)
Transfer from Fair value through OCI to Amortised cost	(5,166.95)	(4,149.63)	(5,498.33)
Loss allowance on 31 March, 2022	-	-	-

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Upon renegotiation, such accounts are classified as Stage 2 or Stage 3 depending upon nature and status of account at the time of renegotiation. Such accounts are upgraded only upon observation of satisfactory repayments of one year from the date of renegotiation.

Exposure to modified financial assets not resulting in de-recognition :

Particulars	As at 31 March, 2022	As at 31 March, 2021
Gross carrying amount	45,089.91	32,165.81
Loss allowance	10,077.02	6,120.13
Net carrying amount	35,012.89	26,045.68

j) Concentration risk

Pursuant to the guidelines of the RBI, credit exposure to an individual borrower must not exceed 15% of owned fund and 25% of owned fund of the Company to any single group of borrower. The Company is in compliance with these guidelines.

In addition, the Company views the concentration of risk on the basis of below product category.

Loans (carrying value)	As at 31 March, 2022	As at 31 March, 2021
Asset backed finance (ABF)	722,609.87	773,123.62
Loan against property (LAP)	93,859.31	61,065.89
Personal and Professional Loan	89,016.79	-
Small and medium enterprise (SME)	220,295.54	129,381.25
Total	**1,125,781.51**	**963,570.76**

Loans (%)	As at 31 March, 2022	As at 31 March, 2021
Asset backed finance (ABF)	64.18%	80.24%
Loan against property (LAP)	8.34%	6.34%
Personal and Professional Loan	7.91%	-
Small and medium enterprise (SME)	19.57%	13.42%
Total	**100.00%**	**100.00%**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Financial risk management (Continued)

Fair value of collateral relating to credit impaired financial assets

Particulars	As at 31 March, 2022	As at 31 March, 2021
Collateral value of underlying assets	53,041.90	47,923.02
Gross carrying amount	37,219.59	41,854.87
Loss allowance	22,795.96	29,467.93

iii Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company has obtained fund and non-fund based working capital lines from various banks. Further, the Company has access to funds from debt markets through commercial paper, non-convertible debentures and other debt instruments including term loans. Cash Credit / WCDL limits are renewed on annual basis and are therefore revolving in nature.

Exposure to liquidity risk

The following are the remaining gross and undiscounted contractual maturities of financial liabilities (including interest portion) at the reporting date.

As at 31 March, 2022	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Financial liabilities						
Payables	1,270.04	1,270.04	1,270.04	-	-	-
Debt securities	66,030.15	78,393.66	27,084.08	50,616.20	98.49	594.89
Borrowings (other than debt securities)	557,669.31	598,209.15	367,347.33	185,621.25	45,240.57	-
Subordinated liabilities	48,881.87	65,163.56	17,496.19	19,614.87	26,290.50	1,762.00
Lease liabilities	4,760.61	6,398.85	1,435.13	2,330.46	1,523.42	1,109.84
Other financial liabilities	23,502.31	23,502.31	23,502.31	-	-	-

As at 31 March, 2021	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Financial liabilities						
Payables	8,457.50	8,457.50	8,457.50	-	-	-
Debt securities	82,593.08	102,728.90	24,331.49	53,425.77	24,326.99	644.65
Borrowings (other than debt securities)	635,488.12	683,426.77	467,650.49	197,743.20	18,033.08	-
Subordinated liabilities	73,397.53	96,847.70	31,540.42	34,527.38	16,618.01	14,161.89
Lease liabilities	3,394.37	4,622.18	1,002.48	1,513.40	1,164.86	941.44
Other financial liabilities	25,191.52	25,191.52	25,191.52	-	-	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Financial risk management (Continued)

iv. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company – primarily ₹. In cases where the borrowings is denominated in foreign currency, the Company uses derivatives to manage market risks.

Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Company is subject to variable interest rates on some of its interest bearing financial assets/ liabilities. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	As at 31 March, 2022	As at 31 March, 2021
Fixed rate instruments		
Financial assets	1,132,699.11	923,725.57
Financial liabilities	416,343.90	670,431.83
Variable rate instruments		
Financial assets	86,621.32	51,648.59
Financial liabilities	285,770.39	158,090.29

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 bps in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss	
	100 bps increase	100 bpsdecrease
As at 31 March, 2022		
Variable rate instruments	(1,991.49)	1,991.49
As at 31 March, 2021		
Variable rate instruments	(1,064.42)	1,064.42

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period-end balances are not necessarily representative of the average debt outstanding during the period. This analysis assumes that all other variables remain constant.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Financial risk management (Continued)

Legal and operational risk

Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced.

As at 31 March, 2022, there were legal cases pending against the Company aggregating ₹ 183.98 lacs (31 March, 2021: ₹ 172.42 lacs). Based on the opinion of the Company's legal advisors, the management believes that no substantial liability is likely to arise from these cases.

Operational risk

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

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

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

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

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

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

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

49 Change in liabilities arising from financing activities

Particulars	As at 1 April, 2021	Loan Taken	Loan Paid	Non Cash Changes	As at 31 March, 2022
Debt securities	82,593.08	-	(16,750.00)	187.07	66,030.15
Borrowings (other than debt securities)	635,488.12	187,513.38	(266,319.04)	986.85	557,669.31
Subordinated liabilities	73,397.53	-	(24,666.89)	151.23	48,881.87

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

Total Liabilities from financing activities	**791,478.73**	**187,513.38**	**(307,735.93)**	**1,325.15**	**672,581.33**

49 Change in liabilities arising from financing activities (Continued)

Particulars	As at 1 April, 2020	Loan Taken	Loan Paid	Non Cash Changes	As at 31 March, 2021
Debt securities	64,915.80	17,500.00	-	177.28	82,593.08
Borrowings (other than debt securities)	859,857.27	112,150.78	(337,855.95)	1,336.02	635,488.12
Subordinated liabilities	75,684.48	-	(2,500.53)	213.58	73,397.53
Total Liabilities from financing activities	**1,000,457.55**	**129,650.78**	**(340,356.48)**	**1,726.88**	**791,478.73**

50 Capital management

The Company maintains and actively managed capital base to cover risks inherent in the business and meets the Capital Adequacy Requirements (CRAR) of the Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. The Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The funding requirements are met through equity, non-convertible debentures and other long-term/ short-term borrowings. The Company's policy is aimed at appropriate combination of short-term and long term borrowings. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

i. Regulatory capital

The Company's regulatory capital consists of the sum of the following elements :

- Tier 1 capital, which includes ordinary share capital, retained earnings and reserves and deduction for intangible assets and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities and impairment provision in respect of standard assets.

	As at 31 March, 2022	As at 31 March, 2021
CRAR (%) *	49.06	20.29
CRAR -Tier I Capital (%)	46.61	17.36
CRAR -Tier II Capital (%)	2.45	2.93

* For the purpose calculation of CRAR , securitization (PTC) transactions has been considered as 'zero risk weight asset' as per Reserve Bank of India notification dated 13 March, 2020, while the corresponding investments in pass through certificates have been considered as 'on balance sheet exposures' in determination of risk weighted assets.

ii. Capital allocation

Management uses regulatory capital ratios to monitor its capital base. There is no allocation of capital required as Company is operating primarily in a single segment i.e., financing.

The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

51 Operating segments

The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108. The Executive Committee of the Company has been identified as the Chief Operating Decision Maker (CODM) pursuant to the requirements of Ind AS 108, "Operating Segments." The Company's operating segments are established in the manner consistent with the components of the Company that are reviewed regularly by the CODM for the purpose of allocation of resources and evaluation of performance. The Company does not have operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March, 2022 and 31 March, 2021.

52 Revenue from contracts with customers

	Year ended 31 March, 2022	Year ended 31 March, 2022
(a) Below table provides disaggregation of revenue from contracts with customers:		
Revenue by type of service		
Fees and commission income	4,854.91	6,050.47
Other income (excluding interest on tax refund)	3,085.90	2,128.28
Total	**7,940.81**	**8,178.75**
Revenue by geographical markets		
India	7,940.81	8,178.75
Outside India	-	-
Total	**7,940.81**	**8,178.75**
Revenue by timing of recognition of revenue		
Performance obligation satisfied at a point in time	7,940.81	8,178.75
Performance obligation satisfied over period of time	-	-
Total	**7,940.81**	**8,178.75**
(b) Receivables *	1,388.41	1,261.71
	1,388.41	**1,261.71**

* Excluding receivables from operating lease rentals

53 Additional Information

a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

b) The quarterly information statement filed by the Company with banks or financial institutions are in agreement with the books of accounts.

c) The Company has not been declared as Wilful defaulter by any Banks, Financial institution or Other lenders

d) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

e) The provision related to number of layers as prescribed under section 2(87) of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to Company.

f) The Company have not advanced or given loan or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries except loans or advances given in normal course of business.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

53 Additional Information (Continued)

g) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries except loans or advances given in normal course of business.

h) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

i) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

j) Relationship with Struck off Companies :

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

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(a) Capital

		As at 31 March, 2022	As at 31 March, 2021
(i)	CRAR (%) #	49.06	20.29
(ii)	CRAR -Tier I Capital (%) #	46.61	17.36
(iii)	CRAR -Tier II Capital (%) #	2.45	2.93
(iv)	Subordinated debt as Tier-II capital	41,031.34	65,570.70
(v)	Perpetual debt instruments	7,850.53	7,826.83

For the purpose calculation of CRAR , securitization (PTC) transactions has been considered as 'zero risk weight asset' as per Reserve Bank of India notification dated 13 March, 2020, while the corresponding investments in pass through certificates have been considered as 'on balance sheet exposures' in determination of risk weighted assets.

(b) Investments

		As at 31 March, 2022	As at 31 March, 2021
Value of Investments			
(i)	**Gross Value of Investments #**		
	(a) In India	95,150.00	45,413.56
	(b) Outside India	-	-
(ii)	**Provisions for Depreciation**		
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	**Net Value of Investments #**		
	(a) In India	95,150.00	45,413.56
	(b) Outside India	-	-

Includes other financial assets of ₹ 2,258.79 lacs (31 March, 2021 : ₹ 2,521.36 lacs) and investment in ioint venture reclassified as assets held for sale of ₹ 10,920.11 lacs (31 March, 2021 : Nil) .

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(c) Derivative

The Company does not have any derivative exposure during the financial year ended 31 March, 2022 and 31 March, 2021.

(d) Disclosures relating to Securitisation^

1 (i) Outstanding amount of Securitised assets as per books of the SPVs #

		As at 31 March, 2022	As at 31 March, 2021
1	No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions **	16	26
2	Total amount of securitised assets as per books of the SPVs sponsored	64,787.71	181,259.68
3	Total amount of the exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	14,350.28	23,300.32
	Others	4,833.74	13,672.92
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitisation		
	First loss	-	-
	Others	13,260.98	25,858.94
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	(i) Exposure to own securitisation		
	First loss	-	-
	Others	5,626.50	18,832.10
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

** Only the SPVs relating to outstanding securitisation exposures are reported here.

The above figures are being reported based on certificate issued by the auditors of the SPV.

^ Securitization (PTC) transaction do not meet the derecognition criteria under Ind AS and are recognized as 'on balance sheet exposures'. Accordingly income and discounting charges are included in revenue from operations and finance cost respectively. Amounts stated above are for the purpose of disclosure.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(ii) The value of "excess interest spread receivable" and "unrealised gain" on securitisation transactions undertaken in terms of guidelines on securitisation transaction issued by Reserve Bank of India on 21 August, 2012 is given below:

		As at 31 March, 2022	As at 31 March, 2021
1	Excess interest spread receivable	4,556.38	14,508.50
2	Unrealised gain on securitisation transactions	4,556.38	14,508.50

2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

		Year ended 31 March, 2022	Year ended 31 March, 2021
(i)	No. of accounts	189	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC *	-	-
(iii)	Aggregate consideration	961.00	-
(iv)	Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / (loss) over net book value (NBV)	961.00	-

* The book value of the loan accounts is Nil as these were fully written off before the sale transactions.

3 Details of the net book value of investments in security receipts:

		As at 31 March, 2022	As at 31 March, 2021
(i)	Backed by non-performing assets sold by the Company as underlying #	2,258.79	2,521.36
(ii)	Backed by non-performing assets sold by other banks / financial institutions / non-banking financial companies as underlying.	-	-
	Total book value of investments in security receipts	**2,258.79**	**2,521.36**

\# Represents carrying amount of security receipts as per RBI guidelines.

4 Details of Assignment transactions (sale) undertaken by NBFCs

The Company has not undertaken any assignment transactions (sale) during the financial year ended 31 March, 2022 and 31 March, 2021.

5 Details of non-performing financial assets purchased / sold

a) Details of non-performing financial assets purchased:

The Company has not purchased any non-performing financial assets during the financial year ended 31 March, 2022 and 31 March, 2021.

b) Details of non-performing financial assets sold:

		Year ended 31 March, 2022	Year ended 31 March, 2021
(i)	No. of accounts sold	189	13,011
(ii)	Aggregate outstanding (net of provisions)*	-	-
(iii)	Aggregate consideration received	961.00	2,097.00

* The book value of the loan accounts is Nil as these were fully written off before the sale transactions.

(All amounts are in ₹lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(e) Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
As at 31 March, 2022											
Deposits placed	2,500.00	3,000.94	24,515.40	199.31	391.49	771.36	610.12	49.30	-	-	32,037.92
Advances	64,808.93	129,386.68	242,724.76	46,170.45	48,102.44	115,696.37	211,401.35	529,609.86	115,878.09	27,171.00	1,530,949.93
Investments *	-	-	-	-	-	-	13,178.90	-	-	81,971.10	95,150.00
Borrowings **	5.40	-	2,686.75	26,859.99	14,286.95	34,033.53	462,817.51	353,118.23	138,632.83	9,875.79	1,042,316.98
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
As at 31 March, 2021	25,014.40	0.90	30.46	393.84	54.51	808.85	1,086.21	348.28	-	-	27,737.45
Deposits placed	23,355.89	9,554.68	15,870.53	45,768.48	49,551.20	98,508.19	185,174.52	460,693.76	67,993.01	17,224.51	973,694.77
Advances	-	-	-	-	-	-	2,521.36	-	-	42,892.20	45,413.56
Investments *	-	1,244.47	15,066.62	12,471.83	54,431.53	43,158.29	357,305.87	247,904.43	39,779.61	23,130.57	794,493.22
Borrowings **	-	-	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities				-	-	-	-	-	-	-	-

* Includes security receipt of ₹ 2,258.79 lacs (31 March, 2021 : ₹ 2,521.36 lacs).

** Includes cash credit facilities and working capital demand loans from banks which are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. It also includes loan from PTC investors net of fixed deposits.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(f) Exposures

1 Exposure to real estate sector

	As at 31 March, 2022	As at 31 March, 2021
Category		
(i) Direct exposure		
A. Residential mortgages	58,181.01	51,338.51
B. Commercial mortgages	35,678.30	9,727.38
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures #		
a. Residential	-	-
b. Commercial Real Estate	844.73	968.46
(ii) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

\# Includes security receipts.

2 Exposure to Capital Market

The Company does not have any exposure to capital market as at 31 March, 2022 and 31 March, 2021.

3 Details of financing of parent company products

The Company has not financed any products of parent Company in the financial year ended 31 March, 2022. The Company did not have a parent Company in the financial year ended 31 March, 2021.

4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits during the financial year ended 31 March, 2022 and 31 March, 2021.

5 Unsecured advances

	As at 31 March, 2022	As at 31 March, 2021
Unsecured Advances	309,312.33	129,381.25

There are no unsecured advances given against intangible securities such as charge over the rights, licenses, authority, etc. during the financial year ended 31 March, 2022 and 31 March, 2021.

(g) Registration obtained from other financial sector regulators.

Regulator	Registration no.	Date of registration / renewal
1 Ministry of Corporate Affairs *	L51504PN1978PLC209007	18 December, 1978
2 Insurance Regulatory and Development Authority	CA0154 (Composite)	17 March, 2022

* Registered Office of the Company was shifted from the State of West Bengal to the State of Maharashtra under the jurisdiction of Registrar of Companies, Pune & a fresh Certificate of Registration been issued by the Registrar of Companies, Pune dated 2 March, 2022.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(h) Details of penalties imposed by RBI and other regulators

No penalties has been imposed by RBI and other regulators on the Company during the financial year ended 31 March, 2022 and 31 March, 2021.

(i) Details of Ratings assigned by credit rating agencies and migration of ratings during the year

Nature	Date of rating assigned #	Rating assigned	Previous rating assigned
1 Secured debentures	20-Aug-21	CARE AA+	CARE AA-
	31-Jan-22	CRISIL AA+	-
	15-Nov-21	BWR AA+	BWR AA-
	18-Oct-21	ACUITE AA+	ACUITE AA
2 Subordinated debentures	20-Aug-21	CARE AA+	CARE AA-
	15-Nov-21	BWR AA+	BWR AA-
	18-Oct-21	ACUITE AA+	ACUITE AA
3 Perpetual debt instruments	20-Aug-21	CARE AA	CARE A+
	15-Nov-21	BWR AA	BWR A+
5 Commercial papers	4-Mar-22	CARE A1+	CARE A1+
	4-Mar-22	CRISIL A1+	CRISIL A1+
6 Bank facility	20-Aug-21	CARE AA+ / CARE A1+	CARE AA- / CARE A1+
	31-Jan-22	CRISIL AA+	-

Date of rating assigned relates to rating valid on 31 March, 2022

j) Remuneration of non-executive Directors

Refer note : 44 for detailed disclosure of related party transactions

Name of directors	Nature of payment	Year ended 31 March, 2022	Year ended 31 March, 2021
1 Mr. Adar Cyrus Poonawalla	Sitting Fees	4.00	-
2 Mr. Prabhakar Dalal	Sitting Fees	43.30	-
3 Mr. Amar Sudhakar Deshpande	Sitting Fees	40.70	-
4 Mr. Sajid Fazalbhoy	Sitting Fees	30.30	-
5 Mr. Atul Kumar Gupta	Sitting Fees	3.50	-
6 Mr. G Jaganmohan Rao	Sitting Fees	6.00	-
7 Mr. Sanjay Kumar	Sitting Fees	6.00	-
8 Mr. Narayan K Seshadri	Sitting Fees	-	15.00
9 Mr. May,ank Poodar	Sitting Fees	10.00	8.00
10 Mr. V K Viswanathan	Sitting Fees	-	27.00
11 Mr. Sunil Rewachand Chandiramani	Sitting Fees	11.40	32.10
12 Mr. Bontha Prasada Rao	Sitting Fees	22.50	16.20
13 Mrs. Vijayalakshmi R Iyer	Sitting Fees	37.30	32.10

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

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(k) Provisions and Contingencies

	Year ended 31 March, 2022	Year ended 31 March, 2021
Under "Impairment on financial instruments"		
1 Provision for stage 1 and 2	(43,950.29)	51,495.29
2 Provision for stage 3	(5,143.72)	(2,737.89)
3 Other provisions	(2,044.91)	353.12
Under "Tax expenses"		
Provision made towards income tax (includes deferred tax)	9,136.91	(19,428.95)
Under "Employee Benefit Expenses"		
Provision for compensated absences	381.16	349.02

(l) Concentration of Advances, Exposures and NPAs

1 Concentration of Advances

	As at 31 March, 2022	As at 31 March, 2021
Total advances to twenty largest borrowers	19,263.35	18,463.27
Percentage of advances to twenty largest borrowers to total advances	1.7%	1.9%

2 Concentration of Exposures

	As at 31 March, 2022	As at 31 March, 2021
Total exposure to twenty largest borrowers/ customers	19,263.35	18,463.27
Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers	1.7%	1.9%

3 Concentration of NPAs

	As at 31 March, 2022	As at 31 March, 2021
Total exposure to top four NPA accounts	926.91	876.09

4 Sector-wise GNPAs

Sector	% of NPAs to Total Advances in the sector	
	As at 31 March, 2022	As at 31 March, 2021
(i) Agriculture and allied activities	21.2%	8.8%
(ii) MSME	1.1%	0.8%
(iii) Corporate borrowers #	0.0%	0.0%
(iv) Services	10.0%	6.0%
(v) Unsecured personal loans	0.0%	0.0%
(vi) Auto loans	7.9%	6.3%
(vii) Other personal loans	10.9%	8.0%

\# Corporate borrowers is included in the respective sector

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(m) Movement of NPAs

Name of directors	Year ended 31 March, 2022	Year ended 31 March, 2021
i) Net NPAs to Net Advances (%) ^	5.1%	2.9%
ii) Movement of NPAs (Gross) *		
a) Opening balance	41,854.87	87,466.67
b) Additions during the year	31,157.47	33,551.04
c) Reductions during the year	35,792.74	79,162.84
d) Closing balance	37,219.60	41,854.87
iii) Movement of Net NPAs *		
a) Opening balance	12,386.93	55,646.63
b) Additions during the year	11,822.01	7,970.27
c) Reductions during the year	9,785.30	51,229.97
d) Closing balance	14,423.64	12,386.93
iv) Movement of provisions for NPAs (excluding provisions on standard assets) *		
a) Opening balance	29,467.94	31,820.04
b) Provisions made during the year	19,335.46	25,580.77
c) Write-off / write-back of excess provisions	26,007.44	27,932.87
d) Closing balance	22,795.96	29,467.94

The Company classifies non-performing assets (NPAs) at 90 days overdue as per RBI notification no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated 12 Nov 2021 under and is compliant with the requirement for the financial year ending 31 March, 2022 as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 1 September, 2016. As Company has adopted Ind-AS, provision on NPAs has been made as per expected credit loss method, which is higher than IRACP provision requirement on overall basis.

* Disclosure as per IND-AS, as required in RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020

^ Stage 3 assets includes restructured loan where assets are considered as credit impaired whereas for the limited purpose of regulatory disclosures based on dispensation given by RBI, the same has been considered as standard assets. The restructured assets have been provided for accordingly under Ind AS.

Similarly, Stage 2 assets includes restructured loan where assets are considered as significant increase in credit risk whereas for the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring the same has been considered as sub - standard assets. The restructured assets have been provided for accordingly under Ind AS, subject to minimum provisioning requirement as per RBI guidelines.

Further, Stage 1 and Stage 2 assets includes loans where assets are considered as sub-standard for limited purpose of regulatory disclosures as per RBI notification no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated 12 Nov 2021. The assets have been provided for as per Ind AS requirement.

Further, Stage 1 and 2 assets also includes assets which are disbursed during moratorium period ie from 1 March, 20 to 1 August, 20 or were NPA as on 29 Feb 2020 and moratorium was provided to them under RBI notification dated 27 March, 2020 and 17 April, 2020. For the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring, the same has been considered as sub-standard assets. The restructured assets have been provided as per Ind AS.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(n) Overseas Assets and off- balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

1 Overseas Assets

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

2 Off- Balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have any exposure to off balance sheet SPVs sponsored as at 31 March, 2022 and 31 March, 2021

(o) Disclosure of complaints

Customer complaints	Year ended 31 March, 2022	Year ended 31 March, 2021
No. of complaints pending at the beginning of the year	8	3
No. of complaints received during the year	329	543
No. of complaints redressed during the year	335	538
No. of complaints pending at the end of the year	2	8

(p) Disclosures relating to fraud in terms of the notification issued by Reserve Bank of India

During the year ended 31 March, 2022, 16 frauds (31 March, 2021: 20 frauds) has been identified by management aggregating to ₹ 115.13 lakhs by the employees, customers or third party and have been reported to RBI. The un-recovered amounts aggregating to ₹ 113.25 lacs (31 March, 2021: ₹ 460.22 lacs) have been fully provided for / written-off. The Company has initiated disciplinary action against employees wherever involved, including termination of their employment contract and recovery of the amounts to the extent possible.

(q) Liquidity Coverage Ratio (LCR) disclosures and Public disclosure on liquidity risk

1 Liquidity Coverage Ratio (LCR) disclosures

Qualitative disclosure

Liquidity Coverage Ratio (LCR) is a tool for measuring and promoting short term resilience of the Company to potential liquidity disruptions by ensuring maintenance of sufficient unencumbered high quality liquid assets (HQLAs) to survive at severe stress scenario lasting for 30 calendar days. Reserve Bank of India (RBI) introduced the LCR requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of ₹ 5,000 crore and above. The ratio comprises of HQLAs as numerator and net cash outflows in next 30 calendar days as denominator.

HQLA computation consist of two parts i.e.

(i) Assets to be included as HQLA without any haircut i.e. cash, government securities, etc. and

(ii) Assets to be considered for HQLA with haircuts (ranging 15% to 50%) which comprises of investments in highly rated non-financial corporate bonds and listed equity investments which are considered at prescribed haircuts.

In order to determine net cash outflows, the Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows or 75% of stressed outflow. Accordingly, LCR would be computed by dividing Company's stock of HQLA by its total net cash outflow.

The LCR requirement has been inducted in a phased manner with Company required to maintain minimum LCR of 50% from December, 1, 2020 eventually increasing to 100% by December, 1, 2024. The Company has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold for all the quarters during the current financial year. The Company has maintained an average LCR of 296.16% for the quarter ended 31 March, 2022 (for the quarter ended 31 March, 2021 : 103.56%) as against minimum regulatory requirement of 60% (31 March, 2021 : 50%). The Company has maintained average HQLAs of ₹ 30,645.80 lacs for the quarter ended 31 March, 2022 (for the quarter ended 31 March, 2021 : ₹ 10,483.73 lacs).

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Apart from LCR, Company also uses various liquidity indicators to measure the liquidity risk in terms of funding stability, concentration risk i.e. concentration by significant counter-parties and concentration by significant instruments / product, stock ratios etc.

The Company has adopted the liquidity risk framework as required under RBI regulation. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee (ALCO). ALCO reviews asset liability mismatches (ALM) and ensures that there are no excessive concentration of either assets or liability side of the balance sheet. Liquidity risk is managed in accordance with ALM policy. The same is reviewed periodically to incorporate regulatory changes, economic scenario and business requirements of the Company.

(q) Liquidity Coverage Ratio (LCR) disclosures and Public disclosure on liquidity risk (Continued)

Quantitative disclosure

Year ended 31 March, 2022

Particulars	Quarter ended 30 June, 2021		Quarter ended 30 September, 2021		Quarter ended 31 December, 2021		Quarter ended 31 March, 2022	
	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#
High Quality Liquid Assets								
Total High Quality Liquid Assets (HQLA)	44,885.68	44,885.68	18,092.41	18,092.41	27,414.94	27,414.94	30,645.80	30,645.80
Cash Outflows								
Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
Unsecured wholesale funding	7,532.97	8,662.92	-	-	277.77	319.44	13,882.72	15,965.13
Secured wholesale funding	27,383.23	31,490.71	13,781.32	15,848.52	10,574.68	12,160.88	14,257.82	16,396.49
Additional requirements, of which		-		-		-		
Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	-	-	-	-	-	-	-	-
Other contractual funding obligations	5,617.06	6,459.62	6,972.78	8,018.70	8,568.43	9,853.69	7,851.08	9,028.74
Other contingent funding obligations	-	-	-	-	-	-	-	-
TOTAL CASH OUTFLOWS	**40,533.26**	**46,613.25**	**20,754.10**	**23,867.22**	**19,420.88**	**22,334.01**	**35,991.62**	**41,390.36**
Cash Inflows								
Secured lending ##	168,537.97	126,403.48	179,140.99	134,355.74	116,949.43	87,712.07	74,813.25	56,109.94
Inflows from fully performing exposures	43,312.07	32,484.05	46,066.06	34,549.55	46,729.98	35,047.49	45,279.84	33,959.88
Other cash inflows	6,495.18	4,871.39	7,904.47	5,928.35	9,880.21	7,410.16	9,770.68	7,328.01
TOTAL CASH INFLOWS	**218,345.22**	**163,758.92**	**233,111.52**	**174,833.64**	**173,559.62**	**130,169.72**	**129,863.77**	**97,397.83**
TOTAL HQLA		**44,885.68**		**18,092.41**		**27,414.94**		**30,645.80**
TOTAL NET CASH OUTFLOWS		**11,653.31**		**5,966.81**		**5,583.50**		**10,347.59**
LIQUIDITY COVERAGE RATIO (%)		**385.18%**		**303.22%**		**491.00%**		**296.16%**

* Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

\# Weighted values calculated after the application of respective stress factors on inflow and outflow.

\## Includes unutilized CC/ WCDL limit

HQLA includes cash on hand and demand deposits with Scheduled Commercial Banks.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(q) Liquidity Coverage Ratio (LCR) disclosures and Public disclosure on liquidity risk (Continued)

Quantitative disclosure

Year ended 31 March, 2021

Particulars	Quarter ended 30 June, 2020		Quarter ended 30 September, 2020		Quarter ended 31 December, 2020		Quarter ended 31 March, 2021	
	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								
Total High Quality Liquid Assets (HQLA)	7,853.81	7,853.81	15,940.36	15,940.36	12,456.96	12,456.96	10,483.73	10,483.73
Cash Outflows								
Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
Unsecured wholesale funding	-	-	-	-	833.33	958.33	500.00	575.00
Secured wholesale funding	17,550.64	20,183.24	21,028.16	24,182.38	19,210.30	22,091.84	20,572.16	23,657.98
Additional requirements, of which		-		-		-		
Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	-	-	-	-	-	-	-	-
Other contractual funding obligations	16,285.21	18,727.99	15,325.24	17,624.03	14,691.84	16,895.62	14,138.90	16,259.74
Other contingent funding obligations	-	-	-	-	-	-	-	-
TOTAL CASH OUTFLOWS	**33,835.85**	**38,911.23**	**36,353.40**	**41,806.41**	**34,735.47**	**39,945.79**	**35,211.06**	**40,492.72**
Cash Inflows								
Secured lending ##	35,581.14	26,685.86	61,864.05	46,398.04	59,433.52	44,575.14	58,882.69	44,162.02
Inflows from fully performing exposures	36,754.92	27,566.19	44,463.78	33,347.84	48,216.12	36,162.09	48,199.88	36,149.91
Other cash inflows	14,133.76	10,600.32	8,899.13	6,674.35	11,914.46	8,935.85	9,006.52	6,754.89
TOTAL CASH INFLOWS	**86,469.82**	**64,852.37**	**115,226.96**	**86,420.23**	**119,564.10**	**89,673.08**	**116,089.09**	**87,066.82**
TOTAL HQLA		**7,853.81**		**15,940.36**		**12,456.96**		**10,483.73**
TOTAL NET CASH OUTFLOWS		**9,727.81**		**10,451.60**		**9,986.45**		**10,123.18**
LIQUIDITY COVERAGE RATIO (%)		**80.74%**		**152.52%**		**124.74%**		**103.56%**

*Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

Weighted values calculated after the application of respective stress factors on inflow and outflow.

Includes unutilized CC/ WCDL limit

HQLA includes cash on hand and demand deposits with Scheduled Commercial Banks.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(q) Liquidity Coverage Ratio (LCR) disclosures and Public disclosure on liquidity risk (Continued)

2 Public disclosure on liquidity risk

As at 31 March, 2022

1) Funding Concentration based on significant counterparty (both deposits and borrowings)

Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
15	626,302.97	Not Applicable	88.27%

2) Top 20 large deposits (amount and % of total deposits)

- Not applicable

3) Top 10 borrowings (amount and % of total borrowings)

Amount	% of Total Borrowings
574,430.26	85.41%

4) Funding Concentration based on significant instrument/product

Sr no	Name of the Instrument / Product	Amount	% of Total Liabilities
1	Non Convertible Debentures	66,030.15	9.31%
2	Term Loans	279,382.13	39.38%
3	Working Capital (Cash credit & WCDL)	218,454.54	30.79%
4	Loan from PTC Investors	59,832.64	8.43%
5	Subordinate Debt Instruments	41,031.34	5.78%
6	Perpetual Debt Instruments	7,850.53	1.11%

5) Stock Ratios:

Particulars		Ratios
a)	Commercial Paper as a % of total public funds	Nil
	Commercial Paper as a % of total liabilities	Nil
	Commercial Paper as a % of total assets	Nil
b)	Non convertible debentures (Original maturity of less than 1 year) as a % of total public funds	Nil
	Non convertible debentures (Original maturity of less than 1 year) as a % of total liabilities	Nil
	Non convertible debentures (Original maturity of less than 1 year) as a % of total assets	Nil
c)	Other short-term liabilities as a % of total public funds	61.13%
	Other short-term liabilities as a % of total liabilities	57.95%
	Other short-term liabilities as a % of total assets	32.10%

Other short term liabilities includes Cash Credit and WCDL which are renewed on annual basis and are therefore revolving in nature.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(q) Liquidity Coverage Ratio (LCR) disclosures and Public disclosure on liquidity risk (Continued)

As at 31 March, 2021

1) Funding Concentration based on significant counterparty (both deposits and borrowings)

Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
18	726,773.91	Not Applicable	86.52%

2) Top 20 large deposits (amount and % of total deposits)

- Not applicable

3) Top 10 borrowings (amount and % of total borrowings)

Amount	% of Total Borrowings
591,662.89	74.75%

4) Funding Concentration based on significant instrument/product

Sr no	Name of the Instrument / Product	Amount	% of Total Liabilities
1	Non Convertible Debentures	82,593.08	9.83%
2	Term Loans	168,955.08	20.11%
3	Working Capital (Cash credit & WCDL)	274,150.94	32.64%
4	Loan from PTC Investors	192,382.10	22.90%
5	Subordinate Debt Instruments	65,570.70	7.81%

5) Stock Ratios:

Particulars		Ratios
a)	Commercial Paper as a % of total public funds	Nil
	Commercial Paper as a % of total liabilities	Nil
	Commercial Paper as a % of total assets	Nil
b)	Non convertible debentures (Original maturity of less than 1 year) as a % of total public funds	Nil
	Non convertible debentures (Original maturity of less than 1 year) as a % of total liabilities	Nil
	Non convertible debentures (Original maturity of less than 1 year) as a % of total assets	Nil
c)	Other short-term liabilities as a % of total public funds	66.24%
	Other short-term liabilities as a % of total liabilities	62.41%
	Other short-term liabilities as a % of total assets	50.69%

Other short term liabilities includes Cash Credit and WCDL which are renewed on annual basis and are therefore revolving in nature.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Institutional set-up for liquidity risk management

Board constituted Asset Liability committee (ALCO) reviews asset liability mismatches (ALM). It also ensures that there are no excessive concentration of either assets or liability side of the balance sheet.

ALM is monitored as a regular process and necessary steps are taken wherever required. Company also maintains sufficient liquidity buffer through credit lines and other means to meet its liability when they are due, under both normal and stressed conditions in a timely manner. Maturity profile of financial assets and financial liabilities is assessed along with borrowing and business and as a part of review of liquidity position.

The Company has obtained fund and non-fund based working capital lines and Term Loans from various banks and financial institutions. Further, the Company has access to funds from debt markets through non-convertible debentures and other debt instruments. Cash Credit / WCDL limits are renewed on annual basis and are therefore revolving in nature. The Company also manages liquidity by raising funds through Securitisation/ assignment transactions.

Liquidity risk is managed in accordance with ALM policy. Same is reviewed periodically to incorporate regulatory changes, economic scenario and business requirements.

(r) Comparison between provisions required under IRACP and impairment allowances made under IND AS 109 as per RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020

As at 31 March, 2022

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5=3-4)	(6)*	(7=4-6)
Performing Assets						
Standard	Stage 1	955,284.03	16,875.19	938,408.84	3,849.43	13,025.76
	Stage 2	70,532.44	11,969.87	58,562.57	288.86	11,681.01
Subtotal		**1,025,816.47**	**28,845.06**	**996,971.41**	**4,138.29**	**24,706.77**
Non-Performing Assets						
Substandard	Stage 1	5,054.67	217.94	4,836.73	541.24	(323.30)
	Stage 2	42,222.48	5,855.41	36,367.07	5,481.57	373.84
	Stage 3	32,526.79	19,125.02	13,401.77	4,925.73	14,199.29
Subtotal		**79,803.94**	**25,198.37**	**54,605.57**	**10,948.54**	**14,249.83**
Doubtful						
upto 1 year	Stage 3	3,361.89	2,526.23	835.66	1,745.65	780.58
1 to 3 years	Stage 3	673.54	653.73	19.81	492.91	160.82
More than 3 years	Stage 3	360.26	360.23	0.03	423.60	(63.37)
Subtotal		**4,395.69**	**3,540.19**	**855.50**	**2,662.16**	**878.03**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

As at 31 March, 2022

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5=3-4)	(6)*	(7=4-6)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**84,199.63**	**28,738.56**	**55,461.07**	**13,610.70**	**15,127.86**
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	8,239.57	157.64	8,081.93	-	157.64
	Stage 2	950.30	110.71	839.59	-	110.71
	Stage 3	297.11	130.75	166.36	-	130.75
Subtotal		**9,486.98**	**399.10**	**9,087.88**	**-**	**399.10**
Total	**Stage 1**	**968,578.27**	**17,250.77**	**951,327.50**	**4,390.67**	**12,860.10**
	Stage 2	**113,705.22**	**17,935.99**	**95,769.23**	**5,770.43**	**12,165.56**
	Stage 3	**37,219.59**	**22,795.96**	**14,423.63**	**7,587.89**	**15,208.07**
	Total	**1,119,503.08**	**57,982.72**	**1,061,520.36**	**17,748.99**	**40,233.73**

* Includes interest reversal on Stage 3 assets

Stage 3 assets includes restructured loan where assets are considered as credit impaired whereas for the limited purpose of regulatory disclosures based on dispensation given by RBI, the same has been considered as standard assets. The restructured assets have been provided for accordingly under Ind AS.

Similarly, Stage 2 assets includes restructured loan where assets are considered as significant increase in credit risk whereas for the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring the same has been considered as sub - standard assets. The restructured assets have been provided for accordingly under Ind AS, subject to minimum provisioning requirement as per RBI guidelines.

Further, Stage 1 and Stage 2 assets includes loans where assets are considered as sub-standard for limited purpose of regulatory disclosures as per RBI notification no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated 12 Nov 2021. The assets have been provided for as per Ind AS requirement.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(r) Comparison between provisions required under IRACP and impairment allowances made under IND AS 109 as per RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020 (Continued)

As at 31 March, 2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5=3-4)	(6)*	(7=4-6)
Performing Assets						
Standard	Stage 1	759,012.29	38,765.81	720,246.48	3,094.60	35,671.21
	Stage 2	127,195.60	39,088.86	88,106.74	2,014.90	37,073.96
	Stage 3	962.45	479.39	483.06	67.84	411.55
Subtotal		**887,170.34**	**78,334.06**	**808,836.28**	**5,177.34**	**73,156.72**
Non-Performing Assets						
Substandard	Stage 1	9,407.70	210.53	9,197.17	940.77	(730.24)
	Stage 2	6,745.81	832.22	5,913.59	727.08	105.14
	Stage 3	34,911.28	24,671.49	10,239.79	5,547.26	19,124.23
Subtotal		**51,064.79**	**25,714.24**	**25,350.55**	**7,215.11**	**18,499.13**
Doubtful						
upto 1 year	Stage 3	4,937.29	3,548.84	1,388.45	1,620.26	1,928.58
1 to 3 years	Stage 3	241.42	217.24	24.18	182.65	34.59
More than 3 years	Stage 3	445.05	410.12	34.93	472.80	(62.68)
Subtotal		**5,623.76**	**4,176.20**	**1,447.56**	**2,275.71**	**1,900.49**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**56,688.55**	**29,890.44**	**26,798.11**	**9,490.82**	**20,399.62**
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	8,467.48	143.99	8,323.49	-	143.99
	Stage 2	1,255.28	153.57	1,101.71	-	153.57
	Stage 3	357.37	140.85	216.52	-	140.85
Subtotal		**10,080.13**	**438.41**	**9,641.72**	**-**	**438.41**
Total	**Stage 1**	**776,887.47**	**39,120.33**	**737,767.14**	**4,035.37**	**35,084.96**
	Stage 2	**135,196.69**	**40,074.65**	**95,122.04**	**2,741.98**	**37,332.67**
	Stage 3	**41,854.86**	**29,467.93**	**12,386.93**	**7,890.81**	**21,577.12**
	Total	**953,939.02**	**108,662.91**	**845,276.11**	**14,668.16**	**93,994.75**

* Includes interest reversal on Stage 3 assets

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

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

Similarly, Stage 2 assets as at 31 March, 2021 includes restructured loan where assets are considered as significant increase in credit risk whereas for the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring the same has been considered as Sub - Standard assets. The restructured assets have been provided for accordingly under Ind AS, subject to minimum provisioning requirement as per RBI guidelines.

Further, Stage 1 and 2 assets as at 31 March, 2021 also includes assets which are disbursed during moratorium period ie from 1 March, 20 to 1 August, 20 or were NPA as on 29 Feb 2020 and moratorium was provided to them under RBI notification dated 27 March, 2020 and 17 April, 2020. For the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring, the same has been considered as sub-standard assets. The restructured assets have been provided as per Ind AS.

(s) Detail of restructured advances

As at 31 March, 2022

		Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Accounts as on 1 April, 2021	No of borrowers	2,151	208	6	-	2,365
	Amount Outstanding	19,238.08	1,829.97	96.09	-	21,164.14
	Provision thereon	3,233.22	772.33	32.37	-	4,037.92
Fresh restructuring during the year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Upgradations to restructured standard category during the year	No of borrowers	94	(92)	(2)	-	-
	Amount Outstanding	(967.63)	(650.51)	(45.03)	-	(1,663.17)
	Provision thereon	2.21	(260.84)	(13.73)	-	(272.36)
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

As at 31 March, 2022

		Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total
Downgradations of restructured accounts during the year	No of borrowers	(177)	177	-	-	-
	Amount Outstanding	(1,174.57)	1,065.06	-	-	(109.51)
	Provision thereon	(187.02)	554.26	-	-	367.24
Write-offs of restructured accounts during the year	No of borrowers	(659)	(82)	(4)	-	(745)
	Amount Outstanding	(7,434.94)	(1,100.06)	(51.06)	-	(8,586.06)
	Provision thereon	(1,394.31)	(459.57)	(18.64)	-	(1,872.52)
Restructured Accounts as on 31 March, 2022	No of borrowers	1,409	211	-	-	1,620
	Amount Outstanding	9,660.94	1,144.46	-	-	10,805.40
	Provision thereon	1,654.10	606.18	-	-	2,260.28

Amount of movement in respective blocks includes recovery made during the year

		Others				
		Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Accounts as on 1 April, 2021	No of borrowers	575	5,976	84	-	6,635
	Amount Outstanding	6,196.58	19,431.46	370.92	-	25,998.96
	Provision thereon	1,062.03	2,852.84	191.51	-	4,106.38
Fresh restructuring during the year	No of borrowers	5,075	889	-	-	5,964
	Amount Outstanding	22,431.59	4,215.41	-	-	26,647.00
	Provision thereon	4,085.86	2,018.43	-	-	6,104.29
Upgradations to restructured standard category during the year	No of borrowers	2,961	(2,941)	(20)	-	-
	Amount Outstanding	8,645.59	(11,044.92)	(143.33)	-	(2,542.66)
	Provision thereon	1,403.09	(440.08)	(61.10)	-	901.91

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

		Others				
		Standard	Sub-Standard	Doubtful	Loss	Total
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the year	No of borrowers	(77)	15	62	-	-
	Amount Outstanding	(1,158.21)	970.30	388.16	-	200.25
	Provision thereon	(231.53)	535.76	240.59	-	544.82
Write-offs of restructured accounts during the year	No of borrowers	(143)	(3,116)	(47)	-	(3,306)
	Amount Outstanding	(856.86)	(8,834.24)	(167.16)	-	(9,858.26)
	Provision thereon	(165.20)	(2,418.20)	(90.73)	-	(2,674.13)
Restructured Accounts as on 31 March, 2022	No of borrowers	8,391	823	79	-	9,293
	Amount Outstanding	35,258.69	4,738.01	448.59	-	40,445.29
	Provision thereon	6,154.25	2,548.75	280.27	-	8,983.27

Amount of movement in respective blocks includes recovery made during the year

		Total				
		Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Accounts as on 1 April, 2021	No of borrowers	2,726	6,184	90	-	9,000
	Amount Outstanding	25,434.66	21,261.43	467.01	-	47,163.10
	Provision thereon	4,295.25	3,625.17	223.88	-	8,144.30
Fresh restructuring during the year	No of borrowers	5,075	889	-	-	5,964
	Amount Outstanding	22,431.59	4,215.41	-	-	26,647.00
	Provision thereon	4,085.86	2,018.43	-	-	6,104.29

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

		Total				
		Standard	Sub-Standard	Doubtful	Loss	Total
Upgradations to restructured standard category during the year	No of borrowers	3,055	(3,033)	(22)	-	-
	Amount Outstanding	7,677.96	(11,695.43)	(188.36)	-	(4,205.83)
	Provision thereon	1,405.30	(700.92)	(74.83)	-	629.55
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the year	No of borrowers	(254)	192	62	-	-
	Amount Outstanding	(2,332.78)	2,035.36	388.16	-	90.74
	Provision thereon	(418.55)	1,090.02	240.59	-	912.06
Write-offs of restructured accounts during the year	No of borrowers	(802)	(3,198)	(51)	-	(4,051)
	Amount Outstanding	(8,291.80)	(9,934.30)	(218.22)	-	(18,444.32)
	Provision thereon	(1,559.51)	(2,877.77)	(109.37)	-	(4,546.65)
Restructured Accounts as on 31 March, 2022	No of borrowers	9,800	1,034	79	-	10,913
	Amount Outstanding	44,919.63	5,882.47	448.59	-	51,250.69
	Provision thereon	7,808.35	3,154.93	280.27	-	11,243.55

Amount of movement in respective blocks includes recovery made during the year

The above disclosure includes one-time restructuring implemented as prescribed in the notification no. RBI/2020-21/16 DOR.NO.BP.B C/3/21.04.048/2020-21 Resolution Framework for COVID-19-related Stress and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

As at 31 March, 2021

		Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Accounts as on 1 April, 2020	No of borrowers	-	123	-	-	123
	Amount Outstanding	-	2,492.04	-	-	2,492.04
	Provision thereon	-	285.62	-	-	285.62
Fresh restructuring during the year	No of borrowers	2,091	192	5	-	2,288
	Amount Outstanding	17,794.78	1,511.96	72.03	-	19,378.77
	Provision thereon	3,191.36	695.66	26.23	-	3,913.25
Upgradations to restructured standard category during the year	No of borrowers	94	(94)	-	-	-
	Amount Outstanding	1,809.66	(1,898.60)	-	-	(88.94)
	Provision thereon	103.63	(204.23)	-	-	(100.60)
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the year	No of borrowers	-	(1)	1	-	-
	Amount Outstanding	-	(20.22)	24.06	-	3.84
	Provision thereon	-	31.15	6.14	-	37.29
Write-offs of restructured accounts during the year	No of borrowers	(34)	(12)	-	-	(46)
	Amount Outstanding	(366.36)	(255.21)	-	-	(621.57)
	Provision thereon	(61.77)	(35.87)	-	-	(97.64)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

As at 31 March, 2021

		Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Accounts as on 31 March, 2021 *	No of borrowers	2,151	208	6	-	2,365
	Amount Outstanding	19,238.08	1,829.97	96.09	-	21,164.14
	Provision thereon	3,233.22	772.33	32.37	-	4,037.92

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

Amount of movement in respective blocks includes recovery made during the year

As at 31 March, 2021

		Others				
		Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Accounts as on 1 April, 2020	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Fresh restructuring during the year	No of borrowers	598	9,797	84	-	10,479
	Amount Outstanding	6,260.39	26,415.02	370.92	-	33,046.33
	Provision thereon	1,069.23	4,654.24	191.51	-	5,914.98
Upgradations to restructured standard category during the year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

As at 31 March, 2021

		Others				
		Standard	Sub-Standard	Doubtful	Loss	Total
Downgradations of restructured accounts during the year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Write-offs of restructured accounts during the year	No of borrowers	(23)	(3,821)	-	-	(3,844)
	Amount Outstanding	(63.81)	(6,983.56)	-	-	(7,047.37)
	Provision thereon	(7.20)	(1,801.40)	-	-	(1,808.60)
Restructured Accounts as on 31 March, 2021 *	No of borrowers	575	5,976	84	-	6,635
	Amount Outstanding	6,196.58	19,431.46	370.92	-	25,998.96
	Provision thereon	1,062.03	2,852.84	191.51	-	4,106.38

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

Amount of movement in respective blocks includes recovery made during the year

As at 31 March, 2021

		Total				
		Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Accounts as on 1 April, 2020	No of borrowers	-	123	-	-	123
	Amount Outstanding	-	2,492.04	-	-	2,492.04
	Provision thereon	-	285.62	-	-	285.62
Fresh restructuring during the year	No of borrowers	2,689	9,989	89	-	12,767
	Amount Outstanding	24,055.17	27,926.98	442.95	-	52,425.10
	Provision thereon	4,260.59	5,349.90	217.74	-	9,828.23

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

As at 31 March, 2021

		Total				
		Standard	Sub-Standard	Doubtful	Loss	Total
Upgradations to restructured standard category during the year	No of borrowers	94	(94)	-	-	-
	Amount Outstanding	1,809.66	(1,898.60)	-	-	(88.94)
	Provision thereon	103.63	(204.23)	-	-	(100.60)
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the year	No of borrowers	-	(1)	1	-	-
	Amount Outstanding	-	(20.22)	24.06	-	3.84
	Provision thereon	-	31.15	6.14	-	37.29
Write-offs of restructured accounts during the year	No of borrowers	(57)	(3,833)	-	-	(3,890)
	Amount Outstanding	(430.17)	(7,238.77)	-	-	(7,668.94)
	Provision thereon	(68.97)	(1,837.27)	-	-	(1,906.24)
Restructured Accounts as on 31 March, 2021 *	No of borrowers	2,726	6,184	90	-	9,000
	Amount Outstanding	25,434.66	21,261.43	467.01	-	47,163.10
	Provision thereon	4,295.25	3,625.17	223.88	-	8,144.30

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

Amount of movement in respective blocks includes recovery made during the year

The above disclosure includes one-time restructuring implemented as prescribed in the notification no. RBI/2020-21/16 DOR.NO.BP.B C/3/21.04.048/2020-21 Resolution Framework for COVID-19-related Stress.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(t) Details of resolution framework for COVID-19- related stress as per RBI notification no. DOR.STR. REC,11/21.04.048/2021-22 dated 5 May, 2021 and DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August, 2020.

Type of borrower	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year	(B) Of (A), aggregate debt that slipped into NPA during the half-year	(C) Of (A) amount written off during the half-year	(D) Of (A) amount paid by the borrowers during the half-year	(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	34,856	3,383.38	1,451.92	2,907.69	27,113.43
Total	**34,856**	**3,383.38**	**1,451.92**	**2,907.69**	**27,113.43**

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

Amount in Column (A) includes subsequent addition of ₹ 406.24 lacs.

(u) Disclosure pursuant to RBI notification RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24 September, 2021.

(a) Details of transfer through assignment in respect of loans not in default during the year ended 31 March, 2022

Count of Loan accounts Assigned	NIL
Amount of Loan accounts Assigned	NIL
Retention of beneficial economic interest (MRR)	NIL
Weighted Average Maturity (Residual Maturity)	NIL
Weighted Average Holding Period	NIL
Coverage of tangible security coverage	NIL
Rating wise distribution of rated loans	NIL

(b) Details of acquired through assignment in respect of loans not in default during the year ended 31 March, 2022

Particulars	Secured	Unsecured
Count of loans account acquired	113,411	2,208
Amount of loan accounts acquired (₹ in lacs)	364,128.08	2,071.94
Weighted average maturity (in months) *	38	24
Weighted average holding period (in months)	15	5
Retention of beneficial economic interest **	10.35%	10.00%
Coverage of tangible security	100.00%	NIL
Rating-wise distribution of rated loans	Unrated	Unrated

* At the time of acquisition

** Retained by the originator

(c) For securitization related disclosures, please refer note 54(d)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other RBI notification * (Continued) *

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(d) Details of stressed loans transferred during the year ended 31 March, 2022

Particulars	To ARCs	To permitted transferees	To other transferees
No of accounts	189	-	-
Aggregate principal outstanding of loans transferred*	-	-	-
Weighted average residual tenor of the loans transferred	-	-	-
Net book value of loans transferred (at the time of transfer)*	-	-	-
Aggregate consideration (₹ in lacs)	961.00	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

* The book value of the loan accounts is Nil as these were fully written off before the sale transactions.

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

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 042423

Place : Mumbai
Date : 12 May, 2022

Amar Deshpande
Director
(DIN : 07425556)

Abhay Bhutada
Managing Director
(DIN : 03330542)

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place : Pune
Date : 12 May, 2022

Schedule annexed to the balance sheet for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

Disclosure of details as required in terms of Paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

1 Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid *

Sl. No.	Particulars	Amount outstanding as at 31 March, 2022	Amount overdue as at 31 March, 2022
	Liabilities		
(a)	Debentures		
	- Secured	66,030.15	-
	- Unsecured	48,881.87	-
(b)	Deferred Credits	-	-
(c)	Term Loans	279,382.13	-
(d)	Inter-Corporate Loans and Borrowing	-	-
(e)	Commercial Paper	-	-
(f)	Public Deposits	-	-
(g)	Cash Credit / Working Capital Demand Loans from Banks	218,454.54	-

* Does not include loan from PTC investors which forms part of borrowings under Ind AS as the same does not meet the derecognition criteria under Ind AS.

2 Break-up of Loans and Advances, including Bills Receivables (other than those included in (3) below)

Sl. No.	Particulars	Amount outstanding as at 31 March, 2022
	Assets	
(a)	Secured	-
(b)	Unsecured	17,161.39

3 Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities *

Sl. No.	Particulars	Amount outstanding as at 31 March, 2022
(i)	Lease Assets including Lease Rentals under Sundry Debtors	4,692.86
(ii)	Stock on Hire including Hire Charges under Sundry Debtors	-
(iii)	Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	1,137.74
	(b) Loans other than (a) above	1,124,643.77

AFC classification has been discontinued by RBI with effect from 22 February, 2019

* Securitization (PTC) transaction do not meet the de-recognition criteria under Ind AS and are recognized in books of accounts. Accordingly amounts stated above are inclusive of PTC transactions for the purpose of disclosure.

Schedule annexed to the balance sheet for the year ended 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated) (Continued)

4 Break-up of Investments

Sl. No.	Particulars	Amount outstanding as at 31 March, 2022
	Current Investments	
1	**Quoted**	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
2	**Unquoted**	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

Sl. No.	Particulars	Amount outstanding as at 31 March, 2022
	Long-term Investments	
1	**Quoted**	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

Sl. No.	Particulars	Amount outstanding as at 31 March, 2022
1	**Unquoted**	
	(i) Shares (a) Equity *	92,891.05
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	
	- National Savings Certificate	0.16
	- Security Receipts	2,258.79

* Includes investment in joint venture reclassified as assets held for sale of ₹ 10,920.11 lacs

Schedule annexed to the balance sheet for the year ended 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated) (Continued)

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

Category	Secured	Unsecured	Total as at 31 March, 2022
1 Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	579.63	579.63
(c) Other related parties		-	-
2 Other than Related Parties	1,130,474.37	16,581.76	1,147,056.13
Total	**1,130,474.37**	**17,161.39**	**1,147,635.76**

* Securitization (PTC) transaction do not meet the de-recognition criteria under Ind AS and are recognized in books of accounts. Accordingly amounts stated above are inclusive of PTC transactions for the purpose of disclosure.

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

Category	Market Value / Break up or Fair Value or NAV as at 31 March, 2022	Book Value (Net of Provisions) as at 31 March, 2022
1 Related Parties		
(a) Subsidiaries	107,331.21	81,970.94
(b) Companies in the same group*	15,441.07	10,920.11
(c) Other related parties	-	-
2 Other than Related Parties	2,258.95	2,258.95
Total	**125,031.23**	**95,150.00**

* Investment in joint venture reclassified as assets held for sale as on 31 March, 2022

7 Other information

Particulars	Total as at 31 March, 2022
(i) Gross Non-Performing Assets *	
(a) Related parties	-
(b) Other than Related parties	37,219.60
(ii) Net Non-Performing Assets *	
(a) Related parties	-
(b) Other than Related parties	14,423.64
(iii) Assets acquired in satisfaction of debt	-

* Disclosure as per IND-AS, as required in RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020

Amar Deshpande
Director
(DIN : 07425556)

Abhay Bhutada
Managing Director
(DIN : 03330542)

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place : Pune
Date : 12 May, 2022

Independent Auditor's Report

To the Members of

Poonawalla Fincorp Limited
[Formerly Magma Fincorp Limited]

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of **Poonawalla Fincorp Limited [Formerly Magma Fincorp Limited] ('the Holding Company')**, its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group') and its joint ventures, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiary and joint ventures, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group and its joint ventures, as at 31 March, 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint ventures 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 consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matters	How our audit addressed the key audit matter
Expected credit losses on loan assets and implementation of COVID relief measures Refer Note 1(i)(vi) of significant accounting policies, Note 7 for the details of provision and Note 54(ii) for credit risk disclosures. As at 31 March, 2022, the Group has reported gross financial assets (loan) aggregating to ₹ 1,550,289.65 lacs against which provision for expected credit loss of ₹ 65,243.16 lacs has been recorded as at reporting date in accordance with Ind AS 109 – Financial Instruments ('Ind AS 109').	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: » Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions for calculation of expected credit losses including the impact of COVID 19 on the assumptions;

Key audit matters	How our audit addressed the key audit matter
The calculation of expected credit loss on loans is complex and requires significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: » If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within 1 month. » If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e., the default in repayment is within the range of 2 to 3 months. » If the loan is credit-impaired, it is then moved to 'Stage 3' i.e., the default in repayment is more than 3 months. The Expected Credit Loss ("ECL") is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions are involved in measuring ECL especially while calculating the probability of default (PD) and loss given default (LGD) and involves the following factors which are applied to an internally developed model of ECL by the Company: ➢ Segmentation of loan book ➢ Determination of exposure at default ➢ Loan staging criteria ➢ Consideration of probability weighted scenarios and forward looking macro-economic factors ➢ Criteria for a significant increase in credit risk ➢ Past experience and forecast data on customer behaviour on repayments ➢ Estimation of realizable value of underlying collaterals **Implementation of COVID-19 relief measures** During the previous and current year, RBI announced various restructuring relief measures for the borrowers which were implemented by the Company such as "Resolution Framework for COVID-19 related Stress" dated on 6 August, 2020 and Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated 05 May, 2021 (collectively referred to as 'Resolution Frameworks') which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment.	» Ensured completeness and the appropriateness of data on which the calculation is based. Since modelling assumptions and parameters are based on historical data, assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; » Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109 » Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also evaluated the controls over the modelling process, validation of data and related approvals. » Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the agreed repayment schedules of the borrowers which included the impact of the restructuring. » Further, challenged the aforesaid assumptions adjusted for COVID-19 pandemic through our understanding of the risk profile of the customers of the Company and other publicly available relevant macro-economic factors pertaining to the impact of COVID-19. » We have also examined, on a sample basis, data inputs to the discounted cash flow models, including the latest collateral valuations in supporting the estimation of future cash flows and present value; » Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the accounting standard including the impact of COVID-19 on account of restructuring benefit extended by the Company and the basis for classification of various exposures into various stages. For a sample of exposures, also tested the appropriateness of the Company's categorization across various stages; » Ensured that the Company's approved policy in relation to restructuring benefits was in accordance with the RBI requirements. On a test check basis, ensured that the restructuring was approved and implemented, and provisions made on such restructured loan assets is in accordance with the ECL model.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The management has considered the impact of COVID-19 on arriving at the provisions as at the balance sheet date on account of significant increase in credit risk on borrowers given additional support by the Company which were impacted due to COVID-19. The basis of estimates and assumptions involved in arriving at the provisions during the year were monitored by the Company periodically.

Considering the significance of the above matter to the standalone financial statements, significant level of estimates and judgements involved in determination of ECL including impact of COVID-19, this matter required our significant attention. Therefore, we have identified this as a key audit matter for current year audit.</td><td>» Assessed the critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD);

» Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically;

» On test check basis, tested the reasonableness of estimates of expected realizable values of underlying collaterals;

» Obtained the management's rational for writing off the loans during the current year and tested for appropriate management approvals for the same.

» Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.

» Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 54 "Financial risk management" disclosed in the accompanying standalone financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.</td></tr>
<tr><td>Information Technology system for accounting and financial reporting process:

The Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations.

Further, the Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others.

The Company has put in place IT General Controls and automated IT Controls to ensure the integrity, accuracy, completeness, validity and reliability of the information produced by the Company. Among other things, the management also uses the information produced by the Company's information processing systems for accounting and the preparation and presentation of the financial statements.

Also, during the current year, the Company has implemented a new loan management system (LMS) for sourcing, processing, recording and management of loan database which has resulted in a significant upgradation in the Company's process and the related controls for the processing of loans advanced to the customers.</td><td>Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following:

» Obtained an understanding of the Group's information processing systems, IT General Controls and automated IT controls and conducted risk assessment for identified IT applications, data bases and operating systems that are relevant to our audit;

» Obtained an understanding of the changes that were made to the identified IT applications during the audit period including the impact on asset classification on account of restructuring relief extended to its customers and tested those changes that had a significant impact on financial reporting;

» Evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use, including logging of security events and procedures to identify vulnerabilities;

» Tested segregations of duties controls around program maintenance, security administration and key business processes;</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
The new loan management system is fully integrated with the existing financial accounting and reporting system and the Company has implemented necessary preventive and detective controls across critical IT applications and infrastructure, which are most relevant from the perspective of financial reporting. Our audit approach relies on the effectiveness of automated controls and controls around interface of different systems. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. Further, we focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and controls relevant to our audit due to their pervasive impact on the financial statements, we have determined the use of information processing system for accounting and financial reporting same as a key audit matter for current year audit.	» Evaluated management processes for modifications to the IT environment including monitoring and authorization of such modifications. Tested changes made to the IT system that involved significant impact on financial reporting; » Tested IT General Controls particularly, logical access, change management and aspects of IT operational controls. Tested that request for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization; » Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; » Reviewed the management's processes around systems implementation in order to ascertain how the processes and controls of the new system are designed and how the information is transferred within the systems and tested the completeness, validity and accuracy of transaction and data; » Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; » Where deficiencies were identified, tested compensating controls or performed alternative procedures; » Obtained written representations from management and those charged with governance on whether IT general controls and automated IT controls are designed and were operating effectively during the period covered by our audit

6. The statutory auditor, G. D. Apte & Co., Chartered Accountants, of Poonawalla Housing Finance Limited [Formerly Magma Housing Finance Limited], vide their audit report dated 11 May, 2022, have expressed an unmodified opinion on the financial statements. Based on consideration of their report, we have determined the matters described below to be the key audit matters to be communicated in our report:

Key audit matter	Audit Procedures
Impairment losses on loans assets and implementation of COVID relief measures Refer Note 2 (h)(VI) of significant accounting policies and Note 41 for credit risk disclosures. As at March, 31, 2022, the Company has reported gross loan assets of ₹ 424,965.90 lacs against which expected credit loss of ₹ 7,278.78 lacs has been recorded. The accounting policies in respect of impairment losses on loans is given vide note 2 (h) (VI) to the financial statements.	**Significant audit procedures included the following:** » Obtained an understanding of the ECL modelling techniques adopted by the Company including the key inputs and assumptions. Ensured completeness and the appropriateness of data on which the calculation is based.

Key audit matter	Audit Procedures
Determination of fair and adequate impairment losses is a complex process and is based on application of significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. Reserve Bank of India (RBI) announced various relief measures for the borrowers which have been considered by the management in identification, classification and provisioning of loan assets for impairment. Considering the significance of the above matter to the overall financial statements, impact of COVID-19 and extent of management's estimates and judgements involved, we have identified this as a key audit matter for the audit of current year.	» The Probability of Default and the Loss given Default ratios are computed based on the recoveries of the loan accounts using its own historical data. Further, changes in macro-economic environment /CPI factors are also applied to PDs. We reviewed and ensured that there is no management intervention and bias in computing these fundamental parameters for provisioning. » We carried out audit procedures for ensuring the correctness of DPD days and categorization of Stages of ECL. Tested the existence and effectiveness of controls over completeness and accuracy of the key inputs and reviewed the completeness and of ECL by comparing the loan dumps with the books of account and the financial statements and also with the ECL schedules in order to ensure that the entire loan portfolio is subjected to application of ECL provision. We also carried out analytical procedures to satisfy that no unusual trends exist. » Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows with reference to the agreed repayment schedules of the borrowers which included the impact of restructuring. Further, understood and challenged the assumptions adjusted for COVID-19 pandemic and basis the risk profile of the customers of the Company. We have also examined, on a test basis, data inputs to the discounted cash flow models, including the latest collateral valuations in supporting the estimation of future cash flows and present value. We carried out review of collection efficiency of the Company, discussed and enquired with the management to satisfy on the reasonableness of the management overlays. We also reviewed and ensured that the management overlay provisions are maintained by the Company on a consistent basis. » Ensured that the Company's approved policy in relation to restructuring was in accordance with the RBI requirements. On a test basis, ensured that the restructuring was approved and implemented, and provisions made on such restructured loan assets is in accordance with the ECL model. » Compared the provision for ECL vis-à-vis provision as per the Reserve Bank of India (RBI) IRAC norms and confirmed that there is no shortfall of ECL when compared to the IRAC norms to ensure compliance with the minimum mandated provisions prescribed by the RBI.

Key audit matter	Audit Procedures
Fair valuation of identified Loan Against Properties ("LAP") and Housing Loan ("HL") Portfolio: Refer Note 2(i) of significant accounting policies on fair value of financial instruments and Note 40 & 55 for disclosures. As at March, 31, 2021, the Company's loan portfolio comprised of 'Loan against Properties' ('LAP') amounting to ₹ 90,973.30 lacs and Housing Loans' ('HL') amounting to ₹ 198,209.27 lacs which are 31.25% and 68.08% of the total loan portfolio of the Company respectively. The Company reviewed and changed its business model as at March, 31, 2022 to reflect its revised business model wherein the business objectives would be achieved by holding the portfolio solely for collection of principal and interest as against the earlier objective wherein business objectives would be achieved by both holding the portfolio solely for collection of principal and interest and also by sale. Accordingly, the portfolio was fair valued through OCI during the year 2021-22 and reclassified to amortised cost category as at March, 31, 2022. During the year, the fair value of the Company's aforesaid portfolio was determined by applying valuation techniques which often involve exercise of judgement by the management and use of assumptions, estimates and valuation models. The fair value involves highly uncertain estimates where significant valuation inputs are unobservable inputs, i.e. based on "Level 3 inputs". Management has carried out the portfolio valuations in order to arrive at the fair value using income method wherein the future cash flows have been discounted at an arm's length interest rate for similar loans. The arm's length interest rate has been determined by computing the weighted average interest rate charged by the Company for new loans disbursed under each customer category (including a separate category of high credit customers) based on independent assessment of the credit risk of the customers and the overall market environment. Considering the significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the future cash flows which are used in the fair valuation methodology, we have determined fair valuation of LAP and HL portfolio and change in the business model as a key audit matter for the current year audit.	**Significant audit procedures included the following:** » Assessed and tested the design and operating effectiveness of the key controls over the accuracy of the key inputs and assumptions considered for valuation of LAP and HL portfolio. Further, examined and evaluated the controls over the use of unobservable inputs; » Examined the appropriateness of valuation methodology adopted, discount rate applied, reasonableness of expected cash flows considered by the management including the uncertainties on account of the COVID-19 pandemic; » Examined and tested the existence and effectiveness of the internal controls in place to ensure the accuracy of the inputs and the reasonability of assumptions used and the use of unobservable inputs in the valuation exercise; » Perused the amended credit policy in respect of the change in the business model. We observed that during the year 2021-22, there was no case of assignment sale of the loan portfolio which justifies the decision of change in business model; » Ensured that the impact of the change in the business model has been appropriately reflected in the books of accounts and disclosed in the financial statements as per Ind AS 109, 'Financial Instruments.

Key audit matter	Audit Procedures
Information Technology system for the financial reporting process: The Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations. The Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting including loans, interest income and impairment The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Accordingly, we have determined key IT systems and controls as a key audit matter for current year audit.	**Significant audit procedures included the following:** » We involved our internal IT expert to carry out the testing of IT general controls and other controls relevant for financial reporting; » Obtained an understanding of the Company's IT related control environment, IT applications and data bases relevant for the purpose of our audit of the financial statements; » Tested the design and operating effectiveness of the Company's IT controls over the IT applications and databases. Tested IT general controls particularly, logical access, change management and aspects of IT operational controls; » Tested that requests for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization.

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

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its joint ventures in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies

included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

12. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern;

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

    - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its joint ventures, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. 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.

14. 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.

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

Other Matters

16. We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflects total assets of ₹ 438,699.36 lacs and net assets of ₹ 108,179.03 lacs as at 31 March, 2022, total revenues of ₹ 46,437.20 lacs and net cash outflows amounting to ₹ 7,347.16 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 320.81 lacs for the year ended 31 March, 2022, as considered in the consolidated financial statements, in respect of two joint ventures, whose financial statements / financial information have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint ventures, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary and joint ventures, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

17. The joint auditors, Singhi & Co., Chartered Accountants and MSKA & Associates, Chartered Accountants of Magma HDI General Insurance Company Limited, vide their audit report dated 29 April, 2022, have expressed an unmodified opinion and have reported in the 'Other Matters' section that, pursuant to IRDAI (Appointed Actuary) Regulations 2017, the actuarial valuation of liabilities in respect of claims Incurred But Not Reported ("IBNR"), claims Incurred But Not Enough Reported ("IBNER") and Premium Deficiency Reserve ("PDR") as at March, 31, 2022, is the responsibility of the Company's Appointed Actuary ("Actuary") and has been duly certified by the Actuary. They have also certified that the assumptions used for such valuation are appropriate and in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. The joint auditors have relied upon the aforesaid certificate from the Appointed Actuary while forming their opinion on the special purpose financial statements of Magma HDI General Insurance Company Limited.

18. The consolidated financial statements of the Group for the year ended 31 March, 2021 were audited by the predecessor auditor, B S R & Co. LLP, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 31 May, 2021.

Report on Other Legal and Regulatory Requirements

19. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiary and joint ventures, we report that the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 1 joint venture company incorporated in India whose financial statements have been audited under the Act, since such company is not a public company as defined under section 2(71) of the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 1 joint venture company incorporated in India whose financial statements have been audited under the Act, since managerial remuneration paid by such company is governed by section 34A of the Insurance Act, 1938 and thus reporting under Section 197(16) is not required.

20. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 16 above, of companies included in the consolidated financial statements for the year ended 31 March, 2022 and covered under the Act, refer Annexure 2 for details of

qualifications and/or adverse remarks given by the respective auditors in the Order reports of such companies.

21. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiary and joint ventures incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

    e) On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and joint venture companies, covered under the Act, none of the directors of the Group companies and joint venture companies, are disqualified as on 31 March, 2022 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company and joint venture companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiary and joint ventures incorporated in India whose financial statements have been audited under the Act:

        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and joint ventures as detailed in Note 49 to the consolidated financial statements;

        ii. The Holding Company, its subsidiary company and joint venture companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March, 2022;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March, 2022. Further, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company and joint venture companies covered under the Act;

        iv. a. The respective managements of the Holding Company and its subsidiary company and joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in note 57 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary company or its joint venture companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary company or its joint venture companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary company and joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in note 57 to the consolidated financial statements, no funds have been received by the Holding Company or its subsidiary company or its joint venture companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or its subsidiary company, or its joint venture companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiary company and joint ventures, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. As stated in note 29 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March, 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No. 042423
UDIN: 22042423AIVGYW5803

Place: Mumbai
Date: 12 May, 2022

Annexure 1

List of entities included in the Statement

Name of the entity	Relationship
Poonawalla Housing Finance Limited [Formerly Magma Housing Finance Limited]	Subsidiary
Magma HDI General Insurance Company Limited	Joint Venture (*)
Jaguar Advisory Services Private Limited	Joint Venture (*)

(*) Interest in Joint Ventures have been reclassified as assets held for sale as per Ind AS 105 and accordingly, the equity method accounting has been discontinued with effect from 13 December, 2021.

Annexure 2 referred to in Paragraph 20 of the Independent Auditor's Report of even date to the members of Poonawalla Fincorp Limited [Formerly Magma Fincorp Limited] on the consolidated financial statements for the year ended 31 March, 2022

As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, based on the consideration of the Order reports issued till date by us and by the respective other auditors, of companies included in the consolidated financial statements for the year ended 31 March, 2022 and covered under the Act, we report that:

A) Following are the qualifications/adverse remarks reported by us and the other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March, 2022 for which such Order reports have been issued till date:

S No	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1.	Poonawalla Fincorp Limited	L51504PN1978PLC209007	Holding Company	3(i)(c)
2.	Poonawalla Fincorp Limited	L51504PN1978PLC209007	Holding Company	3(iii)(c)
3.	Poonawalla Fincorp Limited	L51504PN1978PLC209007	Holding Company	3(iii)(d)
4.	Poonawalla Fincorp Limited	L51504PN1978PLC209007	Holding Company	3(vii)(a)
5.	Poonawalla Fincorp Limited	L51504PN1978PLC209007	Holding Company	3(xi)(a)
6.	Poonawalla Housing Finance Limited	U65922PN2004PLC208751	Subsidiary Company	3(iii)(c)
7.	Poonawalla Housing Finance Limited	U65922PN2004PLC208751	Subsidiary Company	3(iii)(d)
8.	Poonawalla Housing Finance Limited	U65922PN2004PLC208751	Subsidiary Company	3(vii)(a)

Annexure A to the Independent Auditor's Report of even date to the members of Poonawalla Fincorp Limited on the consolidated financial statements for the year ended 31 March, 2022

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

1. In conjunction with our audit of the consolidated financial statements of **Poonawalla Fincorp Limited [Formerly Magma Fincorp Limited]** ('the Holding Company'), its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), and its joint ventures as at and for the year ended 31 March, 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, and joint venture companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary company, and joint venture companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Group's business, including adherence to the Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and joint venture companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and joint venture companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A Group's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable

Annexure A referred to in Paragraph 17 of the Independent Auditor's Report of even date to the members of Poonawalla Fincorp Limited [Formerly Magma Fincorp Limited] on the standalone financial statements for the year ended 31 March, 2022

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 Group's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary company and joint venture companies, the Holding Company, its subsidiary company and joint venture companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March, 2022, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to one subsidiary company, which is a company covered under the Act, whose financial statements / financial information reflect total assets of ₹ 438,699.36 lacs and net assets of ₹ 108,179.03 lacs as at 31 March, 2022, total revenues of ₹ 46,437.20 lacs and net cash outflows amounting to ₹ 7,347.16 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 320.81 lacs for the year ended 31 March, 2022, in respect of two joint venture companies, which are companies covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company and joint venture companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary company and joint venture companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company and joint venture companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No. 042423
UDIN: 22042423AIVGYW5803

Place: Mumbai
Date: 12 May, 2022

Consolidated Balance Sheet

as at 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated)

	Note	As at 31 March, 2022	As at 31 March, 2021
ASSETS			
1 Financial assets			
Cash and cash equivalents	3	35,471.48	35,782.49
Other bank balances	4	24,225.51	41,686.09
Derivative financial instruments	5	50.63	-
Receivables	6		
(i) Trade receivables		1,018.13	1,017.44
(ii) Other receivables		384.99	274.13
Loans	7	1,485,069.88	1,136,122.81
Investments	8	0.16	17,736.59
Other financial assets	9	23,452.08	25,926.28
		1,569,672.86	**1,258,545.83**
2 Non-financial assets			
Current tax assets (net)	10	11,576.62	9,500.78
Deferred tax assets (net)	11	19,702.87	29,416.52
Investment property	12	7.70	7.88
Property, plant and equipment	13	12,256.81	12,497.48
Intangible assets under development	14	45.94	18.15
Goodwill	15	1,430.34	1,430.34
Other intangible assets	16	1,930.06	1,954.45
Right of use assets	17	5,803.79	3,690.23
Assets held for sale	18	18,261.88	364.70
Other non-financial assets	19	3,581.19	3,791.88
		74,597.20	**62,672.41**
Total Assets		**1,644,270.06**	**1,321,218.24**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Derivative financial instruments	5	26.87	-
Payables	20		
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,512.48	9,409.00
Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	21	93,995.89	126,502.23
Borrowings (other than debt securities)	22	838,048.03	833,458.73
Subordinated liabilities	23	58,839.01	83,343.97
Lease liabilities	24	6,459.45	4,183.51
Other financial liabilities	25	30,040.24	31,732.13
		1,028,921.97	**1,088,629.57**
2 Non-financial liabilities			
Current tax liabilities (net)	26	36.02	943.56
Provisions	27	1,213.40	1,347.84
Other non-financial liabilities	28	8,276.63	10,866.83
		9,526.05	**13,158.23**
EQUITY			
Equity share capital	29	15,298.47	5,392.33
Other equity	30	590,296.84	214,038.11
Minority Interest		226.73	-
		605,822.04	**219,430.44**
Total liabilities and equity		**1,644,270.06**	**1,321,218.24**
Notes 1 to 58 forms an integral part of these consolidated financial statements			

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

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 042423

Place : Mumbai
Date : 12 May, 2022

Amar Deshpande
Director
(DIN : 07425556)

Abhay Bhutada
Managing Director
(DIN : 03330542)

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place : Pune
Date : 12 May, 2022

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated)

	Note	Year ended 31 March, 2022	Year ended 31 March, 2021
Revenue from operations			
Interest income	31	191,048.73	216,567.75
Rental income	32	2,644.43	2,967.31
Fees and commission income	33	6,391.70	7,165.72
Net gain on fair value changes	34	353.73	61.32
Net gain on derecognition of financial instruments	35	-	5,127.67
Total revenue from operations		**200,438.59**	**231,889.77**
Other income	36	3,664.35	3,357.98
Total income		**204,102.94**	**235,247.75**
Expenses			
Finance costs	37	71,616.97	110,045.40
Net loss on derecognition of financial instruments	38	547.39	-
Impairment on financial instruments	39	7,756.28	144,799.26
Employee benefits expenses	40	51,921.20	38,153.05
Depreciation and amortisation expense	41	5,455.02	5,625.29
Other expenses	42	17,788.82	12,050.09
Total expenses		**155,085.68**	**310,673.09**
Profit/(loss) before share of profit of joint ventures and tax		**49,017.26**	**(75,425.34)**
Share of profit of equity-accounted investee, net of tax		150.15	548.48
Profit / (loss) before tax		**49,167.41**	**(74,876.86)**
Tax expense:	11		
Current tax		2,358.97	1,202.00
Tax expense for earlier years		(197.13)	47.45
Deferred tax charge / (credit)		9,464.57	(20,229.87)
Total tax expense		**11,626.41**	**(18,980.42)**
Profit / (loss) for the year		**37,541.00**	**(55,896.44)**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
(i) Remeasurements of the defined benefit plans		(61.29)	274.39
(ii) Share of profit of equity-accounted investee, net of tax		(18.95)	2.92
(iii) Income tax relating to items that will not be reclassified to profit or loss		15.42	(69.06)
		(64.82)	**208.25**
B. Items that will be reclassified to profit or loss			
(i) Debt instruments through other comprehensive income		1,059.12	500.22
(ii) The effective portion of gains and loss on hedging instruments in a cash flow hedge		(8.12)	-
(iii) Share of profit of equity-accounted investee, net of tax		189.61	(524.73)
(iv) Income tax relating to items that will be reclassified to profit or loss		(264.51)	(125.89)
		976.10	**(150.40)**
Other comprehensive income (A + B)		**911.28**	**57.85**
Total comprehensive income for the year		**38,452.28**	**(55,838.59)**
Total comprehensive income for the year, attributable to			
(a) Owners of the Company		38,422.29	(55,838.59)
(b) Non-controlling interests		29.99	-
Profit/(Loss) for the year, attributable to		**38,452.28**	**(55,838.59)**
(a) Owners of the Company		37,511.61	(55,896.44)
(b) Non-controlling interests		29.39	-
		37,541.00	**(55,896.44)**
Other comprehensive income for the year, attributable to			
(a) Owners of the Company		910.68	57.85
(b) Non-controlling interests		0.60	-
		911.28	**57.85**
Earnings per equity share			
Basic (₹)	46	5.23	(20.74)
Diluted (₹)	46	5.17	(20.74)
Notes 1 to 58 forms an integral part of these consolidated financial statements			

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

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Amar Deshpande
Director
(DIN : 07425556)

Abhay Bhutada
Managing Director
(DIN : 03330542)

Khushroo B. Panthaky
Partner
Membership No: 042423

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place : Mumbai
Date : 12 May, 2022

Place : Pune
Date : 12 May, 2022

Consolidated Cash Flow Statement

for the year ended 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated)

	Year ended 31 March, 2022	Year ended 31 March, 2021
A. Cash flow from operating activities		
Profit/(loss) for the year	**49,167.41**	**(74,876.86)**
Adjustments for :		
Depreciation and amortisation expense	5,455.02	5,625.29
Impairment on financial assets	7,756.28	144,799.26
(Gain) on sale of investments	(48.18)	-
Net (gain) on fair value changes	(305.58)	(61.32)
Net loss on derecognition of property, plant & equipment	46.16	34.27
Intangible assets under development written-off	-	3.14
Expense on employee stock option scheme	1,695.13	560.11
Interest on income tax refund	-	(683.86)
Interest on lease liabilities	588.39	301.83
Net loss on derecognition of financial instruments	547.39	-
Share of (profit) of equity-accounted investee net of tax	(150.15)	(548.48)
Liabilities written back	(446.42)	(406.51)
Operating cash flow before working capital changes	**64,305.45**	**74,746.87**
Movement in working capital:		
(Increase) in receivables	(111.55)	(300.18)
(Increase)/decrease in loans	(356,984.55)	75,337.24
Decrease in other financial assets	4,833.06	2,869.20
Decrease in other non financial assets	282.34	756.33
(Decrease) in derivative financial instrument	(306.91)	-
(Decrease)/increase in payables	(7,338.39)	7,573.60
(Decrease) in other financial liabilities	(1,826.00)	(399.32)
(Decrease)/increase in provisions	(155.69)	448.61
(Decrease)/increase in other non financial liabilities	(2,481.13)	3,835.57
Net cash (used in)/generated from operating activities before taxes	**(299,783.37)**	**164,867.92**
Income taxes paid (net of refunds)	(5,145.22)	(438.26)
Net cash (used in)/generated from operating activities (A)	**(304,928.59)**	**164,429.66**
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(6,240.70)	(1,936.07)
Proceeds from sale of property, plant and equipment	2,417.41	1,128.38
Purchase of intangible assets	(39.34)	(317.32)
Investment in fixed deposits	(13,216.86)	(255,877.28)
Redemption of fixed deposits	30,825.79	264,417.94
Purchase of investments	(20,300.00)	-
Proceeds from sale of investments	20,878.66	718.96
Net cash generated from investing activities (B)	**14,324.96**	**8,134.61**

Consolidated Cash Flow Statement

for the year ended 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated)

	Year ended 31 March, 2022	Year ended 31 March, 2021
C. Cash flow from financing activities		
Proceeds from issue of long-term debentures/subordinated liabilities	-	58,500.00
Redemption of long-term debentures/subordinated liabilities	(57,416.89)	(5,000.53)
Proceeds from long term borrowings	473,328.60	135,476.35
Repayment of long term borrowings	(281,851.40)	(147,706.60)
Proceeds from long term borrowings - pass through certificate	-	54,574.43
Repayment of long term borrowings - pass through certificate	(132,813.31)	(198,007.23)
Repayment - loan repayable on demand (net)	(55,696.40)	(53,730.64)
Interest on lease liability	(588.39)	(301.83)
Principal portion of lease liability	(1,236.03)	(1,090.92)
Proceeds from issue of equity shares including securities premium	346,566.44	2.02
Share issue expense	-	(92.98)
Net cash generated from/(used in) financing activities (C)	**290,292.62**	**(157,377.93)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(311.01)**	**15,186.34**
Cash and cash equivalents at the beginning of the year	35,782.49	20,596.15
Cash and cash equivalents at the end of the year	**35,471.48**	**35,782.49**

(a) Cash and cash equivalents consist of cash on hand, balance with banks and deposits with banks. Please refer Note 3 for detailed disclosure.

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

This is the Consolidated Cash Flow Statement referred to in our report of even date

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 042423

Place : Mumbai
Date : 12 May, 2022

Amar Deshpande
Director
(DIN : 07425556)

Abhay Bhutada
Managing Director
(DIN : 03330542)

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place : Pune
Date : 12 May, 2022

Consolidated Statement of Changes in Equity

for the year ended 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated)

a. Equity share capital

As at 31 March, 2022

Balance as at 1 April, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April, 2021	Changes in equity share capital during the year	Balance as at 31 March, 2022
5,392.33	-	5,392.33	9,906.14	15,298.47

As at 31 March, 2021

Balance as at 1 April, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April, 2020	Changes in equity share capital during the year	Balance as at 31 March, 2021
5,390.31	-	5,390.31	2.02	5,392.33

b. Other equity

As at 31 March, 2022

Particulars	Reserve and Surplus							Other comprehensive income		Total
	Capital Reserve	Securities Premium	Statutory Reserves (created pursuant to Section 45-IC of the Reserve Bank of India Act,1934)	Statutory Reserves (created pursuant to Section 29C of the National Housing Bank Act,1987)	Capital Redemption reserve	Share option Outstanding	Retained Earnings	Debt//Financial instruments through Other Comprehensive Income	Cash flow hedge reserve	
Balance as at 1 April, 2021	**480.22**	**180,969.11**	**33,960.00**	**4,894.66**	**1,421.84**	**1,715.69**	**(10,385.47)**	**982.06**	**-**	**214,038.11**
Profit for the year (Owners)	-	-	-	-	-	-	37,511.61	-	-	37,511.61
Other comprehensive income for the year (Owners)*	-	-	-	-	-	-	(64.59)	981.26	(5.99)	910.68
Transfer to/(from) retained earnings	-	-	5,870.00	1,541.99	-	-	(7,411.99)	-	-	-
Issue of equity shares	-	335,725.71	-	-	-	-	-	-	-	335,725.71
Share issue expense	-	(140.56)	-	-	-	-	-	-	-	(140.56)
Share based payment to employees	-	1,692.24	-	-	-	559.05	-	-	-	2,251.29
Balance as at 31 March, 2022	**480.22**	**518,246.50**	**39,830.00**	**6,436.65**	**1,421.84**	**2,274.74**	**19,649.56**	**1,963.32**	**(5.99)**	**590,296.84**

Consolidated Statement of Changes in Equity

for the year ended 31 March, 2022

(All amounts are in ₹ lacs unless otherwise stated)

b. Other equity (Continued)

As at 31 March, 2021

Particulars	Reserve and Surplus							Other comprehensive income		Total
	Capital Reserve	Securities Premium	Statutory Reserves (created pursuant to Section 45-IC of the Reserve Bank of India Act,1934)	Statutory Reserves (created pursuant to Section 29C of the National Housing Bank Act,1987)	Capital Redemption reserve	Share option Outstanding	Retained Earnings	Debt//Financial instruments through Other Comprehensive Income	Cash flow hedge reserve	
Balance as at 1 April, 2020	**480.22**	**180,914.17**	**33,960.00**	**4,285.99**	**1,421.84**	**1,303.50**	**45,911.39**	**1,132.46**	**-**	**269,409.57**
Loss for the year (Owners)	-	-	-	-	-	-	(55,896.44)	-	-	(55,896.44)
Other comprehensive income for the year (Owners)*	-	-	-	-	-	-	208.25	(150.40)	-	57.85
Transfer to/(from) retained earnings	-	-	-	608.67	-	-	(608.67)	-		-
Issue of equity shares	-	-	-	-	-	-	-	-		-
Share issue expense	-	(92.98)	-	-	-	-	-	-		(92.98)
Equity settled share based payment	-	147.92	-	-	-	412.19	-	-		560.11
Balance as at 31 March, 2021	**480.22**	**180,969.11**	**33,960.00**	**4,894.66**	**1,421.84**	**1,715.69**	**(10,385.47)**	**982.06**	**-**	**214,038.11**

Note 30 describes the purpose of each reserve within equity

*Amount of other comprehensive income/(loss) transferred to retained earnings pertains to remeasurement of defined benefit plans

Notes 1 to 58 forms an integral part of these consolidated financial statements

This is the Statement of Changes in Equity referred to in our report of even date

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 042423

Place : Mumbai
Date : 12 May, 2022

Amar Deshpande
Director
(DIN : 07425556)

Shabnum Zaman
Company Secretary
Membership No: 13918

Abhay Bhutada
Managing Director
(DIN : 03330542)

Sanjay Miranka
Chief Financial Officer

Place : Pune
Date : 12 May, 2022

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

Note 1: Company Overview

Background

Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) ('the Company'), having its registered office in Pune, India is a publicly held Non-Banking Finance Company engaged in providing asset finance through its pan India branch network.

These consolidated financial statements comprise of the Company and its subsidiary and its Joint ventures (collectively, referred to as the Group) . The Company is registered as a systemically important non-deposit taking ('NBFC') as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934. The Company is also registered as a corporate agent under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange.

On 6 May, 2021, the Company has allotted 493,714,286 equity shares of face value of ₹ 2 each to Rising Sun Holdings Private Limited (RSHPL), Mr. Sanjay Chamria and Mr. May,ank Poddar on preferential basis, aggregating to ₹ 345,600 lacs, including premium of ₹ 68 per share. Pursuant to the said allotment, RSHPL has become the largest shareholder of the Company and shall exercise control over the Company. The name of the Company has changed w.e.f 22 July, 2021 from Magma Fincorp Limited to Poonawalla Fincorp Limited. Consequently, Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) has become a subsidiary of RSHPL and Poonawalla Housing Finance Limited (formerly Magma Housing Finance Limited) has become a step-down subsidiary of RSHPL.

Further, during the year, the Regional Director (Eastern Region), Ministry of Corporate Affairs ('the MCA) vide their order dated 15 December, 2021 has approved the change in registered office of the Company from Kolkata, West Bengal to Pune, Maharashtra.

Note 2: Significant accounting policies and key accounting estimates and judgements:

a) Basis of consolidation

Consolidated financial statements include result of Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited), its subsidiaries and joint ventures. Consolidated financial statements are prepared as set out below:

Name of the Company	Country of incorporation	Consolidated as
Poonawalla Housing Finance Limited (PHFL), (Formerly Magma Housing Finance Limited)	India	Subsidiary
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture
Magma HDI General Insurance Company Limited (MHDI)	India	Joint venture

I) Subsidiary

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies have been applied uniformly across the group for like transactions and other events in similar circumstances.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended as on 31 March,

The excess of cost to the Company of its investment in the subsidiaries over the Company's portion of equity of the subsidiaries or vice versa is recognized in the consolidated financial statements as goodwill or capital reserve as the case may be.

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

Non-controlling interests (if any), in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated balance sheet, and consolidated statement of changes in equity respectively.

II) Joint arrangement

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The group has only joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated financial statements.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

b) Statement of compliance and basis of preparation

The consolidated financial statements for the year ended 31 March, 2022 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Further, the Group has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC) CC.PD.No.109/22.10.106/2019-20 Dated 13 March, 2020. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The group consistently applies the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

These consolidated financial statements have been approved by the Group's Board of Directors and authorized for issue on 12 May, 2022.

c) Functional and Presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is the group's functional currency. All amounts have been denominated in lacs and rounded off to the nearest two decimal, except when otherwise indicated.

d) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following material items:

» Certain financial assets at Fair value through other comprehensive income (FVTOCI)
» Financial instruments at Fair value through profit and loss (FVTPL) that is measured at fair value
» Net defined benefit (asset)/ liability - fair value of plan assets less present value of defined benefit obligation

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

e) Measurement of fair values

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has established policies and procedures with respect to the measurement of fair values. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

f) Significant areas of estimation uncertainty, critical judgements and assumptions in applying accounting policies

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the consolidated financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Key sources of estimation of uncertainty at the date of consolidated financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

- Note 54 - impairment of financial instruments: determining inputs into the Expected Credit Loss (ECL) model, including incorporation of forward-looking information and assumptions used in estimating recoverable cash flows
- Note 53 - determination of the fair value of financial instruments with significant unobservable inputs
- Note 44 - measurement of defined benefit obligations: key actuarial assumptions
- Note 11 - recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.

Judgements:

Key areas of judgement at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

Classification of financial assets: Assessment of the business model within which the assets are held for sale, held for sale and maturity and held for maturity.

g) Revenue recognition

I. Interest income from financial assets (assets on finance) is recognized on accrual basis using Effective Interest Rate ('EIR') method. EIR is applied on future principal of amortized cost of assets on finance. Interest income on stage 3 assets is recognized on net basis, i.e., on non-credit impaired portion.

II. The EIR is the rate that exactly discounts the estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset. The interest income is recognized on EIR method on a time proportion basis applied on the carrying amount for financial assets including credit impaired financial assets.

III. The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability

IV. The 'Amortized cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount adjusted for any expected credit loss allowance.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

V. The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

VI. Income from direct assignment (sale) transactions represents the present value of excess interest spread receivable on de-recognized assets computed by discounting net cash flows from such assignment pools on the date of transactions.

VII. Overdue interest and other charges are treated to accrue on realization, due to uncertainty of realization and is accounted for accordingly.

VIII. For revenue recognition from leasing transactions of the Group, refer Note 45 on Leases.

IX. Income from collection and support services is recognized over time as the services are rendered as per the terms of the contract.

X. Fair value changes from financial instrument measured at FVTPL are recognized in revenue from operations basis their fair valuation and provision.

XI. Income from power generation is recognized based on the unit's generated (point in time) as per the terms of the power purchase arrangements with respective State Electricity Boards.

XII. Dividend is recognized when the right to receive the dividend is established.

Other Income

All other items of income are accounted for on accrual basis.

h) Finance Costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts, perpetual debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest expense on lease liabilities computed by applying the Group's notional borrowing rate and has been included under finance costs. It also includes discounting charges paid for securitization transactions entered under 'pass-through' arrangements

i) Derivative financial instruments

The Subsidiary Company enters into derivative transactions with various counterparties to hedge its foreign currency risks and interest rate risks. The Subsidiary Company undertakes derivative transactions for hedging on-balance sheet liabilities. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting:

The Subsidiary Company designates certain derivatives as hedging instruments in respect of foreign exchange risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Subsidiary Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR)

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

j) Financial instruments

I) Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenue that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs and revenues of financial assets or financial liabilities carried at fair value through the profit or loss account are recognized immediately in the Statement of Profit or Loss. Trade Receivables are measured at transaction price. Trade receivables and debt securities issued are initially recognized when they are originated.

II) Classifications

Financial assets

On initial recognition, depending on the Group's business model for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

- Amortized cost;

- fair value through other comprehensive income (FVTOCI); or

- fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Business model Assessment

The Group's makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

At initial recognition of a financial asset, the Group's determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model. The frequency, volume and timing of sales of financial asset in prior periods, the reason for such sales and expectations about future sales activity are important determining factors of the business model. The Group's reassess its business models each reporting period to determine whether the business models have changed since the preceding period

Financial instruments at Amortized Cost

A financial asset is measured at amortized cost only if both of the following conditions are met:

» It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

» The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')

A financial asset is measured at FVTOCI only if both of the following conditions are met:

» It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

» The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

Financial assets at Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

Re-classification from Amortized Cost to FVOCI

If there are multiple sale transaction of portfolios exceeding the prescribed threshold except as allowed under Ind AS 109 i.e. for stress case scenarios, and the management estimates that the Group may continue to sell down the loan assets for the purpose of meeting other business objectives then such part of the loan assets (if specifically identified) shall be re-classified to FVOCI from Amortized Cost category.

Re-classification from FVOCI to Amortized Cost

If considerable time period has elapsed since the past sale transaction and the management estimates that there is a very limited probability of selling down the portfolio in future, other than stressed portfolio or other exceptions as allowed under Ind AS 109, then such portfolio can be re-classified from FVOCI to Amortized Cost category.

Equity Investments

All equity investments other than equity investments in subsidiaries, associates and joint ventures are measured at FVTPL. These include all equity investments in scope of Ind AS 109.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or fair value through profit or loss, as appropriate.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognized at the proceeds received, net of directly attributable transaction costs.

III) Subsequent measurement

Amortized cost

Amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any loss allowance.

FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of profit or loss. The transaction costs and fees are also recorded related to these instruments in the statement of profit and loss.

FVTOCI

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the statement of Profit and Loss.

IV) De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e. removed from the Group's balance sheet) when:

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

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. The Group continues to recognize the assets on finance on books which has been securitized under pass through arrangement and does not meet the de-recognition criteria.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognized) and the sum of the consideration received (including the value of any new asset obtained less any new liability assumed) is transferred to statement of Profit or loss

Financial liabilities

The Group de-recognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Securitization and Assignment

In case of transfer of loans through securitization and direct assignment transactions, the transferred loans are de-recognized and gains/losses are accounted for, only if the Group transfers substantially all risks and rewards specified in the underlying assigned loan contract.

In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognized in the Statement of Profit and Loss.

V) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

VI) Impairment of Financial Assets

The Group recognizes loss allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

ECL are probability weighted estimate of future credit losses based on the staging of the financial asset to reflect its credit risk. They are measured as follows:

- Stage 1: Financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Stage 2: Financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- Stage 3: Financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows

The Group's policy for determining significant increase in credit risk is set out in Note 54 (ii) (g).

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

Management overlay is used to estimate the ECL allowance in circumstances where management believes that the existing inputs, assumptions and model techniques do not factor the related exception scenario or captures all the risk factors relevant to the Group's lending portfolios.

To mitigate the credit risk on financial assets, the Group seeks to use collateral, where possible as per the powers conferred on the Non-Banking Finance Companies under the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are credited to impairment loss on actual realization from customer

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

For more details, refer Note 54.

Presentation of ECL allowance for financial asset:
ECL allowance for financial asset measured at amortized cost or FVOCI is shown as a deduction from the gross carrying amount of the assets

Modification of financial assets
A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

K) Assets Held for Sale

i) Investment in subsidiaries, associates and joint ventures identified for sale in near future by management has been classified as assets held for sale. They are measured at lower of their net carrying amount and the fair value less costs to sell.

ii) Properties repossessed by the subsidiary company under SARFAESI Act, 2002 and where there is a reasonable certainty to recover the amount in foreseeable future, are measured at the lower of their carrying amount and the fair value less costs to sell.

l) Leases

I) The Group as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognized over and above minimum commitment charges based on usage pattern.

II) The Group as lessee

i) Right of use assets and Lease liability

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

a) the contract involves the use of an identified asset;

b) the Group has substantially all the economic benefits from use of the asset through the period of the lease; and

c) the Group has the right to direct the use of the asset.

Recognition and initial measurement

At the lease commencement date, the Group recognizes a right-of-use ("RoU") asset and equivalent amount of lease liability. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent measurement

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the notional borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments). Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in the in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Presentation

Lease liability and Right of Use assets have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

ii) De-recognition

An item of right to use assets and lease liability is de-recognized upon termination of lease agreement. Any difference between the carrying amount of right to use asset and lease liability is recognized in statement of profit or loss.

m) Employee Benefits

I) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. This includes performance linked incentives. Short term employee obligations are measured at undiscounted basis.

II) Post-employment benefits

Defined contribution plans

A defined contribution plan is a post – employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

Provident Fund

Contributions paid / payable to the recognized provident fund, which is a defined contribution scheme, are expensed as the related service is provided and recognized as personnel expenses in statement of profit or loss.

Defined benefit plans

Gratuity

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost / income is recognized in the statement of profit and loss. Re-measurements of net defined benefit liability / (asset) which comprise of the below are recognized in other comprehensive income:

» Actuarial gains and losses:

» The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

III) Other long term employee benefits

Compensated absences

The employees of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expenses and actuarial gain / loss on account of the above benefit plans are recognized in the Statement of Profit and Loss on the basis of actuarial valuation.

IV) Share-based payment arrangements - Employee Stock Options

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

In case, the group modifies the terms and condition on which the equity instruments were granted in a manner that is beneficial to the employees, the incremental cost will be recognized over the period starting from the modification date till the date of vesting if the modification occurs during the vesting period. In case, modification occurs after the vesting period, the incremental cost will be recognized immediately

n) Income Taxes

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax base and book base). It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

I) Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

The amount of current tax reflects the best estimate of the tax amount expected to be paid after considering the uncertainty, if any, related to income taxes.

Current tax assets and liabilities are offset only if, the Group:

- has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

II) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Group:

- has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

o) Property, plant and equipment and Investment property

Recognition and measurement

Property, plant and equipment (PPE) held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Group. Subsequent expenditure on PPE after its purchase is capitalized if it is probable that the future economic benefits will flow to the enterprise.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less accumulated depreciations, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment Property consists of building let out to earn rentals. The Group follows cost model for measurement of investment property.

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

Depreciation and amortization expense
Depreciation on PPE is provided using the straight-line method at the rates specified in Schedule II to the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Sl. No.	Item	Life (in Years)
1	Buildings	60
2	Wind mills	22
3	Furniture and Fixtures	10
4	Vehicles	8
5	Office Equipment	5
6	Server	6
7	Network	6
8	Printer	3
9	Tablet	3

Freehold land is not depreciated.

Leasehold improvements are amortized over the underlying lease term on a straight line basis.

Depreciation on vehicles given on operating lease is provided on straight line method at rates based on tenure of the underlying lease contracts not exceeding 8 years.

For the following class of assets, based on internal assessment, the management believes that the useful lives as given below best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Act:

Desktop	6 years
Laptops / Hand Held Device	4 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When significant parts of an item of PPE have different useful lives, they are accounted for as separate items (major components) of PPE .

De-recognition
An item of PPE or investment property is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE or investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of profit or loss.

Capital work-in-progress
PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress" and carried at cost, comprising direct cost, related incidental expenses and attributable interest.

p) Intangible assets

Recognition and measurement
Intangible assets with finite useful lives that are acquired separately are capitalized and carried at cost less accumulated amortization and impairment losses, if any. Cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the Group.

Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development.

The capitalized costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs and are amortized over its useful life.

Amortization

Amortization of Intangible Assets is done on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in statement of profit or loss when the asset is de-recognized.

Intangible assets under development

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development"

q) Impairment of non-financial assets

The Group's non – financial assets including deferred tax is assessed at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. A reversal of an impairment loss is recognized immediately in the statement of profit or loss. Goodwill is tested annually for impairment

r) Foreign Currency Transactions

Transactions in currencies other than Group's operational currency are recorded on initial recognition using the exchange rates prevailing on the date of the transaction. The foreign currency borrowing being a monetary liability is restated to INR (being the functional currency of the Group) at the prevailing rates of exchange at the end of every reporting period with the corresponding exchange gain/ loss being recognized in statement of profit or loss. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognized in the statement of profit or loss in the period in which they arise.

s) Goods and Services Input Tax Credit

Goods and Services Input tax credit is accounted for in the books in the period in which the supply of goods or service received is accounted for and when there is no uncertainty in availing/utilizing the credits.

t) Provisions and contingencies related to claims, litigation, etc.

A provision is recognized if, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as finance cost. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

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

I) Onerous contracts
A contract is considered as onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

II) Contingencies related to claims, litigation, etc.
Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

u) Contingent liabilities and contingent assets
A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are disclosed in the consolidated financial statements where an inflow of economic benefits is probable.

v) Cash and cash equivalent
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

w) Cash flow statement
Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash future, any deferrals, or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

x) Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. Refer note 58 for details on segment information presented.

y) Earnings per share
Basic earnings per share has been computed by dividing net income attributable to ordinary equity holders by the weighted average number of shares outstanding during the year. Partly paid up equity share is included as fully paid equivalent according to the fraction paid up.

Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

z) Dividend
Interim dividend declared to equity shareholders, if any, is recognized as liability in the period in which the said dividend is declared by the Board of Directors. Final dividend declared, if any, is recognized in the period in which the said dividend is approved by the Shareholders. Dividend payable is recognized directly in equity.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

Recent accounting pronouncement issued but not made effective

» **Amendment to Ind AS 16, Property, Plant and Equipment**

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March, 2022, has issued an amendment to Ind AS 16 which specifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).

» **Amendment to Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets**

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March, 2022, has issued an amendment to Ind AS 37 which specifies that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

» **Amendment to Ind AS 103, Business Combinations**

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March, 2022, has issued an amendment to Ind AS 103 and has added a new exception in the standard for liabilities and contingent liabilities.

» **Amendment to Ind AS 109, Financial Instruments**

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March, 2022, has issued an amendment to Ind AS 109 which clarifies that which fees an entity should include when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

3 Cash and cash equivalents

	As at 31 March, 2022	As at 31 March, 2021
Cash on hand	1,343.92	1,628.14
Balances with banks		
In current accounts	1,553.39	154.35
In deposits with original maturity of less than 3 months	32,519.96	34,000.00
Cheques, drafts on hand	54.21	-
	35,471.48	**35,782.49**

4 Other bank balances

	As at 31 March, 2022	As at 31 March, 2021
Unclaimed dividend on equity shares	23.23	29.32
Other bank balance *		
In deposits with original maturity of less than 3 months	6.75	1,621.81
In deposits with original maturity of more than 3 months	24,195.53	40,034.96
	24,225.51	**41,686.09**

* Balances with banks held as security against borrowings, guarantees lien amounts to ₹ 2,036.92 lacs (31 March, 2021: ₹ 2,471.93 lacs) and as cash collateral for securitisation of receivables amounts to ₹ 17,576.29 lacs (31 March, 2021: ₹ 36,153.08 lacs).

5 Derivative financial instruments

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

The Group has a Board approved policy for entering derivative transactions. Derivative transactions comprise of currency forward contracts. The Group undertakes such transactions to manage its exposure to foreign exchange rate risk on account of borrowings. The Asset Liability Management Committee periodically monitors and reviews the risk involved.

Refer note 54 on foreign currency risk.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

6 Receivables

	As at 31 March, 2022	As at 31 March, 2021
(i) Trade receivables		
Considered good - Unsecured	1,018.13	1,017.44
Less: Impairment loss allowance	-	-
	1,018.13	**1,017.44**
(ii) Other receivables		
Considered good - Unsecured	384.99	274.13
Less: Impairment loss allowance	-	-
	384.99	274.13
	1,403.12	**1,291.57**

There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Trade receivables ageing schedule as at 31 March, 2022

Particulars	Undisputed Trade Receivables – considered good	Disputed Trade Receivables – considered good
Less than 6 months	1,004.91	-
6 months - 1 year	-	-
1-2 years	1.31	-
2- 3 years	10.62	-
More than 3 years	1.29	-
Total	**1,018.13**	**-**

Trade receivables ageing schedule as at 31 March, 2021

Particulars	Undisputed Trade receivables – considered good	Disputed Trade Receivables – considered good
Less than 6 months	996.96	-
6 months - 1 year	8.54	-
1-2 years	11.94	-
2- 3 years	-	-
More than 3 years	-	-
Total	**1,017.44**	**-**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

7 Loans

As at 31 March, 2022

	Amortised Cost	At Fair Value through other comprehensive income **	Total
(A) (i) Term loans	1,533,042.19	-	1,533,042.19
(ii) Leasing	17,247.46	-	17,247.46
(iii) Loans to staff	23.39	-	23.39
Total (A) -Gross	**1,550,313.04**	**-**	**1,550,313.04**
Less: Impairment loss allowance	65,243.16	-	65,243.16
Total (A) - Net	**1,485,069.88**	**-**	**1,485,069.88**
(B) (i) Secured by tangible assets *	1,158,987.29	-	1,158,987.29
(ii) Covered by bank/government guarantees #	143,014.20	-	143,014.20
(iii) Unsecured	248,311.55	-	248,311.55
Total (B) - Gross	**1,550,313.04**	**-**	**1,550,313.04**
Less: Impairment loss allowance	65,243.16	-	65,243.16
Total (B) - Net	**1,485,069.88**	**-**	**1,485,069.88**
(C) Loans in India			
(i) Public sector	-	-	-
(ii) Others	1,550,313.04	-	1,550,313.04
Total (C) - Gross	**1,550,313.04**	**-**	**1,550,313.04**
Less: Impairment loss allowance	65,243.16	-	65,243.16
Total (C) -Net	**1,485,069.88**	**-**	**1,485,069.88**

* Secured by underlying assets financed

** In line with the business model assessment policy, the Group has reassessed its business model and re-classified its SME Loan, Home Loan and Loan against property (LAP) portfolio from FVOCI to amortized cost category with effect from March, 31, 2022 . Had the loan not reclassified from FVOCI to amortized cost category, fair value loss that would have been recognised in OCI during the year of ₹ 1744.73 lacs.

#1) Loans amounting to ₹ 31,341.64 lacs are covered under Emergency Credit Line Guarantee Scheme for NBFCs administered by NCGTC under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.

2) Loans amounting to ₹ 111,672.56 lacs are covered under Credit Guarantee Scheme for NBFCs administered by CGTMSE under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

7 Loans (Continued)

As at 31 March, 2021

			Amortised Cost	At Fair Value through other comprehensive income **	Total
(A)	(i)	Term loans	757,731.50	478,519.57	1,236,251.07
	(ii)	Leasing	17,365.69	-	17,365.69
	(iii)	Loans to staff	31.22	-	31.22
		Total (A) -Gross	**775,128.41**	**478,519.57**	**1,253,647.98**
		Less: Impairment loss allowance	88,883.78	28,641.39	117,525.17
		Total (A) - Net	**686,244.63**	**449,878.18**	**1,136,122.81**
(B)	(i)	Secured by tangible assets *	631,371.35	333,974.67	965,346.02
	(ii)	Covered by bank/government guarantees #	143,725.84	112,228.80	255,954.64
	(iii)	Unsecured	31.22	32,316.10	32,347.32
		Total (B) - Gross	**775,128.41**	**478,519.57**	**1,253,647.98**
		Less: Impairment loss allowance	88,883.78	28,641.39	117,525.17
		Total (B) - Net	**686,244.63**	**449,878.18**	**1,136,122.81**
(C)	**Loans in India**				
	(i)	Public sector	-	-	-
	(ii)	Others	775,128.41	478,519.57	1,253,647.98
		Total (C) - Gross	**775,128.41**	**478,519.57**	**1,253,647.98**
		Less: Impairment loss allowance	88,883.78	28,641.39	117,525.17
		Total (C) -Net	**686,244.63**	**449,878.18**	**1,136,122.81**

* Secured by underlying assets financed

1) Loans amounting to ₹22,879.31 lacs under amortized cost category and ₹11,397.66 lacs under fair value through other comprehensive income category are covered under Emergency Credit Line Guarantee Scheme for NBFCs administered by NCGTC under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.

2) Loans amounting to ₹ 104,562.91 lacs under amortized cost category and ₹ 85,667.49 lacs under fair value through other comprehensive income category are covered under Credit Guarantee Scheme for NBFCs administered by CGTMSE under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries.

3) Loan amounting to ₹16,283.62 lacs under amortized cost category and ₹15,163.65 lacs under fair value through other comprehensive income are covered under Partial Credit Guarantee Scheme for NBFCs.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

8 Investments

As at 31 March, 2022

	Amortised Cost	At Fair Value through profit or loss	Others*	Total
(A) Investments in :				
Joint ventures **	-	-	-	-
Others	0.16	-	-	0.16
Total – Gross (A)	**0.16**	**-**	**-**	**0.16**
(B) Other details :				
Investments in India	0.16	-	-	0.16
Investments outside India	-	-	-	-
Total – Gross (B)	**0.16**	**-**	**-**	**0.16**
Less: Allowance for impairment loss (C)	-	-	-	-
Total – Net (D)= (B)-(C)	**0.16**	**-**	**-**	**0.16**

As at 31 March, 2021

	Amortised Cost	At Fair Value through profit or loss	Others*	Total
(A) Investments in :				
Joint ventures	-	-	17,735.44	17,735.44
Others	0.16	0.99	-	1.15
Total – Gross (A)	**0.16**	**0.99**	**17,735.44**	**17,736.59**
(B) Other details :				
Investments in India	0.16	0.99	17,735.44	17,736.59
Investments outside India	-	-	-	-
Total – Gross (B)	**0.16**	**0.99**	**17,735.44**	**17,736.59**
Less: Allowance for impairment loss (C)	-	-	-	-
Total – Net (D)= (B)-(C)	**0.16**	**0.99**	**17,735.44**	**17,736.59**

* Investment in joint ventures are measured at cost in accordance with Ind AS 27.

**Refer Note 18 for assect held for sale.

9 Other financial assets

	As at 31 March, 2022	As at 31 March, 2021
Accrued interest / financial charges	610.28	738.61
Advances recoverable	2,629.47	2,289.62
Trade advance	18.34	1,624.35
Receivable on assigned loans	9,503.80	15,261.91
Security deposits	927.16	571.26
Advances to related parties	1,089.89	443.91
Others*	8,732.01	7,136.21
Total (Gross)	**23,510.95**	**28,065.87**
Less: Impairment loss allowance **	(58.87)	(2,139.59)
	23,452.08	**25,926.28**

* Includes security receipt of ₹ 2,797.70 lacs (31 March, 2021 : ₹ 3,116.11 lacs)

** Includes allowance created against advance recoverable of Nil (31 March, 2021: ₹ 505.27 lacs) and expected credit loss against excess interest spread (EIS) receivable of ₹ 40.53 lacs (31 March, 2021: ₹ 77.53 lacs) and trade advance of ₹ 18.34 lacs (31 March, 2021: ₹ 1,556.79 lacs).

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

10 Current tax assets (net)

	As at 31 March, 2022	As at 31 March, 2021
Advance tax (net)	11,576.62	9,500.78
	11,576.62	**9,500.78**

11 Income tax

A. Income tax recognised in statement of profit or loss

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Current tax		
Current tax	2,358.97	1,202.00
Tax expense for earlier years	(197.13)	47.45
	2,161.84	**1,249.45**
Deferred tax		
Origination / (Reversal) of temporary differences	9,464.57	(20,084.51)
Recognition of previously unrecognised temporary timing differences	-	(145.36)
	9,464.57	**(20,229.87)**
Tax expense	**11,626.41**	**(18,980.42)**

B. Income tax recognised in other comprehensive income

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Remeasurements of the defined benefit plans	15.42	(69.06)
Debt instruments fair value through other comprehensive income	(264.51)	(125.89)
	(249.09)	**(194.95)**

C. Reconciliation of effective tax rate

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	%	Amount	%	Amount
Profit/(loss) before tax		49,017.26		(75,425.34)
Tax using the Company's domestic tax rate	25.17%	12,336.66	25.17%	(18,983.05)
Effect of:				
Non taxable income / tax incentives / disallowable expenses	(0.99%)	(484.44)	(0.20)%	152.45
Recognition of previously unrecognised temporary timing differences	0.00%	-	0.19%	(145.36)
Others (primarily includes difference in depreciation)	5.92%	(28.69)	0.07%	(51.91)
Effective tax rate	24.12%	11,823.53	25.23%	(19,027.87)
Provisions relating to earlier years	(0.40%)	(197.13)	(0.06%)	47.45
Income tax expense reported in the statement of profit and loss	**23.72%**	**11,626.41**	**25.16%**	**(18,980.42)**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

11 Income tax (Continued)

D. Deferred tax assets (net)

Particulars	As at 31 March, 2021	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March, 2022
Deferred tax assets:				
Impairment allowance	30,505.91	(13,711.98)	-	16,793.93
On financial assets and financial liabilities	2,169.16	283.60	-	2,452.76
Provision for employee benefits	223.16	(38.43)	-	184.73
Unabsorbed depreciation	2,572.00	2,667.89	-	5,239.89
Business loss	2,576.37	(64.03)	-	2,512.34
Others (primarily other financial liability)	163.79	310.74	(208.98)	265.55
	38,210.39	**(10,552.21)**	**(208.98)**	**27,449.20**

Particulars	As at 31 March, 2021	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March, 2022
Deferred tax liabilities:				
On written down value of property, plant and equipment	609.38	(198.34)	-	411.04
Loans	22.82	280.89	55.53	359.24
EIS receivable	3,531.52	(589.41)	-	2,942.11
Investments	(482.63)	(158.23)	-	(640.86)
On financial assets and financial liabilities	3,943.97	91.99	-	4,035.96
Gratuity (excess of plan assets over obligation)	82.41	18.15	(0.54)	100.02
Others (primarily other financial assets)	1,086.40	(532.69)	(14.88)	583.82
	8,793.87	**(1,087.64)**	**40.11**	**7,746.33**
Net deferred tax assets	**29,416.52**	**(9,464.57)**	**(249.09)**	**19,702.87**

Particulars	As at 1 April, 2020	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March, 2021
Deferred tax assets:				
Impairment allowance	15,857.00	14,648.91	-	30,505.91
On financial assets and financial liabilities	1,887.09	282.07	-	2,169.16
Provision for employee benefits	200.16	23.00	-	223.16
Unabsorbed depreciation	-	2,572.00	-	2,572.00
Business loss	-	2,576.37	-	2,576.37
Others (primarily other financial liability)	138.45	25.34	-	163.79
	18,082.70	**20,127.69**	**-**	**38,210.39**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

11 Income tax (Continued)

Particulars	As at 1 April, 2020	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March, 2021
Deferred tax liabilities:				
On written down value of property, plant and equipment	845.88	(236.50)	-	609.38
Loans	(692.22)	589.15	125.89	22.82
EIS receivable	3,281.16	250.36	-	3,531.52
Investments	(387.95)	(94.68)	-	(482.63)
On financial assets and financial liabilities	4,537.88	(593.91)	-	3,943.97
Gratuity (excess of plan assets over obligation)	23.34	(9.99)	69.06	82.41
Others (primarily other financial assets)	1,093.01	(6.61)	-	1,086.40
	8,701.10	**(102.18)**	**194.95**	**8,793.87**
Net deferred tax assets	**9,381.60**	**20,229.87**	**(194.95)**	**29,416.52**

E. Unused tax losses on which deferred tax is not created

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	Amount	Expiry on	Amount	Expiry on
Long term capital loss				
A.Y. 2016-2017	257.58	A.Y. 2024-2025	257.58	A.Y. 2024-2025
Short term capital loss				
A.Y. 2014-2015	-	A.Y. 2022-2023	18.18	A.Y. 2022-2023
	257.58		**275.76**	

A.Y. - 'Assessment Year'

F. Uncertain tax positions

Refer Note 49 on contingent liabilities and commitment relating to income tax matter under dispute.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

12 Investment property

Particulars	Gross carrying amount				Depreciation and amortisation				Net carrying amount	
	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 31 March, 2022	As at 31 March, 2021
Investment property *	8.60	-	-	8.60	0.72	0.18	-	0.90	7.70	7.88

Particulars	Gross carrying amount				Depreciation and amortisation				Net carrying amount	
	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 31 March, 2021	As at 31 March, 2020
Investment property *	8.60	-	-	8.60	0.54	0.18	-	0.72	7.88	8.06

* Registration of title for 1 buildings is pending.

Description of item of property	Gross carrying Value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter / director	Property held since	Reason for not being held in the name of the Compan
Investment property	8.60	Gouri Shankar Rajgharia and Om Prakash Rajgharia	No	15 July, 2004	Disputed

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

13 Property, plant and equipment

Particulars	Gross carrying amount				Depreciation and amortisation				Net carrying amount	
	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 31 March, 2022	As at 31 March, 2021
Owned Assets^										
Land	30.26	-	-	30.26	-	-	-	-	30.26	30.26
Buildings	1,565.16	-	1,262.34	302.82	154.71	27.77	150.18	32.30	270.52	1,410.45
Wind mills	5,112.34	9.99	13.85	5,108.48	1,642.14	409.74	5.10	2,046.78	3,061.70	3,470.20
Furniture and fixtures	1,291.41	76.59	87.71	1,280.29	732.78	145.00	72.56	805.22	475.07	558.63
Vehicles	442.06	10.92	286.44	166.54	178.90	40.30	153.86	65.34	101.20	263.16
Office equipment	4,290.36	3,049.51	1,002.64	6,337.23	3,159.41	862.46	986.38	3,035.49	3,301.74	1,130.95
	1,664.32	3.74	93.48	1,574.58	1,035.05	162.43	77.03	1,120.45	454.13	629.27
Assets under Lease										
Vehicles	9,194.04	2,671.14	6,861.24	5,003.94	4,189.48	1,843.06	5,590.79	441.75	4,562.19	5,004.56
Total	**23,589.95**	**5,821.89**	**9,607.70**	**19,804.14**	**11,092.47**	**3,490.76**	**7,035.90**	**7,547.33**	**12,256.81**	**12,497.48**

Particulars	Gross carrying amount				Depreciation				Net carrying amount	
	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 31 March, 2021	As at 31 March, 2020
Owned Assets^										
Land	30.26	-	-	30.26	-	-	-	-	30.26	30.26
Buildings	1,565.16	-	-	1,565.16	115.79	38.92	-	154.71	1,410.45	1,449.37
Wind mills	5,112.34	-	-	5,112.34	1,232.30	409.84	-	1,642.14	3,470.20	3,880.04
Furniture and fixtures	1,267.39	0.62	(23.40)	1,291.41	504.67	186.07	(42.04)	732.78	558.63	762.72
Vehicles	364.01	54.58	(23.47)	442.06	84.49	54.69	(39.72)	178.90	263.16	279.52
Office equipment	3,425.91	68.50	(795.95)	4,290.36	1,708.08	632.40	(818.93)	3,159.41	1,130.95	1,717.83
Leasehold improvements	1,881.37	-	217.05	1,664.32	813.48	408.02	186.45	1,035.05	629.27	1,067.89
Assets under Lease										
Vehicles	7,966.55	1,811.39	583.90	9,194.04	1,584.19	2,115.01	(490.28)	4,189.48	5,004.56	6,382.36
Total	**21,612.99**	**1,935.09**	**(41.87)**	**23,589.95**	**6,043.00**	**3,844.95**	**(1,204.52)**	**11,092.47**	**12,497.48**	**15,569.99**

^ For details of movable / immovable property, plant and equipment hypothecated against borrowings, refer Note 21 and 22.

For details on contractual commitment, refer note 49

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

14 Intangible assets under development

Particulars	As at 1 April, 2020	Additions	Deletions	Written off	As at 31 March, 2021	Additions	Deletions	Written off	As at 31 March, 2022
Intangible assets under development	661.94	257.03	897.68	3.14	18.15	27.79	-	-	45.94

Intangible assets under development aging schedule as at 31 March, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	33.00	12.94	-	-	45.94
Projects temporarily suspended	-	-	-	-	-
					45.94

Intangible assets under development aging schedule as at 31 March, 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	18.15	-	-	-	18.15
Projects temporarily suspended	-	-	-	-	-
					18.15

15 Goodwill

	As at 31 March, 2022	As at 31 March, 2021
At cost, beginning of the year	1,430.34	1,430.34
Additions		
Acquisitions	-	-
Disposals	-	-
Other adjustments	-	-
Total cost	**1,430.34**	**1,430.34**
Accumulated impairment:		
At beginning of the year	-	-
Disposals	-	-
Impairment/(reversal) of impairment	-	-
Other adjustments	-	-
Total impairment	**-**	**-**
Net carrying amount	**1,430.34**	**1,430.34**

The recoverable amount of subsidiary is based on its value in use and the value in use is estimated using discounted cash flows. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

16 Other intangible assets

Description of assets	Gross carrying amount				Amortisation				Net carrying amount	
	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 1 April, 2021	Additions	Deletions / adjustments	As at 31 March, 2022	As at 31 March, 2022	As at 31 March, 2021
Computer software	3,910.41	430.42	(48.86)	**4,389.69**	1,955.96	563.01	59.34	**2,459.63**	**1,930.06**	1,954.45
Total	**3,910.41**	**430.42**	**(48.86)**	**4,389.69**	**1,955.96**	**563.01**	**59.34**	**2,459.63**	**1,930.06**	**1,954.45**

Description of assets	Gross carrying amount				Amortisation				Net carrying amount	
	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 1 April, 2020	Additions	Deletions / adjustments	As at 31 March, 2021	As at 31 March, 2021	As at 31 March, 2020
Computer software	5,138.98	957.97	2,186.54	**3,910.41**	3,535.00	607.50	2,186.54	**1,955.96**	**1,954.45**	1,603.98
Total	**5,138.98**	**957.97**	**2,186.54**	**3,910.41**	**3,535.00**	**607.50**	**2,186.54**	**1,955.96**	**1,954.45**	**1,603.98**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

	As at 31 March, 2022	As at 31 March, 2021
17 Right of use assets*	**5,803.79**	**3,690.23**

* Refer Note 45 for disclosure related to leases.

18 Assets held for sale*

	As at 31 March, 2022	As at 31 March, 2021
Investment in joint ventures	18,056.25	-
Properties#	205.63	364.70
	18,261.88	**364.70**

* Due to change in the shareholding structure of the Company during the year, there is a need to restructure the shareholding of Magma HDI General Insurance Company Limited to comply with IRDAI and RBI Regulations. Accordingly, the Group has accepted binding offer for sale of its shareholding in joint ventures (JVs) namely Magma HDI General Insurance Company Limited (Magma HDI) and Jaguar Advisory Services Private Limited (JASPL) which has been approved by the Board of Directors and Shareholders in their respective meetings held on 2 November, 2021 and 13 December, 2021. The sale is subject to requisite regulatory approvals. The Group expects to close the deal within a year. Accordingly, in line with the requirements of Ind AS 105 "Non-current assets Held for Sale", such investments have been designated as assets held for sale.

Repossessed assets in subsidiary company are valued at lower of outstanding amount of the loan or fair value less cost to sell as per 'IND AS 105 Non-current Assets Held for Sale and Discontinued Operations'. The fair value approximates the future expected realisation value of these assets.

	As at 31 March, 2022	As at 31 March, 2021
Properties	205.63	364.70
Total assets obtained by taking possession of collateral	**205.63**	**364.70**

19 Other non-financial assets

	As at 31 March, 2022	As at 31 March, 2021
Other advances		
- Prepaid expenses	1,569.29	1,910.65
- Balances with government authorities	1,496.38	1,549.41
- Gratuity* (excess of plan assets over obligation)	463.64	306.64
Capital Advances	51.88	25.18
	3,581.19	**3,791.88**

* Refer Note 44 for disclosure related to provisions for employee benefits.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

20 Payables

	As at 31 March, 2022	As at 31 March, 2021
(I) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,512.48	9,409.00
(II) Other Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
	1,512.48	**9,409.00**

The below information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, and has been determined to the extent such parties have been identified on the basis of the information available with the Group. The same has been relied upon by the auditors.

	As at 31 March, 2022	As at 31 March, 2021
a) Dues remaining unpaid to any supplier at the year end		
- Principal	-	-
- Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

Trade payables ageing schedule as at 31 March, 2022

Particulars	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
Undisputed dues - MSME	-	-	-	-	-
Undisputed dues - Others	1,345.62	63.76	41.80	61.30	1,512.48
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	1,345.62	**63.76**	**41.80**	**61.30**	**1,512.48**

Trade payables ageing schedule as at 31 March, 2021

Particulars	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
Undisputed dues - MSME	-	-	-	-	-
Undisputed dues - Others	8,484.67	90.63	833.70	-	9,409.00
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	8,484.67	**90.63**	**833.70**	**-**	**9,409.00**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

21 Debt securities

(Measured at amortised cost - Secured)

	As at 31 March, 2022	As at 31 March, 2021
(A) Redeemable non-convertible debentures (refer note (a), (b) and (c) below)	93,995.89	126,502.23
Total	**93,995.89**	**126,502.23**
(B) Debt securities in India	93,995.89	126,502.23
Total	**93,995.89**	**126,502.23**

(a) Nature of security

Debentures issued under private placement are secured by mortgage of Group's immovable property situated at Rajarhat, Kolkata in the state of West Bengal (except for 4,500 units alloted from December, 2019 onwards which are only secured by hypothecated loan assets) and are also secured against designated Loans assets. The total asset cover is hundred percent or above of the principal amount of the said debentures.

Debentures issued under public issue are secured by mortgage of Group's immovable property situated at Luz Church Road, Mylapore, Chennai and are also secured against designated loan assets. The total asset cover is hundred percent or above of the principal amount of the said debentures.

100 number of debentures allotted in March, 2016 (200 number of debentures allotted in March, 2015 and repaid in March, 2022) are secured by first charge ranking pari-passu on the Group's book debts and loan instalments receivables along with mortgage created over the immovable property situated at Barasat, Dist. - 24 Parganas (N). All other debentures are secured by exclusive first charge by way of hypothecation on the Group's book debts and loan instalments receivables. The total asset cover is hundred percent or above of the principal amount of the said debentures.

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

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
0 - 1 Years	8.75% -10.25%	8.20% -10.10%	22,000.24	33,536.16
1 - 3 Years	9.00% -10.50%	8.75% -10.25%	71,531.17	70,290.53
3 - 5 Years	-	9.00% -10.50%	-	22,209.58
> 5 Years	10.27% -10.75%	10.27% -10.75%	464.48	465.96
			93,995.89	**126,502.23**

* As per contractual tenure

(c) Covenant breach

The impact of disruptions caused by COVID-19, additional provisions towards potential credit losses and other reasons have resulted in breach of some of the covenants related to borrowings such as NPA ratios though these are adequately provided for as reflected in the Net Stage 3 metrics.

The Group has been regular in servicing its borrowings and has represented to the lenders in the past and received required waivers. In most of the cases, the consequence of breach is either an increase in interest rate or review of the terms of security which are non-material. The Group is confident of getting the waivers as in the past.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

22 Borrowings (other than debt securities)

(Measured at amortised cost)

	As at 31 March, 2022	As at 31 March, 2021
(A) a) Term loans - Secured		
- from banks	526,954.16	283,538.94
- from other parties	19,831.49	30,427.25
b) Loans repayable on demand (Cash credit facilities and working capital demand loans)		
- Secured		
- from banks	221,583.36	299,668.44
c) Other loans - Refer note a (iii) below		
- Liability against securitisation - Secured	69,679.02	219,824.10
Total	**838,048.03**	**833,458.73**
(B) Borrowings in India	838,048.03	833,458.73
Total	**838,048.03**	**833,458.73**

(a) Nature of security

i) Term loans are secured by way of hypothecation of designated loan assets and future rentals receivable therefrom.

ii) Loans against securitisation represents amounts received in respect of securitisation transactions (net of repayments and investment therein) as these transactions do not meet the derecogniton criteria specified under Ind AS. These are secured by way of hypothecation of designated loan assets receivables.

iii) Cash Credit facilities and Working Capital Demand Loans from Banks are secured by way of hypothecation of the Group's loan assets and future rental income therefrom and other current assets (expressly excluding those loan assets and future rental income therefrom which have been or will be purchased / financed out of any other facility from Financial Institutions, Banks or any other financial organisation and except for ICICI Bank in subsidiary company where exclusive charge by way of hypothecation over the standard receivables of the Company). These are collaterally secured by way of equitable mortgage over immovable property at Santnagar, New Delhi.

(b) Terms of repayment of term loans (secured) *

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
Half yearly installments				
1 - 3 Years	6.70%	-	5,000.00	-
			5,000.00	**-**
Quarterly installments				
0 - 1 Years	6.20% - 7.30%	5.25% - 10.00%	62,482.03	48,117.00
1 - 3 Years	6.00% - 7.30%	8.20% - 9.50%	182,910.74	83,869.14
3 - 5 Years	6.00% - 7.25%	6.90% - 10.00%	57,660.17	53,668.36
> 5 Years	2.94% - 8.50%	6.90% - 8.50%	176,763.85	26,296.88
			479,816.79	**211,951.38**
Monthly installments				
0 - 1 Years	6.15% - 12.00%	6.21% - 12.00%	26,258.41	26,869.66
1 - 3 Years	6.15% - 12.00%	8.20% - 12.00%	35,709.34	47,826.78
3 - 5 Years	12.00%	10.50% - 12.00%	1.11	27,318.37
			61,968.86	**102,014.81**
			546,785.65	**313,966.19**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

22 Borrowings (other than debt securities) (Continued)

Terms of maturity of Loan against securitisation *

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
0 - 1 Years	6.00% - 10.71%	6.00% - 10.71%	40,867.30	99,072.82
1 - 3 Years	6.00% - 10.35%	6.00% - 10.71%	20,645.75	93,677.17
3 - 5 Years	6.00% - 8.75%	6.00% - 9.25%	1,357.26	6,394.94
> 5 years	8.20% - 8.75%	8.10% - 9.25%	6,808.71	20,679.17
			69,679.02	**219,824.10**

* As per contractual tenure

(c) Details of cash credit facilities and working capital demand loans

The cash credit facilities are repayable on demand and carry interest rates ranging from 6.65% p.a. to 9.25 % p.a. (31 March, 2021: from 8.20% p.a. to 11.80% p.a.). Working capital demand loans are repayable on demand and carry interest rates ranging from 4.50 % p.a. to 7.20 % p.a. (31 March, 2021: from 6.90% p.a. to 8.80% p.a.). As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature. There is no unhedged foreign currency exposure as on 31 March, 2022.

(d) Covenant breach

The impact of disruptions caused by COVID-19, additional provisions towards potential credit losses and other reasons have resulted in breach of some of the covenants related to borrowings such as NPA ratios though these are adequately provided for as reflected in the Net Stage 3 metrics.

The Group has been regular in servicing its borrowings and has represented to the lenders in the past and received required waivers. In most of the cases, the consequence of breach is either an increase in interest rate or review of the terms of security which are non-material. The Group is confident of getting the waivers as in the past.

(e) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the balance sheet date.

23 Subordinated liabilities

(Measured at amortised cost - Unsecured)

		As at 31 March, 2022	As at 31 March, 2021
(A)	Perpetual debt instruments (Tier I capital) to the extent that do not qualify as equity	7,850.53	7,826.83
	Others (Tier II capital) :		
	From banks (subordinated debts)	28,226.22	29,856.97
	Redeemable subordinate debt instruments to the extent that do not qualify as equity	22,762.26	45,660.17
	Total	**58,839.01**	**83,343.97**
(B)	Subordinated liabilities in India	58,839.01	83,343.97
	Total	**58,839.01**	**83,343.97**

(a) Terms of maturity of perpetual debt debentures (Tier I capital)*

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
1 - 3 Years	12.00% - 12.10%	12.00% - 12.10%	5,002.22	4,988.33
3 - 5 Years	11.50% - 12.10%	12.10%	2,748.41	681.65
> 5 Years	11.00%	11.00% - 12.10%	99.90	2,156.85
			7,850.53	**7,826.83**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

23 Subordinated liabilities (Continued)

Terms of repayment of subordinated instruments from banks (unsecured) (Tier II capital) *

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
0 - 1 Years	9.80%	10.10%	6,645.64	1,640.70
1 - 3 Years	9.80%	10.10%	1,637.71	8,298.41
3 - 5 Years	12.50%	12.50%	19,942.87	9,946.44
> 5 Years	-	12.50%	-	9,971.42
			28,226.22	**29,856.97**

Terms of maturity of redeemable subordinated debt instruments (Tier II capital)*

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
0 - 1 Years	10.30% - 11.50%	11.00% - 11.45%	5,726.86	22,897.91
1 - 3 Years	10.70% - 10.90%	10.30% - 11.50%	6,111.78	11,881.07
3 - 5 Years	10.20% - 10.40%	10.20%	9,424.71	415.47
> 5 Years	10.00% - 10.10%	10.00% - 10.40%	1,498.91	10,465.72
			22,762.26	**45,660.17**

* As per contractual tenure

The Group has not defaulted in repayment of principal and interest.

	As at 31 March, 2022	As at 31 March, 2021
24 Lease liabilities*	**6,459.45**	**4,183.51**

*Refer Note 45 for disclosure related to leases.

Terms of maturity of Lease liability

	As at 31 March, 2022	As at 31 March, 2021
0 - 1 Years	1,099.93	787.18
1 - 3 Years	2,197.49	1,270.06
3 - 5 Years	1,392.94	1,112.87
> 5 Years	1,769.09	1,013.40
	6,459.45	**4,183.51**

25 Other financial liabilities

	As at 31 March, 2022	As at 31 March, 2021
Interest accrued	7,185.03	10,481.77
Unclaimed dividend *	23.23	29.32
Pending remittance on assignment	6,433.48	8,364.68
Employee dues	4,347.60	3,875.31
Liability for expenses	5,321.92	3,712.77
Other payables	6,728.98	5,268.28
	30,040.24	**31,732.13**

* There has been no delay in transfer of amounts required to be transferred to Investor Education and Protection Fund.

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

26 Current tax liabilities (net)

	As at 31 March, 2022	As at 31 March, 2021
Provision for tax (net of advance tax)	36.02	943.56
	36.02	**943.56**

27 Provisions

	As at 31 March, 2022	As at 31 March, 2021
Provision for employee benefits	1,119.40	1,203.84
Provision - others	94.00	144.00
	1,213.40	**1,347.84**

28 Other non-financial liabilities

	As at 31 March, 2022	As at 31 March, 2021
Revenue received in advance	120.47	99.05
Advances and deposits from customers	5,988.09	8,907.66
Payable to customers*	-	943.23
Statutory dues	2,168.07	916.89
	8,276.63	**10,866.83**

* Interest on interest payable to customers in accordance with RBI circular dated April, 07 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19 April, 2021.

29 Equity

	As at 31 March, 2022	As at 31 March, 2021
Authorised		
1,265,000,000 (31 March, 2021: 1,265,000,000) Equity shares of ₹ 2/- each	25,300.00	25,300.00
58,300,000 (31 March, 2021: 58,300,000) Preference shares of ₹ 100/- each	58,300.00	58,300.00
	83,600.00	**83,600.00**
Issued, subscribed and paid-up		
Equity share capital		
764,923,539 (2021: 269,616,712) Equity shares of ₹ 2/- each, fully paid up	15,298.47	5,392.33
	15,298.47	**5,392.33**

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	Number	Amount	Number	Amount
Equity shares				
At the beginning of the year	269,616,712	5,392.33	269,515,312	5,390.31
Issued under private placement basis	493,714,286.00	9,874.29	-	-
Issued against employee stock option	1,592,541	31.85	101,400	2.02
	764,923,539	**15,298.47**	**269,616,712**	**5,392.33**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

29 Equity (Continued)

(b) Terms / rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 2/- each. Each holder of equity share is entitled to one vote per share.

The Company declares and pays dividend on equity shares in Indian ₹.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to preference shareholders. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

During the year, the Company has allotted on 31 May, 2021, 11 August, 2021, 27 October, 2021, 30 November, 2021 and 1 February, 2022, 1,009,649 equity shares, 186,777 equity shares, 6,400 equity shares, 97,857 equity shares and 291,858 equity shares respectively of the face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan 2007 / Restricted Stock Option Plan 2014 pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014 and SEBI (Share Based Employee Benefits And Sweat Equity) Regulations, 2021 , as amended from time to time. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to 764,923,539 equity shares of ₹ 2/- each aggregating to ₹ 15,298.47 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

After the end of the year, on 9 May, 2022, the Nomination and Remuneration Committee has allotted 39,495 equity shares of the face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan/ Restricted Stock Option Plan 2014 pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014 and SEBI (Share Based Employee Benefits And Sweat Equity) Regulations, 2021 , as amended from time to time. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to ₹ 15,299.26 lacs consisting of 764,963,034 equity shares. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

During the previous year, the Company has allotted on 17 June, 2020, 7 August, 2020, 6 November, 2020 and 4 February, 2021 4,800 equity shares, 4,800 equity shares, 66,600 equity shares and 25,200 equity shares respectively of the face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time.

On 6 May, 2021, the Company has allotted 493,714,286 equity shares of face value of ₹ 2 each to Rising Sun Holdings Private Limited (RSHPL), Mr. Sanjay Chamria and Mr. May,ank Poddar on preferential basis, aggregating to ₹ 345,600 lacs, including premium of ₹ 68 per share under Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the Act read with relevant rules thereunder and other applicable provisions. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect. Pursuant to the said allotment and completion of the open offer, RSHPL is the largest shareholder of the Company and shall exercise control over the Company. Subsequently, the name of the Company has changed w.e.f 22 July, 2021 from Magma Fincorp Limited to Poonawalla Fincorp Limited. Consequently, Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) has become a subsidiary of RSHPL and Poonawalla Housing Finance Limited (formerly Magma Housing Finance Limited) has become a step down subsidiary of RSHPL.

The Board of Directors at their meeting considered and recommended an equity dividend of 20% i.e. ₹0.40 per equity share of ₹ 2/- each for the financial year 2021-22, including equity shares allotted post 31 March, 2022 upto the record date, subject to approval of the shareholders. The estimated payout will be ₹ 3,059.85 lacs in respect of shares allotted till date.

(c) Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares:

The Company has not issued bonus shares or shares for consideration other than cash during the five year period immediately preceding the reporting date.

(d) Shares bought back

Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

29 Equity (Continued)

(e) Shareholders holding more than 5% shares

Name of the shareholder	Year ended 31 March, 2022		Year ended 31 March, 2021	
	%	No. of shares	%	No. of shares
Equity shares				
Rising Sun Holdings Private Limited	61.50%	470,405,352	-	-
Microfirm Capital Private Limited	-	-	12.62	34,015,928
Celica Developers Private Limited	-	-	10.92	29,434,455
True North Fund V LLP	-	-	7.49	20,189,739
Amansa Holdings Private Limited	-	-	7.66	20,656,242
Lavender Investments Limited	-	-	5.60	15,101,431
Nippon Life India Trustee Ltd	-	-	5.30	14,285,290

(f) Shareholding of Promoters

Shares held by promoters as at 31 March, 2022			% Change during the year *
Name of promoter	No of shares	% of total shares	
Rising Sun Holdings Private Limited *	470,405,352	61.50%	1.50%

*Parent Company

Shareholding of Promoters

Shares held by promoters as at 31 March, 2021			% Change during the year *
Name of promoter #	No of shares	% of total shares	
Ashita Poddar	16,500	0.01%	-
Kalpana Poddar	55,080	0.02%	-
Mansi Poddar	285,000	0.11%	-
Shaili Poddar	125,000	0.05%	-
Celica Developers Private Limited	29,434,455	10.92%	-
Magma Consumer Finance Private Limited	1,820,120	0.68%	-
Microfirm Capital Private Limited	34,015,928	12.62%	-

* % change during the year are computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue.

Further on 16 March, 2022, the Company has received approval from Bombay Stock Exchange of India Limited and National Stock Exchange of India Limited for re-classification of Mr. Sanjay Chamria, Mr. May,ank Poddar and other associates ('Original Promoters') from the 'Promoter/Promoter Group' category to the 'Public' category of shareholders of the Company. RSHPL is classified as a 'Promoter' of the Company in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time. Post reclassification as on 31 March, 2022, the Promoters shareholding stands at 61.50%.

(g) For equity shares reserved for issue under options, please refer note no 47.

The Group maintains and actively managed capital base to cover risks inherent in the business and meets the Capital Adequacy Requirements (CRAR) of the Reserve Bank of India (RBI). The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI. The Group has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The funding requirements are met through equity, non-convertible debentures and other long-term/ short-term borrowings. The Group's policy is aimed at appropriate combination of short-term and long term borrowings. The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

30 Other equity

	As at 31 March, 2022	As at 31 March, 2021
Capital reserve	480.22	480.22
Securities premium	518,246.50	180,969.11
Statutory reserves under The RBI Act, 1934	39,830.00	33,960.00
Statutory reserves under The NHB Act, 1987	6,436.65	4,894.66
Capital redemption reserve	1,421.84	1,421.84
Share option outstanding	2,274.74	1,715.69
Retained earnings	19,649.56	(10,385.47)
Other Comprehensive Income	1,963.32	982.06
Cash flow hedge reserve	(5.99)	-
	590,296.84	**214,038.11**

Refer statement of changes in equity for movement in reserves

Nature and purpose of reserves :

Capital redemption reserve

Capital Redemption Reserve is created to keep the capital intact when preference shares are redeemed or equity shares are bought back. It is utilised in accordance with the provisions of the Companies Act, 2013

Employee share option outstanding

The Company instituted the Magma Employee Stock Option Plan (MESOP) in 2007 and Magma Restricted Stock Option Plan 2014 (MRSOP) in 2014, which were approved by the Board of Directors and the shareholders of the Company. The share option outstanding reserve is used to recognise the grant date fair value of option issued under aforesaid plans.

The Company instituted the Magma Housing Finance Limited - Employee Stock Option Plan (MESOP) in 2018, and Poonawalla Housing - Restricted Stock Option Plan 2018 (PHRSO) in 2018 as amended and PHFL - Employee Stock Option Plan in 2021, which were approved by the Board of Directors and shareholders of the Company. The reserve is used to recognise the fair value of the options issued to the employees of the Company under the Plan.

Refer Note 44 for further details on employee stock options.

Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)

Statutory reserve represents the Reserve Fund created under section 45-IC of the Reserve Bank of India Act, 1934. Under section 45-IC, the Company is required to transfer a sum not less than twenty percent of its net profit for the financial year to the statutory reserve. The statutory reserve can be utilized for the purposes as may be specified by the Reserve Bank of India from time to time.

Statutory reserve (created pursuant to Section 29C of National Housing Bank Act, 1987)

Statutory reserve represents the Reserve Fund created under section 29C of the National Housing Bank Act, 1987. Under section 29C, the PHFL (subsidiary) is required to transfer a sum not less than twenty percent of its net profit for the financial year to the statutory reserve. The statutory reserve can be utilized for the purposes as may be specified by the National Housing Bank from time to time.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital reserve

Capital reserve has been created to set aside gains of capital nature from amalgamation and merger. It is utilised in accordance with the provisions of the Companies Act, 2013

Debt instruments through other comprehensive income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income and accumulated within equity. The group transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Retained earnings

Retained earnings represents total of all profits retained since Group's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves. It also includes impact of remeasurement of defined benefit plans.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

31 Interest Income

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost
Interest on loans	79,503.05	108,645.02	73,871.21	138,814.65
Interest on deposits with banks	-	2,833.92	-	3,664.63
Other interest income				
- On loans and margins	-	19.99	-	125.96
- On security deposit	-	46.75	-	91.30
	79,503.05	**111,545.68**	**73,871.21**	**142,696.54**
Total		**191,048.73**		**216,567.75**

32 Rental Income

	Year ended 31 March, 2022	Year ended 31 March, 2021
Income from lease rentals		
- on operating lease assets	2,641.89	2,964.77
- on investment property	2.54	2.54
Total	**2,644.43**	**2,967.31**

33 Fees and Commission Income

	Year ended 31 March, 2022	Year ended 31 March, 2021
Collection and support services	670.17	1,398.08
Foreclosure charges	2,697.92	2,480.53
Insurance commission	629.23	1,045.77
Commitment fees	835.66	685.25
Others (cheque bouncing charges, valuation charges, etc.)	1,558.72	1,556.09
Total	**6,391.70**	**7,165.72**

34 Net gain on fair value changes*

	Year ended 31 March, 2022	Year ended 31 March, 2021
(A) Others		
- On investment	51.74	-
- On other financial assets	301.99	61.32
Total Net gain/ (loss) on fair value changes (A)	**353.73**	**61.32**
(B) Fair Value changes:		
Realised	3.56	-
Unrealised	350.17	61.32
Total Net gain/ (loss) on fair value changes (B)	**353.73**	**61.32**

* Fair value changes in this schedule are other than those arising on account of interest income/expense.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

35 Net gain on derecognition of financial instrument

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

36 Other Income

	Year ended 31 March, 2022	Year ended 31 March, 2021
Sale of power	936.59	845.16
Gain on sale of investments	0.03	-
Gain from sale of repossessed assets	12.59	26.12
Miscellaneous income (includes reversal of excess managerial remuneration ₹ 317.85 lacs pertaining to last year) (Refer Note 48 for related party disclosures)	2,715.14	2,486.70
Total	**3,664.35**	**3,357.98**

37 Finance cost (measured at Amortised Cost)

	Year ended 31 March, 2022	Year ended 31 March, 2021
Interest on security deposits	64.17	64.98
Interest on borrowings other than debt securities	48,852.03	86,205.14
Interest on debt securities	11,083.79	10,048.44
Interest on subordinated liabilities	7,643.98	9,998.79
Other interest expense*	463.33	262.73
Other borrowing costs (Includes non EIR borrowing expenses)	3,509.67	3,465.32
Total	**71,616.97**	**110,045.40**

* Refer Note 45 for disclosure related to leases.

38 Net loss on de-recognition of financial instruments

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

39 Impairment on financial instruments

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost
Loans	(5,890.32)	(45,642.05)	12,967.29	43,392.91
Other assets	-	(2,044.91)	-	353.12
Bad debts written-off (net of recoveries) (includes gain on sale of written-off assets ₹ 961 lacs (31 March, 2021 : ₹ 2,097 lacs).*	8,347.48	52,986.08	23,702.10	64,383.84
	2,457.16	**5,299.12**	**36,669.39**	**108,129.87**
		7,756.28		**144,799.26**

* Includes other financial assets written off Nil (31 March, 2021 : ₹ 184.68 lacs)

40 Employee benefits expenses * ^

	Year ended 31 March, 2022	Year ended 31 March, 2021
Salaries and wages	46,121.93	34,419.03
Contribution to provident and other funds	2,804.87	2,368.76
Share based payments to employees	1,695.13	560.11
Staff welfare expenses	1,299.27	805.15
Total	**51,921.20**	**38,153.05**

* Refer Note 48 for related party disclosures

^ Refer Note 44 for disclosure related to provisions for employee benefits.

41 Depreciation and amortisation expense

	Year ended 31 March, 2022	Year ended 31 March, 2021
Depreciation on property, plant and equipment	3,490.76	3,844.95
Depreciation on investment property	0.18	0.18
Depreciation on right of use assets	1,401.07	1,172.66
Amortisation of intangible asset	563.01	607.50
Total	**5,455.02**	**5,625.29**

42 Other expenses

	Year ended 31 March, 2022	Year ended 31 March, 2021
Rent	127.12	192.23
Rates and taxes	264.17	94.26
Net loss on derecognition of property, plant and equipment	46.16	34.27
Electricity charges	488.18	461.13
Repairs and maintenance		
- Machinery	599.23	343.32
- Others	3,544.86	1,669.21
Communication expenses	940.04	622.25
Printing and stationery	318.21	296.85
Advertisement and publicity	1,529.70	312.93
Directors		
- Fees	305.42	167.09

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

42 Other expenses # (Continued)

	Year ended 31 March, 2022	Year ended 31 March, 2021
Legal charges	1,047.10	560.04
Professional fees *	3,177.94	1,807.40
Insurance	56.20	81.87
Travelling and conveyance	1,746.51	743.35
CSR expenditure **	33.51	1,418.61
Outsource collection charges	1,624.54	1,014.19
Intangible assets under development written off	-	3.14
Credit guarantee fees	965.50	1,596.45
Miscellaneous expenses	974.43	631.50
	17,788.82	**12,050.09**

Refer Note 48 for related party disclosures

***Payments to auditors ##**

	Year ended 31 March, 2022	Year ended 31 March, 2021
Statutory audit including limited review	107.57	85.00
Other services	18.61	12.63
Reimbursement of expenses	7.73	5.73
Total	**133.91**	**103.36**

Does not include the remuneration paid to the auditor's of subsidiary Company.

****Details of corporate social responsibility expenditure ("CSR")**

A CSR committee has been formed by the Group as per the Companies Act, 2013. CSR expenses have been incurred through out the year on the activities as specified in Schedule VII of the said Act. The focus area of CSR initiatives undertaken by the Group are education, health and environment. The Group incurs CSR expenses directly or through trust Magma Foundation.

	Year ended 31 March, 2022	Year ended 31 March, 2021
(a) Amount required to be spent by the Group during the year	26.26	703.90
(b) Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	33.51	1,418.61
(c) Shortfall at the end of the year	-	-
(d) Previous years shortfall	-	-
(e) Reason for shortfall	Not Applicable	Not Applicable

(f) Nature of CSR activities

i) M Scholar : Under this, scholarships are offered to meritorious students from marginalized families

ii) Highway Hero : Under this, medical camps are conducted and tranings are provided to truck drivers

iii) M Care : Under this, health camps are conducted in rural areas, which lacks basic health infrastructure or clinics.

iv) Mid Day Meal : Under this, happiness kits are distributed consisting of exercise nooks, stationery, masks, santizers, etc to students of government schools.

Note: As per Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, In previous year ended 31st March, 2021 Group had transferred a sum of ₹ 476.76 lacs to Poonawalla Fincorp Limited-Unspent Corporate Social Responsibility Bank account with ICICI Account No.: 000605035547, being the amount related to continuing CSR projects. Group had also created liability of the same amount. Out of the same, Group has spent ₹ 133.68 lacs during the year ended 31 March, 2022.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

43 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 March, 2022			As at 31 March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	35,471.48	-	35,471.48	35,782.49	-	35,782.49
Other bank balances	22,339.87	1,885.64	24,225.51	37,458.22	4,227.87	41,686.09
Derivative financial instruments	50.63	-	50.63	-	-	-
Receivables	1,403.12	-	1,403.12	1,291.57	-	1,291.57
Loans	521,133.12	963,936.76	1,485,069.88	394,449.83	741,672.98	1,136,122.81
Investments	-	0.16	0.16	-	17,736.59	17,736.59
Other financial assets	15,231.76	8,220.32	23,452.08	14,488.34	11,437.94	25,926.28
	595,629.98	**974,042.88**	**1,569,672.86**	**483,470.45**	**775,075.38**	**1,258,545.83**
Non-financial Assets						
Current tax assets (net)	-	11,576.62	11,576.62	-	9,500.78	9,500.78
Deferred tax assets (net)	-	19,702.87	19,702.87	-	29,416.52	29,416.52
Investment property	-	7.70	7.70	-	7.88	7.88
Property, plant and equipment	-	12,256.81	12,256.81	-	12,497.48	12,497.48
Intangible assets under development	-	45.94	45.94	-	18.15	18.15
Goodwill	-	1,430.34	1,430.34	-	1,430.34	1,430.34
Other intangible assets	-	1,930.06	1,930.06	-	1,954.45	1,954.45
Right to use assets	1,414.22	4,389.57	5,803.79	902.77	2,787.46	3,690.23
Assets held for sale	18,261.88	-	18,261.88	364.70	-	364.70
Other non-financial assets	1,916.48	1,664.71	3,581.19	2,886.91	904.97	3,791.88
	21,592.58	**53,004.62**	**74,597.20**	**4,154.38**	**58,518.03**	**62,672.41**
	617,222.56	**1,027,047.50**	**1,644,270.06**	**487,624.83**	**833,593.41**	**1,321,218.24**
LIABILITIES						
Financial Liabilities						
Derivative financial instruments	26.87	-	26.87	-	-	-
Payables	1,512.48	-	1,512.48	9,409.00	-	9,409.00
Debt securities	22,000.24	71,995.65	93,995.89	32,506.35	93,995.88	126,502.23
Borrowings (other than debt securities)	351,191.08	486,856.95	838,048.03	501,604.63	331,854.10	833,458.73
Subordinated liabilities	12,372.50	46,466.51	58,839.01	24,538.61	58,805.36	83,343.97
Lease liabilties	1,099.93	5,359.52	6,459.45	787.17	3,396.34	4,183.51
Other financial liabilities	30,040.24	-	30,040.24	31,732.13	-	31,732.13
	418,243.34	**610,678.63**	**1,028,921.97**	**600,577.89**	**488,051.68**	**1,088,629.57**
Non-Financial Liabilities						
Current tax liabilities (Net)	36.02	-	36.02	943.56	-	943.56
Provisions	301.49	911.91	1,213.40	91.03	1,256.81	1,347.84
Other non-financial liabilities	8,205.53	71.10	8,276.63	10,816.74	50.09	10,866.83
	8,543.04	**983.01**	**9,526.05**	**11,851.33**	**1,306.90**	**13,158.23**
	426,786.38	**611,661.64**	**1,038,448.02**	**612,429.22**	**489,358.58**	**1,101,787.80**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

44 Employee benefits

The Group operates the following post-employment plans -

i. Defined contribution plan

The contribution made to various statutory funds is recognised as expenses and included in Note 36 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss. The detail is as follows

	Year ended 31 March, 2022	Year ended 31 March, 2021
Provident and Other Funds	2,377.62	1,984.93

ii. Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The scheme is fully funded with Life Insurance Corporation of India (LIC). This defined benefit plan expose the Company to actuarial risks, such as regulatory risk, credit risk, liquidity risk, etc. as defined below.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March, 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's financial statements as at balance sheet date:

	As at 31 March, 2022	As at 31 March, 2021
Net defined benefit asset	463.64	306.64

A. Funding

The scheme is fully funded with Life Insurance Corporation of India (LIC). The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section E below.

Expected contributions to Gratuity plans for the year ending 31 March, 2022 is ₹ 194.8 lacs

B. Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	As at 31 March, 2022			As at 31 March, 2021		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance at the beginning of the year	2,604.48	2,911.12	(306.64)	2,633.68	2,707.39	(73.71)
Included in profit or loss						
Current service cost	451.93	-	451.93	399.80	-	399.80
Interest cost (income)	176.35	(201.02)	(24.67)	163.85	(180.07)	(16.22)
	628.28	**(201.02)**	**427.26**	**563.65**	**(180.07)**	**383.58**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

44 Employee benefits (Continued)

	As at 31 March, 2022			As at 31 March, 2021		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Included in Other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- financial assumptions	(85.87)	-	(85.87)	(86.66)	-	(86.66)
- experience adjustment	139.21	-	139.21	(187.73)	-	(187.73)
– On plan assets	-	7.95	7.95	-	-	-
	53.34	**7.95**	**61.29**	**(274.39)**	**-**	**(274.39)**
Other						
Contributions paid by the employer	-	636.19	(636.19)	-	342.12	(342.12)
Benefits paid	(825.21)	(815.85)	(9.36)	(318.46)	(318.46)	-
	(825.21)	**(179.66)**	**(645.55)**	**(318.46)**	**23.66**	**(342.12)**
Balance at the end of the year	**2,460.89**	**2,924.64**	**(463.64)**	**2,604.48**	**2,911.12**	**(306.64)**

C. Plan assets

	As at 31 March, 2022	As at 31 March, 2021
Investment with Life Insurance Corporation	100%	100%

On an annual basis, an asset-liability matching study is done whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

D. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March, 2022	As at 31 March, 2021
Discount rate	6.89% - 7.28%	6.90% - 6.97%
Future salary growth	5.00%	5.00%
Withdrawal rate:		
Upto 40 years	4.20%	4.20%
40 years to 54 years (per annum)	1.80%	1.80%
Above 54 years (per annum)	2.20%	2.20%
Expected rate of return on plan assets	6.90% - 6.97%	6.62% - 6.65%
Mortality	IALM (2012-14)	IALM (2012-14)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

44 Employee benefits (Continued)

E. Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at 31 March, 2022		As at 31 March, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25% movement)	2,406.73	2,516.98	2,531.59	2,680.47
Future salary growth (0.5% movement)	2,577.02	2,351.73	2,761.89	2,458.49
Withdrawal rate (2% movement)	2,460.30	2,460.30	2,604.62	2,604.33
Mortality rate (1% movement)	2,461.01	2,460.77	2,604.64	2,604.31

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. Expected maturity analysis of the defined benefit plans in future years

	As at 31 March, 2022	As at 31 March, 2021
1 year	194.80	105.38
Between 2-5 years	618.53	478.08
Between 6-10 years	1,226.07	970.36
Over 10 years	1,248.00	5,162.52
Total	**3,287.40**	**6,716.34**

As at 31 March, 2022, the weighted-average duration of the defined benefit obligation was 7.66-15.72 years (31 March, 2021: 12.93-16.61 years).

G. Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

Credit Risk: If the scheme is insured and fully funded on Projected Unit Credit (PUC) basis there is a credit risk to the extent the insurer(s) is/ are unable to discharge their obligations including failure to discharge in timely manner.

Pay-as-you-go Risk: For unfunded schemes financial planning could be difficult as the benefits payable will directly affect the revenue and this could be widely fluctuating from year to year. Moreover there may be an opportunity cost of better investment returns affecting adversely the cost of the scheme.

Discount Rate risk: The Group is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Liquidity Risk: This risk arises from the short term asset and liability cash-flow mismatch thereby causing the Group being unable to pay the benefits as they fall due in the short term. Such a situation could be the result of holding large illiquid assets disregarding the results of cash-flow projections and cash outgo inflow mismatch. (Or it could be due to insufficient assets/cash).

Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Market Risk (Interest Rate): Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Longevity Risk: The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

44 Employee benefits (Continued)

Future salary increase risk: Actual Salary increase that are higher than the assumed salary escalation, will result in increase to the Obligation at a rate that is higher than expected.

Demographic Risk: If actual withdrawal rates are higher than assumed withdrawal rates, the benefits will be paid earlier than expected. Similarly if the actual withdrawal rates are lower than assumed, the benefits will be paid later than expected. The impact of this will depend on the demography of the Group and the financials assumptions.

Regulatory risk: Any changes to the current Regulations by the Government, will increase (in most cases) or decrease the obligation which is not anticapated. Sometimes, the increase is many fold which will impact the financials quite significantly.

iii. Other long-term benefits

The Group provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of profit and loss for compensated absences is as under-

	Year ended 31 March, 2022	Year ended 31 March, 2021
Amount recognised in statement of profit and loss		
Compensated absences	560.86	472.07

45 Leases

The Group has adopted Ind AS 116 effective 01 April, 2019, using the modified retrospective method. The Group has applied the Accounting Standard to its leases with the cumulative impact recognised on the date of initial application ie 01 April, 2019. This has resulted in recognizing a right-of-use asset and a corresponding lease liabilities.

A. Lease in the capacity of Lessee

a) Nature : Leases considered here are taken for offices use, guesthouse and godown

b) Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Amount recognised in Statement of Profit or Loss		
1) Depreciation on right to use assets (gross)	1401.07	1,172.66
2) Interest expense on lease liability	588.39	301.83
3) Rent paid for leases which are not considered under IND AS 116	84.15	75.90
4) Income from subletting right of use assets	-	-
Other disclosures		
5) Total cash outflow for leases	1824.42	1,392.75
6) Additions to right to use assets	3980.44	1,187.60
7) Carrying amount of right to use assets (refer note 17)	5803.79	3,690.23
c) Bifurcation of rent paid during the year		
- - Principal	1236.03	1,090.92
- Interest	588.39	301.83

	As at 31 March, 2022	As at 31 March, 2021
d) Movement in the carrying value of the right of use asset		
Opening balance	3,690.23	5,571.51
Depreciation charge for the year	(1,401.07)	(1,172.66)
Additions during the year	3,980.44	1,386.00
Adjustment/deletion	(465.81)	(2,094.62)
Closing balance	**5,803.79**	**3,690.23**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

45 Leases (Continued)

	As at 31 March, 2022	As at 31 March, 2021
e) Movement in the carrying value of the lease liabilities		
Opening balance	4,183.51	5,983.06
Interest expense	588.39	301.83
Lease payments	(1,824.42)	(1,392.75)
Additions during the year	3,980.44	1,386.00
Adjustment/deletion	(468.47)	(2,094.62)
Closing balance	**6,459.45**	**4,183.51**

B. Lease in the capacity of Lessor

a) Nature : Operating and finanace lease of Vehicles primarily to Corporate clients

b) Group manages the risk associated with any rights it retains in underlying assets as per the terms of the respective lease contracts. There is a dedicated team which manages this portfolio.

c) Future lease payments

At year end, the future lease receivables under finance leases are as follows:

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
1st Year	8,631.21	8,756.41
2nd Year	6,413.39	6,340.38
3rd Year	4,045.23	3,763.46
4th Year	1,946.53	1,354.74
5th Year	362.60	320.56
More than 5 Years	-	1.90
	21,398.96	**20,537.45**

At year end, the future lease receivables under operating leases are as follows:

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
1st Year	2,573.88	2,914.00
2nd Year	1,701.51	1,978.80
3rd Year	1,045.45	956.08
4th Year	487.04	394.32
5th Year	182.89	117.22
More than 5 Years	-	-
	5,990.77	**6,360.42**

d) Reconciliation - Finance lease

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Net investment in lease (carrying amount of Finance lease) (A)	17,727.46	17,104.06
Unearned finance income (B)	3,671.50	3,433.39
Total lease payments (A+B)	**21,398.96**	**20,537.45**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

46 Earnings per share (EPS)

Particulars		Units	Year ended 31 March, 2022	Year ended 31 March, 2021
a)	(i) Weighted average number of equity shares for basic EPS	Nos	717,034,063	269,552,784
	(ii) Effect of potential ordinary equity shares on employee stock options	Nos	8,998,302	1,473,054
	(iii) Weighted average number of equity shares for diluted EPS	Nos	726,032,365	271,025,838
b)	Net profit after tax	₹ in Lakhs	37,511.61	(55,896.44)
c)	Net profit for equity shareholders for basic and diluted EPS	₹ in Lakhs	37,511.61	(55,896.44)
d)	(i) Earnings per share (Face value of ₹ 2/- per share) – basic	₹	5.23	(20.74)
	(ii) Earnings per share (Face value of ₹ 2/- per share) – diluted	₹	5.17	(20.74)

47 Share-based payments

A Description of share-based payment arrangements

The Group instituted the Employee Stock Option Plan (ESOP) in 2007 and Restricted Stock Option Plan 2014 (RSOP) in 2014 and Employee Stock Option Plan (ESOP) in 2021 which were approved by the Board of Directors and the shareholders of the Company.

ESOP, 2007

Under ESOP 2007, the Group provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Group's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Group. The options generally vest in a graded manner and are exercisable within 3/4 years from the date of vesting. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended 31 March, 2011, the number of options increased from 1,000,000 to 5,000,000.

During the year, the Nomination and Remuneration Committee of the Group has approved cancellation of 1,170,000 ungranted options under ESOP 2007. Options already granted under ESOP 2007 to eligible employees shall remain operational.

RSOP, 2014

Under RSOP 2014, the Group provided for the creation and issue of 5,000,000 options, that would eventually convert into equity shares of ₹ 2/- each in the hands of the Group's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Group and at the exercise price of the face value of ₹ 2/- each. The options generally will vest in a graded manner and are exercisable within 3 years from the date of vesting. The shareholders of the Group on 24 July, 2021 had amended the RSOP 2014 by increasing existing plan pool from 5,000,000 equity shares having face value of ₹ 2 ('Equity Shares') to 10,000,000 Equity Shares

During the year, 8,647,481 awards were lapsed and added in the pool. The Nomination and Remuneration Committee of the Group has granted 15,200,000 awards (31 March, 2021: 1,280,515 awards) under RSOP 2014 to the eligible employees of the Group (each award entitles the award holder to 1 equity share of ₹ 2/- each).

ESOP, 2021

The shareholders of the Group on 24 July, 2021 had instituted ESOP Plan 2021 wherein the Group provided for the creation and issue of 15,000,000 options, that would eventually convert into equity shares of ₹ 2/- each in the hands of the Group's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Group and at the fair market value. The options generally will vest in a graded manner and are exercisable within 36 months from the date of vesting.

During the year, the Nomination and Remuneration Committee of the Group has granted 8,087,800 options (31 March, 2021: NA) under ESOP 2021 to the eligible employees of the Group (each options entitles the option holder to 1 equity share of ₹ 2/- each).

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

47 Share-based payments (Continued)

B Measurement of fair values

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option of Poonawalla Fincorp Limited (Formerly Magma Fincorp Limited) was ₹ 145.82 (31 March, 2021: ₹ 46.28).

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Units	31 March, 2022	31 March, 2021
Fair value at grant date	₹	14.41 - 250.82	14.41 - 146.98
Share price at grant date	₹	39.45 - 254.25	39.45 - 151.50
Exercise price	₹	2.00 - 256.03	2.00 - 120.00
Expected volatility (weighted average volatility)	%	40.86 - 55.43	39.83 - 49.99
Expected life (expected weighted average life)	years	3.05 - 4.50	2.38 - 5.21
Expected dividend yield	%	0.20 - 2.03	0.53 - 2.03
Risk-free interest rate (based on government bonds)	%	4.60 - 8.06	6.80 - 8.06

Expected volatility has been based on an evaluation of the historical volatility of the Group's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

C Reconciliation of outstanding share options

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

ESOP, 2007

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	2,124,957	74.16	2,204,088	72.61
Add: Granted during the year	-	-	92,000	2.00
Less: Exercised during the year	1,408,231	36.71	101,400	2.00
Less: Lapsed/forfeited during the year	398,029	33.56	69,731	34.88
Outstanding options at the end of the year	**318,697**	**290.33**	**2,124,957**	**74.16**
Options vested and exercisable at the end of the year	80,340	23.23	1,107,867	36.31

The options outstanding at 31 March, 2022 have an exercise price in the range of ₹ 2 to ₹ 39.45 (31 March, 2021: ₹ 2 to ₹ 60) and a weighted average remaining contractual life of 0.7 years (31 March, 2021: 1.2 years).

The weighted average share price at the date of exercise for share options exercised in 2021-22 was ₹ 145.37 (2020-21: ₹ 36.69).

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

47 Share-based payments (Continued)

RSOP 2014

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	1,580,515	49.94	300,000	100.00
Add: Granted during the year	15,200,000	2.00	1,280,515	38.21
Less: Exercised during the year	184,310.00	38.21	-	-
Less: Lapsed/forfeited during the year	8,647,481	8.53	-	-
Outstanding options at the end of the year	**7,948,724**	**3.59**	**1,580,515**	**49.94**
Options vested and exercisable at the end of the year	72,502.00	38.21	-	-

The options outstanding at 31 March, 2022 have an exercise price in the range of ₹ 2 to ₹ 38.21 (31 March, 2021: ₹ 38.21 to ₹ 100) and a weighted average remaining contractual life of 1.87 years (31 March, 2021: 1.61 years).

The weighted average share price at the date of exercise for share options exercised in 2021-22 was ₹ 266.10 (2020-21: Nil).

ESOP 2021

Particulars	Year ended 31 March, 2022		Year ended 31 March, 2021	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	-	-	-	-
Add: Granted during the year	8,087,800	187.57	-	-
Less: Exercised during the year	-	-	-	-
Less: Lapsed/forfeited during the year	2,149,000	170.42	-	-
Outstanding options at the end of the year	**5,938,800**	**193.78**	**-**	**-**
Options vested and exercisable at the end of the year	-	-	-	-

The options outstanding at 31 March, 2022 have an exercise price in the range of ₹ 164.42 to ₹ 256.03 (31 March, 2021: Nil) and a weighted average remaining contractual life of 2.7 years (31 March, 2021: Nil).

No options were exercised during the year FY 21-22 and FY 20-21.

D Equity shares reserved for issue under options

	No. of options granted	Exercise price (₹)	Year ended 31 March, 2022		Year ended 31 March, 2021	
			No. of options	Amount (₹ in lacs)	No. of options	Amount (₹ in lacs)
Tranche VI	50,000	60.00	-	-	10,000	0.20
Tranche XVI A	726,083	39.45	-	-	400,411	8.01
Tranche XVI B	322,000	2.00	4,000	0.08	56,400	1.13
Tranche XVII	8,000	2.00	-	-	2,800	0.06
Tranche XIX	60,000	39.45	-	-	60,000	1.20
Tranche XX	30,000	39.45	-	-	30,000	0.60

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

47 Share-based payments (Continued)

	No. of options granted	Exercise price (₹)	Year ended 31 March, 2022		Year ended 31 March, 2021	
			No. of options	Amount (₹ in lacs)	No. of options	Amount (₹ in lacs)
Tranche XXI	100,000	39.45	-	-	100,000	2.00
Tranche XXII	44,000	2.00	5,600	0.11	25,600	0.51
Tranche XXIII	9,000	39.45	-	-	9,000	0.18
Tranche XXIV A	125,000	39.45	37,500	0.75	125,000	2.50
Tranche XXIV B	175,000	39.45	-	-	175,000	3.50
Tranche XXV	1,001,711	39.45	179,397	3.59	942,746	18.85
Tranche XXVI	102,000	2.00	37,600	0.75	96,000	1.92
Tranche XXVII	92,000	2.00	54,600	1.09	92,000	1.84
Under RSOP 2014:						
Tranche I (D)	300,000	100.00	-	-	300,000	6.00
Tranche II	1,263,495	38.21	336,810	6.74	1,263,495	25.27
Tranche II (A)	17,020	38.21	11,914	0.24	17,020	0.34
Tranche V (A) & (B)	5,000,000	2.00	5,000,000	100.00	-	-
Tranche VI (A) & (B)	2,600,000	2.00	2,600,000	52.00	-	-
Under ESOP 2021:						
Tranche I	1,500,000	175.48	500,000	10.00	-	-
Tranche II	4,325,750	164.42	3,196,750	63.94	-	-
Tranche III	170,000	256.03	150,000	3.00	-	-
Tranche IV	2,092,050	238.55	2,092,050	41.84	-	-

E Amount recognised in statement of profit and loss

Year ended 31 March, 2022 : ₹ 1,655.20 lacs

Year ended 31 March, 2021 : ₹ 308.04 lacs

Share Based Payments by Subsidiary (Poonawalla housing Finance Limited)

A Description of share-based payment arrangements

The Subsidiary Company instituted the Magma Housing Finance Limited - Employee Stock Option Plan (ESOP 2018) in 2018, Poonawalla Housing - Restricted Stock Option Plan 2018 (PHRSO 2018) in 2018 as amended and PHFL - Employee Stock Option Plan in 2021, which were approved by the Board of Directors and shareholders of the Subsidiary Company. Implementation of ESOP 2018 and PHRSO 2018 have been made through Trust route with a view to efficiently manage the Stock Option Plans. The Subsidiary Company had set up the Poonawalla Housing ESOP Trust on 31.03.2018. The ESOP Trust is managed by Independent Professionals as Trustees.

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

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

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

(All amounts are in ₹ lacs unless otherwise stated)

47 Share-based payments (Continued)

Share Based Payments by Subsidiary (Poonawalla housing Finance Limited) (Continued)

Further, pursuant to a resolution passed by the members holding Equity shares vide Extra Ordinary General Meeting held on 25 January, 2022, the Subsidiary Company had amended the Restricted Stock Option Plan - 2018 of the Company (PHRSO 2018). The members had also approved the offer, acquisition and allotment by additional 5,00,000 (Five Lakhs only) Restricted Stock Options in the PHRSO 2018 at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the NRC. During the year, the members of the NRC had granted 4,00,000 (Four Lakhs only) Options in two tranches of 2,00,000 options each, effective from 29 January, 2022, under PHRSO 2018 to eligible employee. Further, the NRC on 29 November, 2021, had approved the allotment of 1,973,333 equity shares to eligible employee pursuant to exercise of RSO granted under PHRSO 2018.

Particulars	MHFL ESOP 2018	PHRSO 2018

Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.
	In tranche 7 the vesting is dependent on following two conditions:
	• Vesting is linked to achievement of at least one of the following two on or before 31st March, 2022:
	  • Capital raise in Magma Housing Finance for INR 250 Crore or more. Successful completion of this condition will mean receipt of the capital raise money in the bank
	  • Successful demerger of the mortgage portfolio from Magma Fincorp Limited. Successful completion of this condition will mean filing of documents for scheme of arrangement with the ROC
	• Vesting Period – 100% of options will vest either on successful completion of vesting condition, or 1 year from the date of grant, whichever is later, subject to successful completion of vesting condition.
		The vesting conditions are linked to profitability

Vesting period	The vesting period for Tranche 3 to 6 is as follows: (a) 30% of the options shall vest on the expiry of one year from the date of the Grant. (b) 30% of the options shall vest on the expiry of two year from the date of the Grant. (c) 40% of the options shall vest on the expiry of three year from the date of the Grant. In Tranche 7 the live options vest fully (100%) after expiry of one year from the date of grant.	Revised vesting criteria of RSO (a) 1,480,000 to be deemed vested effective FY 22 upon execution of necessary documents and resetting the AUM and RoE targets for FY'20 vesting. (b) Balance 1,480,000 in three tranches annually by FY'23 subject to performance conditions on AUM and ROE. (c) Enable catchup of unvested component in FY'23 if average actual RoE exceeds average target RoE by 1%.

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

47 Share-based payments (Continued)

Share Based Payments by Subsidiary (Poonawalla housing Finance Limited) (Continued)

B Reconciliation of outstanding share options

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

ESOP, 2018

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

The options outstanding at 31 March, 2022 have exercise price of ₹ 58.39 & NIL (Tranche 6 and 7), ₹ 36.66 (Tranche 4 & 5) and ₹ NIL (Tranche 3) (31 March, 2021: ₹ 58.39, ₹ 36.66 & ₹ 19.65) and a weighted average remaining contractual life of 1.27 years (31 March, 2021: 1.65 years)1

MHRSO, 2018 :

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

The options outstanding at 31 March, 2022 have an exercise price of ₹ 10 (31 March, 2021: ₹ 10) and a weighted average remaining contractual life of 0.76 years (31 March, 2021: 1.24 years)

(i) There are no identified employees who were granted ESOP, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

(ii) There are is 1 identified employee who was granted RSO, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

C The fair value of the options granted is determined on the date of the grant using the “Black-Scholes option pricing model”and the inputs used in the measurement of the grant-date fair values are as follows:

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Fair market value of option as on the date of grant	20.89 - 31.76	16.33 - 31.76
Exercise price	10.00 - 58.39	10.00 - 58.39
Expected volatility (%) of share price	41.76% - 45.73%	40.54% - 41.73%
Expected option life (weighted average)	up to 1 years	up to 3 years
Risk free interest rate (p.a.)	4.70% to 6.43%	4.70% to 7.88%

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Related parties

(i) Name of related parties and description of relationship:

A **Parent Company**

Rising Sun Holdings Private Limited (w.e.f 21 May, 2021) (RSHPL)

B **Holding Company**

Poonawalla Fincorp Limited

C **Subsidiary Company**

Poonawalla Housing Finance Limited

D **Fellow Subsidiary**

Poonawalla Finance Private Limited

E **Joint Venture**

Magma HDI General Insurance Company Limited

Jaguar Advisory Services Private Limited

F

Key Managerial Personnel ('KMP') and their Relatives	Nature of Relationship
Mr. Abhay Bhutada	Managing Director (w.e.f 1 June, 2021 upto 16 September, 2021, reappointed w.e.f 12 February, 2022)
Mr. Sanjay Miranka	Group Chief Financial Officer (w.e.f 2 July, 2021)
Mr. Vijay Deshwal	Group Chief Executive Officer (w.e.f 21 June, 2021 upto 4 March, 2022)
Mr. May,ank Poddar	Chairman Emeritus and Whole Time Director (upto 7 November, 2020)
Mr. Sanjay Chamria	Executive Vice Chairman (upto 23 November, 2021) (Vice Chairman and Managing Director upto 1 June, 2021)
Mr. Kailash Baheti	Chief Financial Officer (upto 1 July, 2021)
Mrs. Shabnum Zaman	Company Secretary

G

Directors	Nature of Relationship
Mr. Adar Cyrus Poonawalla	Chairman & Non Executive Director (w.e.f 1 June, 2021)
Mr. Prabhakar Dalal	Independent Director (w.e.f 5 May, 2021)
Mr. Amar Sudhakar Deshpande	Non Executive Director (w.e.f 3 June, 2021)
Mr. Sajid Fazalbhoy	Non Executive Director (w.e.f 4 February, 2022) (Independent Director w.e.f 5 May, 2021 upto 3 February, 2022)
Mr. Atul Kumar Gupta	Independent Non Executive Director (w.e.f 27 January, 2022)
Mr. G Jaganmohan Rao	Independent Non Executive Director (w.e.f 15 January, 2022)
Mr. Sanjay Kumar	Independent Non Executive Director (w.e.f 15 January, 2022)
Mr. Narayan K Seshadri	Chairman and Independent Director (upto 31 August, 2020)
Mr. May,ank Poddar	Non Executive Director (w.e.f 8 November, 2020 upto 7 June, 2021)
Mr. V K Viswanathan	Independent Director (Upto 8 February, 2021)
Mrs. Vijayalakshmi R Iyer	Independent Director (w.e.f 31 January, 2019)
Mr. Sunil Rewachand Chandiramani	Independent Director (w.e.f 10 December, 2019 upto 3 June, 2021)
Mr. Bontha Prasada Rao	Independent Director (w.e.f 10 December, 2019)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Related parties (Continued)

H	Relatives of Directors / KMP	Nature of Relationship
	Harshvardhan Chamria	upto 23 November, 2021
	May,ank Poddar (HUF)	upto 7 June, 2021
	Kalpana Poddar	upto 7 June, 2021
	Ashita Poddar	upto 7 June, 2021
	Bimla Devi Baheti	upto 1 July, 2021
	Shashi Baheti	upto 1 July, 2021
	Apoorva Baheti	upto 1 July, 2021
	Ankita Baheti	upto 1 July, 2021
	Kailash Baheti (HUF)	upto 1 July, 2021
	Sanjay Chamria (HUF)	upto 23 November, 2021
	Banwarilal Chamria and Others (HUF)	upto 23 November, 2021

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

Name of related party	Nature of transaction	Transaction for the year ended 31 March, 2022	Outstanding amount as at 31 March, 2022	Transaction for the year ended 31 March, 2021	Outstanding amount as at 31 March, 2021
A) Parent Company					
Rising Sun Holdings Private Limited	Share Capital	9,160.00	-	-	-
	Share Premium	311,440.00	-	-	-
B) Fellow Subsidiary					
Poonawalla Finance Private Limited	Purchase of property plant and equipment	361.24	-	-	-
C) Joint Venture					
1 Magma HDI General Insurance Company Limited	Investment in equity shares	-	10,917.91	-	10,917.91
	Short-term loans and advances given	8,564.01	1,208.51	14,496.02	716.03
	Refund/adjustment of short-term loans and advances given	8,071.52	-	14,913.35	-
	Claims Received	23.35	-	5.92	-
	Insurance commission income	742.49	32.77	1,234.54	68.27
	Insurance premium paid	103.08	-	149.15	-
	Advance for mediclaim policy	733.82	733.82		
	Subscription to public issue of NCD	-	7,500.00	-	7,500.00
	Interest accrued but not due on NCD	787.50	711.99	787.29	711.99
	Interest Paid on NCD	787.50			
	Share application money paid **	-	-	787.50	-
2 Jaguar Advisory Services Private Limited	Investment in equity shares	-	2.20	-	2.20

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Related parties (Continued)

	Name of related party	Nature of transaction	Transaction for the year ended 31 March, 2022	Outstanding amount as at 31 March, 2022	Transaction for the year ended 31 March, 2021	Outstanding amount as at 31 March, 2021
D)	Private Company in which director is member or director					
1	Celica Developers Private Limited	Repayment of Loan	2,444.60	-	40.57	-
		Interest income	269.99	-	367.92	-
		Loan Given	-	-	-	2,444.60
2	Magma Consumer Finance Pvt. Ltd.	Sale of car	23.00	-	-	-
		Subscription to public issue of NCD	-	-	-	8.68
		Interest accrued but not due on NCD	0.12	-	-	0.72
		Interest Paid on NCD	0.30	-	0.27	-
3	CLP Business LLP	Rent Expense	-	-	3.81	-
		Security deposit given	-	-	-	6.45
E)	Key management personnel					
1	Mr. Abhay Bhutada	Director's remuneration	217.24	-	-	-
2	Mr. Sanjay Miranka	Salary	336.82	-	-	-
3	Mr. Vijay Deshwal	Salary	740.81	-	-	-
4	Mr. May,ank Poddar	Director's remuneration	-	-	112.71	-
		Refund received of earlier year Remuneration #	-	-	136.27	-
		Mediclaim premium paid recoverable # #	-	-	0.08	-
		Share Capital	357.14	-	-	-
		Share Premium	12,142.86	-	-	-
5	Mr. Sanjay Chamria	Director's remuneration	183.51	-	224.40	-
		Share Capital	357.14	-	-	-
		Share Premium	12,142.86	-	-	-
		Refund received of earlier year Remuneration #	-	-	181.58	-
		Mediclaim premium paid recoverable # #	-	-	0.08	-
6	Mr. Kailash Baheti	Salary	429.74	-	217.25	-
		Share Capital	3.62	-	-	-
		Share Premium	67.79	-	-	-
		Subscription to public issue of NCD	-	-	-	10.00
		Interest accrued but not due on NCD	0.24	-	0.98	1.86
		Mediclaim premium paid recoverable # #	-	-	0.08	-
7	Mrs. Shabnum Zaman	Salary	59.10	-	27.42	-
		Share Capital	0.07	-	-	-
		Mediclaim premium paid recoverable # #	-	-	0.06	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

48 Related parties (Continued)

Name of related party	Nature of transaction	Transaction for the year ended 31 March, 2022	Outstanding amount as at 31 March, 2022	Transaction for the year ended 31 March, 2021	Outstanding amount as at 31 March, 2021
F) Directors					
1 Mr. Adar Cyrus Poonawalla	Sitting fees	4.00	-	-	-
2 Mr. Prabhakar Dalal	Sitting fees	43.30	0.90	-	-
3 Mr. Amar Sudhakar Deshpande	Sitting fees	40.70	0.90	-	-
4 Mr. Sajid Fazalbhoy	Sitting fees	30.30	-	-	-
5 Mr. Atul Kumar Gupta	Sitting fees	3.50	-	-	-
6 Mr. G Jaganmohan Rao	Sitting fees	6.00	0.90	-	-
7 Mr. Sanjay Kumar	Sitting fees	6.00	0.90	-	-
8 Mr. Narayan K Seshadri	Sitting fees	-	-	15.00	-
9 Mr. May,ank Poddar	Sitting fees	10.00	-	8.00	-
10 Mr. V K Viswanathan	Sitting fees	-	-	27.00	-
11 Mr. Sunil Rewachand Chandiramani	Sitting fees	11.40	-	32.10	-
12 Mrs. Vijayalakshmi R Iyer	Sitting fees	37.30	0.90	32.10	-
13 Mr. Bontha Prasada Rao	Sitting fees	22.50	-	16.20	-
G) Relatives of Directors					
1 Mr. Harshvardhan Chamria	Salary	37.15	-	118.46	-
	Sale of laptop	0.30	-	0.08	-
	Mediclaim premium paid recoverable #	-	-	-	-
2 May,ank Poddar (HUF)	Rent expense	2.08	-	11.19	-
	Advances given / Prepaid Rent ##	-	-	-	4.64
3 Kalpana Poddar	Rent expense	4.17	-	22.38	-
	Advances given / Prepaid Rent ***	-	-	-	9.29
4 Ashita Poddar	Rent expense	2.08	-	11.19	-
	Advances given / Prepaid Rent ***	-	-	-	4.64
5 Bimla Devi Baheti	Subscription to public issue of NCD	-	-	-	10.00
	Interest accrued but not due on NCD	0.24	-	0.98	1.86
6 Shashi Baheti	Subscription to public issue of NCD	-	-	-	10.00
	Interest accrued but not due on NCD	0.24	-	0.98	1.86
7 Apoorva Baheti	Subscription to public issue of NCD	-	-	-	10.00
	Interest accrued but not due on NCD	0.24	-	0.98	1.86
8 Ankita Baheti	Subscription to public issue of NCD	-	-	-	10.00
	Interest accrued but not due on NCD	0.24	-	0.98	1.86

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

Name of related party	Nature of transaction	Transaction for the year ended 31 March, 2022	Outstanding amount as at 31 March, 2022	Transaction for the year ended 31 March, 2021	Outstanding amount as at 31 March, 2021
9 Kailash Baheti (HUF)	Subscription to public issue of NCD	-	-	-	10.00
	Interest accrued but not due on NCD	0.24	-	0.98	1.86
10 Sanjay Chamria (HUF)	Subscription to public issue of NCD	-	-	-	25.00
	Interest accrued but not due on NCD	1.66	-	2.56	2.32
	Interest Paid on NCD	2.56	-	2.56	-
11 Banwarilal Chamria and Others(HUF)	Subscription to public issue of NCD	-	-	-	25.00
	Interest accrued but not due on NCD	1.66	-	2.56	2.32
	Interest Paid on NCD	2.56	-	2.56	-

Related parties identified includes related parties as per section 2(76) of the Companies Act, 2013.

Transactions with related parties have been identified on the basis of related party transactions disclosed in financial statement of the respective subsidiary Company.

*represents expenses recovered towards infrastructural support, operational assistance and other services.

** MHDI will report advance against mediclaim policy in April, 2022 as the policy is issued in April, 2022.

*** The remuneration paid to KMP for the Financial Year 2019-20 had exceeded the limit specified under Regulation 17(6) (e) of the SEBI regulations. Since, resolution for payment of excess remuneration was not passed with requisite majority, the same has been reversed by the Company during the quarter ended 30 September, 2020.The KMP has repaid the outstanding amount in Q3 of FY 21 net of TDS.

Mediclaim Paid includes recoverable portion of Top up Insurance with MHDI.

Pursuant to loss due to additional provision for COVID-19,the existing managerial remuneration paid by the Company to its Whole Time Director (upto 7 November, 2020) and the Vice Chairman and Managing Director of the Company for the financial year ended 31 March, 2021, being in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by ₹ NIL and ₹ 49.93 lacs for Whole Time Director and Vice Chairman and Managing Director respectively and in excess of limit prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by ₹ 112.71 lacs and ₹ 224.40 lacs for Whole Time Director and Vice Chairman and Managing Director respectively. The Company is in process of obtaining approval from its shareholders vide special resolution at the forthcoming annual general meeting for such excess remuneration paid. The Company is reasonably certain of getting the required approval.

(iii) Compensation of key managerial personnel

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Short-term employee benefits	1,653.72	571.49
Post-employment defined benefit *	16.20	10.29
Share-based payments	297.30	-
	1,967.22	**581.78**

*Excludes provision for leave encashment and gratuity for key management personnel as these are determined for the Company as a whole.

Terms and conditions

All transactions with these related parties are priced on an arm’s length basis. Outstanding amount as at the end of the year, in respect of loan and advances are unsecured and to be settled in cash and / or adjusted against goods or services.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

49 Contingent liabilities

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

a) Contingent liabilities

	As at 31 March, 2022	As at 31 March, 2021
Claims against the Group not acknowledged as debt		
i) Income tax matters under dispute	590.94	340.04
ii) VAT matters under dispute	808.91	288.12
iii) Service tax matters under dispute	911.91	295.30
iv) Legal cases against the Group *	184.26	172.70

* The Group is also involved in other law suits, claims, investigations and proceedings, including collection and repossession related matters, which arise in the ordinary course of business. However, there are no significant claims on such cases. Future cash outflows in respect of the above, if any, is determinable only on receipt of judgement / decisions pending with the relevant authorities.

Guarantees *	1,500.00	1,500.00

* During the year the Group has not issued any new bank guarantee. (31 March, 2021: Bank Guarantee of ₹ 1,500 lacs was issued against loan facilities availed from NHB))

b) Commitments

	As at 31 March, 2022	As at 31 March, 2021
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	124.61	133.65
(ii) Undisbursed housing/other loans	18,693.61	16,396.27

c) The amount included above represents best possible estimate arrived at on the basis of available information. The Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision has been created.

d) The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. As at year end, the Group does not have any long term contracts (including derivative contracts) for which there were material foreseeable losses.

e) The Group has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Group has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its consolidated financial statements.

50 Interest in other entities

a. Subsidiaries

The group's subsidiary at 31 March, 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the subsidiary company	Place of business/ country of incorporation	Ownership interest held by the group (in %)		Ownership interest held by non-controlling interests (in %)		Principal activities
		As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2022	
Poonawalla Housing Finance Limited (PHFL) (Formerly Magma Housing Finance Limited)	India	99.22	100.00	0.78	-	Housing Finance.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

50 Interest in other entities (Continued)

b. Interests in joint ventures

The joint ventures listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The below joint ventures are by the virtue of contractual agreement.

Name of the Company	Place of business/ country of incorporation	Relationship	Accounting method	Ownership interest held by the group (in %)		Carrying value		Principal activities
				As at 31 March, 2021	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2022	
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture	Equity method	48.89	48.89	5,070.39	4,874.51	Manpower and Advisory Services
Magma HDI General Insurance Company Limited (MHDI)	India	Joint venture	Equity method	29.32	29.32	12,985.86	12,860.93	Insurance Services

Both the joint venture companies are unlisted and hence no quoted price is available. Accordingly fair values for the same are not disclosed.

The Group has accepted binding offer for sale of its shareholding in joint ventures (JVs) namely Magma HDI General Insurance Company Limited (Magma HDI) and Jaguar Advisory Services Private Limited (JASPL). The sale is subject to requisite regulatory approvals. Accordingly, in line with the requirements of Ind AS 105 "Non-current assets Held for Sale", such investments have been designated as assets held for sale and equity pickup method has been discontinued from 13 December, 2021.

(i) Summarised financial information for joint ventures

Particulars	Jaguar Advisory Services Private Limited (JASPL)		Magma HDI General Insurance Company Limited (MHDI)	
	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2022
Current assets	18.12	18.90	72,234.00	64,800.09
Non-current assets	9,751.28	9,952.05	438,021.00	358,369.91
Current liabilities	0.35	0.36	161,390.00	115,412.39
Non-current liabilities	-	-	308,687.00	263,197.61
Net assets	**9,769.05**	**9,970.59**	**40,178.00**	**44,560.00**

(ii) Reconciliation to carrying amounts

Particulars	Jaguar Advisory Services Private Limited (JASPL)		Magma HDI General Insurance Company Limited (MHDI)	
	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2022
Closing net assets*	9,769.05	9,970.59	40,178.00	44,560.00
Group's share (in ₹lacs)	5,070.39	4,874.51	13,159.59	13,034.66
Goodwill and other adjustments	-	-	(173.73)	(173.73)
Carrying amount	**5,070.39**	**4,874.51**	**12,985.86**	**12,860.93**

*Excludes share application money pending allotment.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

50 Interest in other entities (Continued)

(iii) Summarised statement of profit and loss

Particulars	Jaguar Advisory Services Private Limited (JASPL)		Magma HDI General Insurance Company Limited (MHDI)	
	Year ended 31 March, 2022	Year ended 31 March, 2022	Year ended 31 March, 2022	Year ended 31 March, 2022
Total revenue	2.37	12.05	210,020.00	183,221.00
Other income	0.80	0.21	9,101.00	92.00
Finance cost	0.01	0.01	5.00	-
Depreciation and amortization	-	-	1,129.00	1,061.00
Other operating expense	3.93	11.84	219,615.00	180,317.00
Share of profit of equity-accounted investee	(176.13)	215.37	-	-
Income tax expense/(income)	(41.37)	(26.62)	(417.00)	465.00
Profit for the year	**(135.53)**	**242.40**	**(1,211.00)**	**1,470.00**
Other comprehensive income/(loss)	(66.01)	(704.78)	(3,272.00)	(606.00)
Total comprehensive income/(loss)	**(201.53)**	**(462.38)**	**(4,483.00)**	**864.00**

51 Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 is given below:

(a) Financial information of subsidiaries (Poonawalla Housing Finance Limited) for the year ended 31 March, 2022 and 31 March, 2021:

Particulars	As on 31 March, 2022	As on 31 March, 2021
Share capital	25,179.45	16,582.99
Other equity	82,999.58	33,101.93
Total assets	438,699.36	313,360.38
Total liabilities	330,520.33	263,675.46
Investments	-	-
Turnover*	47,015.62	47,254.33
Profit before taxation	10,116.24	1,435.79
Provision for taxation	2,377.72	346.88
Profit after taxation	7,738.52	1,088.91
Dividend (including tax thereon)	-	-
% of shareholding	99.22%	100.00%

* Includes other income

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

51 Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 is given below: (Continued)

(b) Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to joint ventures:

As at 31 March, 2022

Name of joint ventures		Jaguar Advisory Services Private Limited	Magma HDI General Insurance Company Limited
1 Shares of joint ventures held by the Company on the year end			
No. of shares	Nos.	11,000.00	39,898,281.00
Amount of investment in joint ventures	₹in lacs	5,070.39	12,985.86
Extend of holding	%	48.89%	29.32%
2 Description of how there is significant influence		Holding more than 20% of the paid up capital	Holding more than 20% of the paid up capital
3 Net worth attributable to shareholding as per latest audited balance sheet	₹in lacs	5,068.19	2,067.95
4 Profit for the year*			
i. Considered in consolidation	₹in lacs	45.27	104.88
ii. Not considered in consolidation	₹in lacs	(180.80)	(1,315.88)

As at 31 March, 2021

Name of joint ventures		Jaguar Advisory Services Private Limited	Magma HDI General Insurance Company Limited
1 Shares of joint ventures held by the Company on the year end			
No. of shares	Nos.	11,000.00	39,898,281.00
Amount of investment in joint ventures	₹in lacs	4,874.51	12,860.93
Extend of holding	%	48.89%	29.32%
2 Description of how there is significant influence		Holding more than 20% of the paid up capital	Holding more than 20% of the paid up capital
3 Net worth attributable to shareholding as per latest audited balance sheet	₹in lacs	4,872.31	1,943.02
4 Profit for the year*			
i. Considered in consolidation	₹in lacs	118.50	429.98
ii. Not considered in consolidation	₹in lacs	123.91	1,040.02

* Excludes other comprehensive income

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

51 Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 is given below: (Continued)

(c) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

As at 31st March, 2022

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Holding								
Poonawalla Fincorp Limited	94.33	571,450.75	78.10	29,319.99	17.95	163.54	76.68	29,483.53
Subsidiary								
-Indian								
Poonawalla Housing Finance Limited (PHFL)	17.86	108,179.03	20.61	7,738.52	63.33	577.08	21.63	8,315.60
Joint Ventures(as per the equity method)								
-Indian								
Magma HDI General Insurance Company Limited (MHDI) *	0.34	2,067.95	0.28	104.88	2.20	20.06	0.32	124.94
Jaguar Advisory Services Private Limited (JASPL)	0.84	5,068.19	0.12	45.27	16.53	150.61	0.51	195.88
Total Eliminations/ Consolidation Adjustments	(13.36)	(80,943.88)	0.89	332.34	0.00	0.00	0.86	332.33
	100.00	**605,822.04**	**100.00**	**37,541.00**	**100.00**	**911.28**	**100.00**	**38,452.28**

Due to change in the shareholding structure of the Company during the year, there is a need to restructure the shareholding of Magma HDI General Insurance Company Limited to comply with IRDAI and RBI Regulations. Accordingly, the Company has accepted binding offer for sale of its shareholding in joint ventures (JVs) namely Magma HDI General Insurance Company Limited (Magma HDI) and Jaguar Advisory Services Private Limited (JASPL) which has been approved by the Board of Directors and Shareholders in their respective meetings held on 2 November, 2021 and 13 December, 2021. The sale is subject to requisite regulatory approvals. The Company expects to close the deal within a year. Accordingly, investment in JVs have been designated as assets held for sale.

As at 31st March, 2021

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Holding								
Poonawalla Fincorp Limited	88.50	194,206.41	103.47	(57,836.08)	508.49	294.16	103.05	(57,541.92)
Subsidiary								
-Indian								
Poonawalla Housing Finance Limited (PHFL)	22.64	49,684.92	(1.95)	1,088.91	493.52	285.50	(2.46)	1,374.41
Joint Ventures(as per the equity method)								
-Indian								
Magma HDI General Insurance Company Limited (MHDI) *	0.89	1,943.02	(0.77)	429.98	(306.41)	(177.26)	(0.45)	252.72
Jaguar Advisory Services Private Limited (JASPL)	2.22	4,872.31	(0.21)	118.50	(595.59)	(344.55)	0.40	(226.05)
Total Eliminations/ Consolidation Adjustments	(14.25)	(31,276.22)	(0.54)	302.25	(0.00)	(0.00)	(0.54)	302.25
	100.00	**219,430.44**	**100.00**	**(55,896.44)**	**100.00**	**57.85**	**100.00**	**(55,838.59)**

* Weighted average holding percentage has been considered.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

52 Transfers of financial assets

In the ordinary course of business, the Group enters into transactions that result in the transfer of financial assets. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised or derecognised as per the conditions specified in Ind AS.

The Group transfers financial assets that are not derecognised in their entirety are primarily through securitisation transactions, in which loans to customers are transferred to securitisation special purpose vehicles.

A. Transferred financial assets that are not derecognised in their entirety

Securitisation

Certain loans to customers are sold by the Group to securitisation special purpose vehicles, which in turn issue Pass Through Certificates ('PTC') to investors collateralised by the purchased assets. In securitisation transactions entered, the Company transfers loans to an unconsolidated securitisation vehicle, however it retains credit risk (principally by providing credit enhancement). The Group retains substantial risks and rewards of such loan transferred and accordingly, does not derecognise the loans transferred in its entirety and recognises an associated liability for the consideration received.

The following table sets out the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

As at 31 March, 2022

Particulars	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
Assets		
Securitisation	-	86,348.51
Carrying amount of assets	**-**	**86,348.51**
Associated liabilities		
Loans from PTC Investors	-	69,679.02
Carrying amount of associated liabilities	**-**	**69,679.02**
For those liabilities that have recourse only to the transferred financial assets		
Assets		
Securitisation	-	86,324.16
Fair value of assets	**-**	**86,324.16**
Associated liabilities		
Loans from PTC Investors	-	70,923.67
	-	**70,923.67**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

52 Transfers of financial assets (Continued)

As at 31 March, 2021

Particulars	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
Assets		
Securitisation	29,026.80	222,508.18
Carrying amount of assets	**29,026.80**	**222,508.18**
Associated liabilities		
Loans from PTC Investors	27,442.00	192,382.10
Carrying amount of associated liabilities	**27,442.00**	**192,382.10**
For those liabilities that have recourse only to the transferred financial assets#		
Assets		
Securitisation	28,915.29	222,508.18
Fair value of assets	**28,915.29**	**222,508.18**
Associated liabilities		
Loans from PTC Investors	27,705.23	195,539.86
Fair value of associated liabilities	**27,705.23**	**195,539.86**

53 Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Particulars	As at 31 March, 2022			
	Others	FVTPL	FVTOCI	Amortised cost
Financial assets:				
Cash and cash equivalents	-	-	-	35,471.48
Other bank balanes	-	-	-	24,225.51
Derivative financial instruments	-	-	50.63	-
Receivables	-	-	-	1,403.12
Loans*	-	-	-	1,485,069.88
Other investments	-	-	-	0.16
Other financial assets #	-	2,797.70	-	20,654.38
	-	**2,797.70**	**50.63**	**1,566,824.53**
Financial liabilities:				
Derivative financial instruments	-	-	26.87	-
Trade payables	-	-	-	1,512.48
Debt securities	-	-	-	93,995.89
Borrowings (other than debt securities)	-	-	-	838,048.03
Subordinated liabilities	-	-	-	58,839.01
Lease liabilities	-	-	-	6,459.45
Other financial liabilities	-	-	-	30,040.24
	-	**-**	**26.87**	**1,028,895.10**

* Refer note 7 for reclassification of loan from FVOCI to amortised category.

\# Investment in joint ventures has been designated as assets held for sale in line with the requirements of Ind AS 105 "Non-current assets Held for Sale" from 13 December, 2021.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

53 Financial instruments - fair value and risk management (Continued)

Particulars	As at 31 March, 2021			
	Others	FVTPL	FVTOCI	Amortised cost
Financial assets:				
Cash and cash equivalents	-	-	-	35,782.49
Other bank balances	-	-	-	41,686.09
Receivables	-	-		1,291.57
Loans	-	-	449,878.18	686,244.63
Other investments	-	0.99	-	0.16
Investments in joint venture	17,735.44	-	-	-
Other financial assets	-	3,116.11	-	22,810.17
	17,735.44	**3,117.10**	**449,878.18**	**787,815.11**
Financial liabilities:				
Trade payables	-	-	-	9,409.00
Debt securities	-	-	-	126,502.23
Borrowings (other than debt securities)	-	-	-	833,458.73
Subordinated liabilities	-	-	-	83,343.97
Lease liabilities	-	-	-	4,183.51
Other financial liabilities	-	-	-	31,732.13
	-	**-**	**-**	**1,088,629.57**

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March, 2022	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	-	50.63	-	50.63
Other financial assets	-	2,797.70	-	2,797.70
	-	**2,848.33**	**-**	**2,848.33**
Financial liabilities:				
Derivative financial instruments	-	26.87	-	26.87
	-	**26.87**	**-**	**26.87**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

53 Financial instruments - fair value and risk management (Continued)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March, 2022	Amortised cost	Fair value	Level 1	Level 2	Level 3	Total
Financial assets:						
Cash and cash equivalents	35,471.48	35,471.48	-	35471.48	-	35,471.48
Other bank balances	24,225.51	24,229.74	-	24,229.74	-	24,229.74
Trade receivables	1,403.12	1,403.12	-	1,403.12	-	1,403.12
Loans	1,485,069.88	1,488,983.63	-	-	1,488,983.63	1,488,983.63
Other investments	0.16	0.16	-	0.16	-	0.16
Other financial assets	20,654.38	20,654.38	-	20,654.38	-	20,654.38
	1,566,824.53	**1,570,742.51**	**-**	**81,758.88**	**1,488,983.63**	**1,570,742.51**
Financial liabilities:						
Trade payables	1,512.48	1,512.48	-	1,512.48	-	1,512.48
Debt securities	93,995.89	98,428.02	-	98,428.02	-	98,428.02
Borrowings (other than debt securities)	838,048.03	838,819.56	-	838,819.56	-	838,819.56
Subordinated liabilities	58,839.01	62,280.87	-	62,280.87	-	62,280.87
Lease Liability	6,459.45	6,459.45	-	6,459.45	-	6,459.45
Other financial liabilities	30,040.24	30,040.24	-	30,040.24	-	30,040.24
	1,028,895.10	**1,037,540.62**	**-**	**1,037,540.62**	**-**	**1,037,540.62**

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March, 2021	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	449,878.18	449,878.18
Other investments	-	0.99	-	0.99
Other financial assets	-	3,116.11	-	3,116.11
	-	**3,117.10**	**449,878.18**	**452,995.28**
Financial liabilities:				
Derivative financial instruments	-	-	-	-
	-	**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March, 2021	Amortised cost	Fair value	Level 1	Level 2	Level 3	Total
Financial assets:						
Cash and cash equivalents	35,782.49	35,782.49	-	35,782.49	-	35,782.49
Other bank balances	41,686.09	41,693.57	-	41,693.57	-	41,693.57
Receivables	1,291.57	1,291.57	-	1,291.57	-	1,291.57
Loans	686,244.63	684,907.84	-	-	684,907.84	684,907.84
Other investments	0.16	0.16	-	0.16	-	0.16
Other financial assets	22,810.17	22,810.17	-	22,810.17	-	22,810.17
	787,815.11	**786,485.80**	**-**	**101,577.96**	**684,907.84**	**786,485.80**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

53 Financial instruments - fair value and risk management (Continued)

As at 31 March, 2021	Amortised cost	Fair value	Level 1	Level 2	Level 3	Total
Financial liabilities:						
Payables	9,409.00	9,409.00	-	9,409.00	-	9,409.00
Debt securities	126,502.23	131,657.43	-	131,657.43	-	131,657.43
Borrowings (other than debt securities)	833,458.73	836,978.81	-	836,978.81	-	836,978.81
Subordinated liabilities	83,343.97	85,962.90	-	85,962.90	-	85,962.90
Lease liabilities	4,183.51	4,183.51	-	4,183.51	-	4,183.51
Other financial liabilities	31,732.13	31,732.13	-	31,732.13	-	31,732.13
	1,088,629.57	**1,099,923.78**	**-**	**1,099,923.78**	**-**	**1,099,923.78**

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximate their fair value. These financial instruments include cash in hand, balances with other banks, receivables, trade payables and certain other financial assets and liabilities, with maturities less than a year from the balance sheet date. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

C. Valuation framework

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Bank develops Level 3 inputs based on the best information available in the circumstances.

Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates	Not applicable	Not applicable
Financial assets and liabilities measured at FVOCI	Discounted cash flows: The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates.	The discount rate is the average lending rate at which the loans are disbursed.	There is an inverse correlation. Higher the discount rate i.e. average lending rate for the disbursed loans, lower the fair value of the assets.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

53 Financial instruments - fair value and risk management (Continued)

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets measured at FVTPL	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable
Investment	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable
Derivative instruments	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates that reflects the credit risk of various parties.	Not applicable	Not applicable

D. Movement in Level 3 financial instruments measured at fair value

Particulars	As at 1 April, 2021	Purchase / Origination	Sales / run-off	Transfer into Level 3	Interest income	Other Comprehensive Income	As at 31 March, 2022
Financial instruments at FVOCI*	478,519.57	399,599.69	221,560.31	(314,154.87)	79,058.93	1,059.12	-

Particulars	As at 1 April, 2020	Purchase / Origination	Sales / run-off	Transfer into Level 3	Interest income	Other Comprehensive Income	As at 31 March, 2021
Financial instruments at FVOCI*	465,838.65	182,800.78	244,491.29	-	73,871.21	500.22	478,519.57

* The above numbers are gross carrying amount. Refer Note 54

54 Financial risk management

The Group assumes credit risk, market risk, compliance risk, operational risk and reputational risk in the normal course of its business. This exposes the Group to a substantial level of inherent financial risk.

i Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Group's activities is critical for the financial soundness and profitability of the Group. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Group employs leading risk management practices and recruits skilled and experienced people.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's asset on finance;

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

» a breach of contract such as a default or past due event;

» when a borrower becomes 3 months overdue in its contractual payments;

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc (as applicable).

b) Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analyzed by type of product or borrower as well as by DPD.

The Group employs statistical models to analyze the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

Expected loss has been calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: upside (0%), downside (32%) and base (68%). These weightage has been decided on best practices and expert's judgement. Weight of downside has been increased from 16% to 32% and that of upside reduced from 16% to 0% to make additional provision on account of COVID 19 scenario.

c) Definition of default

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 3 months overdue on its contractual payments.

The Group considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

d) Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation;

To calculate the ECL for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding to the multiple scenarios.

e) Loss given default (LGD)

Loss given default (LGD) represents estimated financial loss the Company is likely to suffer in respect of default account and it is used to calculate provision requirement on EAD along with PD. The Company uses collection details on previously defaulted cases for calculating LGD including estimated direct cost of collection from default cases. Appropriate discounting rates are applied to calculate present value of future estimated collection net of direct collection cost. LGD thus calculated is used for all stages, i.e. Stage 1, Stage 2 and Stage 3.

f) Discounting

ECL is computed by estimating timing of expected credit shortfalls associated with defaults and discounting them using effective interest rate.

g) Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 1 month overdue, the credit risk is deemed to have increased significantly since initial recognition.

The Group has applied a three-stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortised cost and FVOCI. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

h) Expected Credit Loss on Loans

The Group assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, product type, collateral type, and other relevant factors.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

The Group considers defaulted assets as those which are contractually 3 months overdue, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually 1 month overdue are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Group measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Group considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Group's internally developed statistical models and other historical data. In addition, the Group uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Models and accordingly, Group have used consumer price index as the relevant ME variable. Overtime, new ME variable may emerge to have a better corelation and may replace ME being used now.

Stage 3 Assets vs Non performing assets as per RBI framework

Stage 3 assets includes restructured loan where assets are considered as credit impaired whereas for the limited purpose of regulatory disclosures based on dispensation given by RBI, the same has been considered as standard assets. The restructured assets have been provided for accordingly under Ind AS.

Similarly, Stage 2 assets includes restructured loan where assets are considered as significant increase in credit risk whereas for the limited purpose of regulatory disclosures based on general RBI guidelines on restructuring the same has been considered as Sub - Standard assets. The restructured assets have been provided for accordingly under Ind AS, subject to minimum provisioning requirement as per RBI guidelines.

Further, Stage 1 and Stage 2 assets includes loans where assets are considered as Sub-standard for limited purpose of regulatory disclosures as per RBI notification no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated 12 Nov 2021. The assets have been provided for as per Ind AS requirement.

Policy on write off of loan assets

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit or loss on actual realization from customer.

i) COVID-19

The Group carried a management overlay of ₹ 71,433.06 lacs as at 31 March, 2021, towards potential impact of COVID-19 pandemic.

For the year ended 31 March, 2022, the Group has continued the process of risk assessment on its credit exposures and accordingly, in addition to the model determined ECL provision, the Group carries a management overlay of ₹ 15,223.40 lacs.

Apart from the technical write-offs as per the adopted policy, the Group has additionally written-off loans aggregating to ₹ 26,491.31 lacs during the year ended 31 March, 2022.

Further, the underlying forecasts and assumptions applied by the Group in determination of ECL provision are subject to uncertainties which are often outside the control of the Group and accordingly, actual results may differ from these estimates. However, based on the revival of business sentiments, increase in lending activities

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

and overall efficiencies in collections, management believes that as at 31 March, 2022, there is no uncertainty towards its business operations and overall provisioning made by the Group towards its loan assets.

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

The following table provides information about the exposure to credit risk and expected credit loss for loans.

Loans measured at amortised cost (Including trade advance and excluding staff loans)

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at 31 March, 2022				
Current (not past due)	1,273,947.87	1.11%	14,126.19	No
Upto 1 month overdue	86,122.30	5.07%	4,369.20	No
More than 1 month and upto 2 months overdue	79,633.54	12.21%	9,725.33	No
More than 2 month and upto 3 months overdue	69,300.27	18.35%	12,715.58	No
More than 3 months overdue	41,304.01	58.89%	24,325.19	Yes
	1,550,307.99	**4.21%**	**65,261.49**	

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at 31 March, 2021				
Current (not past due)	536,557.08	3.31%	17,780.72	No
Upto 1 month overdue	90,869.37	17.34%	15,760.66	No
More than 1 month and upto 2 months overdue	63,710.48	23.53%	14,993.14	No
More than 2 month and upto 3 months overdue	50,456.16	33.55%	16,927.84	No
More than 3 months overdue	35,270.16	70.82%	24,978.21	Yes
	776,863.25	**11.64%**	**90,440.57**	

Loans at fair value through OCI

As at 31 March, 2022

In line with the business model assessment policy, the Group has reassessed its business model and re-classified its SME Loan, Home Loan and Loan against property (LAP) portfolio from FVOCI to amortized cost category with effect from March, 31, 2022.

As at 31 March, 2021

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
Current (not past due)	400,512.00	1.61%	6,456.15	No
Upto 1 month overdue	20,320.92	9.55%	1,940.88	No
More than 1 month and upto 2 months overdue	25,492.34	24.73%	6,304.85	No
More than 2 month and upto 3 months overdue	20,985.03	33.62%	7,054.79	No
More than 3 months overdue	11,209.28	61.42%	6,884.72	Yes
	478,519.57	**5.99%**	**28,641.39**	

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

Expected credit loss on trade receivables and other financial assets

Trade receivables primarily includes receivables against sale of power, support services and operating lease. These receivables are of short term nature and there has been no impairment allowance on the same. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Other financial asset are measured at FVTPL and hence the credit risk is already factored in the fair value.

Cash and cash equivalents and other bank balances

The Group holds cash and cash equivalents and bank balance of ₹ 59,696.99 lacs as at 31 March, 2022 (31 March, 2020: ₹ 77,468.58 lacs). The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

Derivatives

The derivatives are entered into with bank and financial institution counterparties with acceptable credit ratings by subsidiary company.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows :

(i) Movements in the gross carrying amount in respect of loans, i.e. asset on finance

Loans measured at amortised cost (Including trade advance and excluding staff loans)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 1 April, 2020	763,281.66	115,613.51	73,369.87
Transfer to Stage 1	31,928.37	(28,820.55)	(3,107.82)
Transfer to Stage 2	(71,669.76)	76,008.56	(4,338.80)
Transfer to Stage 3	(17,414.71)	(13,142.40)	30,557.11
New financial assets originated or purchased (net of repayments)	169,783.74	2,239.97	893.26
Financial assets that have been derecognised / repaid	(241,492.19)	(24,569.21)	(18,058.21)
Write offs	(6,990.66)	(13,163.24)	(44,045.25)
Transfer from Fair value through OCI to Amortised cost	-	-	-
Gross carrying amount on 31 March, 2021	**627,426.45**	**114,166.64**	**35,270.16**
Transfer to Stage 1	16,718.89	(15,338.79)	(1,380.10)
Transfer to Stage 2	(81,419.85)	82,874.92	(1,455.07)
Transfer to Stage 3	(23,120.12)	(10,723.43)	33,843.55
New financial assets originated or purchased (net of repayments)	416,066.71	11,364.44	1,459.63
Financial assets that have been derecognised / repaid	(263,940.94)	(55,810.31)	(20,495.86)
Write offs	(5,373.87)	(28,746.38)	(18,865.83)
Transfer from Fair value through OCI to Amortised cost	673,712.90	51,146.72	12,927.53
Gross carrying amount on 31 March, 2022	**1,360,070.81**	**148,933.81**	**41,304.01**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

Loans at fair value through OCI

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 1 April, 2020	427,032.83	20,824.73	17,981.09
Transfer to Stage 1	4,016.53	(3,793.55)	(222.98)
Transfer to Stage 2	(37,691.68)	37,880.45	(188.77)
Transfer to Stage 3	(4,961.83)	(3,012.42)	7,974.25
New financial assets originated or purchased (net of repayments)	181,856.80	560.02	383.96
Financial assets that have been derecognised / repaid	(144,867.71)	(1,710.50)	160.45
Write offs	(4,552.02)	(4,271.36)	(14,878.72)
Transfer from Fair value through OCI to Amortised cost	-	-	-
Gross carrying amount on 31 March, 2021	**420,832.92**	**46,477.37**	**11,209.28**
Transfer to Stage 1	8,141.49	(7,229.02)	(912.47)
Transfer to Stage 2	(27,346.19)	28,006.66	(660.47)
Transfer to Stage 3	(3,724.67)	(5,574.45)	9,299.12
New financial assets originated or purchased (net of repayments)	398,649.53	850.71	99.45
Financial assets that have been derecognised / repaid	(123,161.30)	(6,896.93)	(1,926.40)
Write offs	321.12	(4,487.62)	(4,180.98)
Transfer from Fair value through OCI to Amortised cost	(673,712.90)	(51,146.72)	(12,927.53)
Gross carrying amount on 31 March, 2022	**-**	**-**	**-**

ii) Movements in the allowance for impairment in respect of loans, i.e. asset on finance

The movement in the allowance for impairment in respect of asset on finance is as follows:

Loans measured at amortised cost (Including trade advance and excluding staff loans)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April, 2020	10,799.86	11,846.48	24,038.07
Transfer to Stage 1	3,405.90	(2,695.53)	(710.37)
Transfer to Stage 2	(1,643.57)	2,911.64	(1,268.07)
Transfer to Stage 3	(390.46)	(1,478.19)	1,868.65
Covid 19 wave 2 additional provision	22,088.70	18,009.10	8,330.40
New financial assets originated or purchased	2,302.51	243.90	258.19
Financial assets that have been derecognised / repaid	(2,337.02)	5,236.68	10,313.09
Write offs	(684.57)	(2,153.10)	(17,851.75)
Transfer from Fair value through OCI to Amortised cost	-	-	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

Loans measured at amortised cost (Including trade advance) (Continued)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 31 March, 2021	**33,541.35**	**31,920.98**	**24,978.21**
Transfer to Stage 1	2,177.98	(1,719.11)	(458.87)
Transfer to Stage 2	(2,292.12)	2,796.44	(504.32)
Transfer to Stage 3	(581.05)	(1,331.37)	1,912.42
Covid 19 wave 2 additional provision	(22,088.70)	(18,009.10)	(8,330.40)
New financial assets originated or purchased	6,232.45	1,176.41	744.49
Financial assets that have been derecognised / repaid	(3,956.05)	5,197.72	12,053.11
Write offs	(949.57)	(6,142.67)	(12,990.65)
Transfer from Fair value through OCI to Amortised cost	6,411.07	8,551.65	6,921.19
Loss allowance on 31 March, 2022	**18,495.35**	**22,440.95**	**24,325.18**

Loans at fair value through OCI

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April, 2020	2,364.60	3,983.37	9,345.06
Transfer to Stage 1	297.06	(266.67)	(30.39)
Transfer to Stage 2	(3,016.40)	3,067.01	(50.61)
Transfer to Stage 3	(969.07)	(846.74)	1,815.81
Covid 19 wave 2 additional provision	5,643.10	6,028.70	2,010.70
New financial assets originated or purchased	1,033.93	90.98	113.75
Financial assets that have been derecognised/ repaid	3,367.63	3,468.55	1,658.59
Write offs	(323.82)	(2,165.56)	(7,978.19)
Transfer from Fair value through OCI to Amortised cost	-	-	-
Loss allowance on 31 March, 2021	**8,397.03**	**13,359.64**	**6,884.72**
Transfer to Stage 1	1,051.24	(827.10)	(224.14)
Transfer to Stage 2	(2,129.07)	2,356.44	(227.37)
Transfer to Stage 3	(599.56)	(1,372.32)	1,971.88
Covid 19 wave 2 additional provision	(5,643.10)	(6,028.70)	(2,010.70)
New financial assets originated or purchased	4,406.27	169.40	92.59
Financial assets that have been derecognised / repaid	1,906.94	3,313.83	2,937.50

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Write offs	(978.68)	(2,419.54)	(2,503.29)
Transfer from Fair value through OCI to Amortised cost	(6,411.07)	(8,551.65)	(6,921.19)
Loss allowance on 31 March, 2022	-	-	-

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Upon renegotiation, such accounts are classified as Stage 2 or Stage 3 depending upon nature and status of account at the time of renegotiation. Such accounts are upgraded only upon observation of satisfactory repayments of one year from the date of renegotiation.

Exposure to modified financial assets not resulting in de-recognition:

Particulars	As at 31 March, 2022	As at 31 March, 2021
Gross carrying amount	72,189.94	45,252.57
Loss allowance	14,270.60	8,185.36
Net carrying amount	57,919.34	37,067.21

j) Concentration risk

Pursuant to the guidelines of the RBI, credit exposure to an individual borrower must not exceed 15% of owned fund and 25% of owned fund of the Company to any single group of borrower. The Company is in compliance with these guidelines.

In addition, the Company views the concentration of risk on the basis of below product category.

Loans to customers (carrying value)	As at 31 March, 2022	As at 31 March, 2021
Asset backed finance (ABF)	722,609.87	773,123.62
Mortgage and Loan against property (LAP)	518,367.45	351,111.89
Personal and Professional Loan (PL & LTP)	89,016.79	-
Small and medium enterprise (SME)	220,295.54	129,381.25
Total	**1,550,289.65**	**1,253,616.76**

Loans to customers (%)	As at 31 March, 2022	As at 31 March, 2021
Asset backed finance (ABF)	46.61%	61.67%
Mortgage and Loan against property (LAP)	33.44%	28.01%
Personal and Professional Loan (PL & LTP)	5.74%	0.00%
Small and medium enterprise (SME)	14.21%	10.32%
Total	**100.00%**	**100.00%**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

Fair value of collateral relating to credit impaired financial assets

Particulars	As at 31 March, 2022	As at 31 March, 2021
Collateral value of underlying assets	76,775.32	67,340.43
Gross carrying amount	41,304.01	46,479.44
Loss allowance	24,325.19	31,862.92

iii Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Group has obtained fund and non-fund based working capital lines from various banks. Further, the Group has access to funds from debt markets through commercial paper, non-convertible debentures and other debt instruments including term loans. Cash Credit / WCDL limits are renewed on annual basis and are therefore revolving in nature. The Group also manages liquidity by raising funds through Securitisation / assignment transactions.

Exposure to liquidity risk

The following are the remaining gross and undiscounted contractual maturities of financial lablilities (including interest portion) at the reporting date.

As at 31 March, 2022	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities						
Trade payables	1,512.48	1,512.48	1,512.48	-	-	-
Debt securities	93,995.89	110,714.04	30,590.33	79,430.33	98.49	594.89
Borrowings (other than debt securities)	838,048.03	927,455.20	428,678.07	318,385.02	180,392.11	-
Subordinated liability	58,839.01	81,413.56	18,746.19	22,118.29	38,787.08	1,762.00
Lease liability	6,459.45	8,097.69	1,567.14	2,868.50	2,552.21	1,109.84
Other financial liability	30,040.24	30,040.24	30,040.24	-	-	-
Derivative financial liabilities	**26.87**	**26.87**	**26.87**	**-**	**-**	**-**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

As at 31 March, 2021	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities						
Trade payables	9,409.00	9,409.00	9,409.00	-	-	-
Debt securities	126,502.23	154,188.88	44,825.42	84,391.82	24,326.99	644.65
Borrowings (other than debt securities)	833,458.73	942,434.32	541,498.32	281,295.29	57,513.39	62,127.32
Subordinated liability	83,343.97	113,097.70	32,790.42	37,030.80	29,114.59	14,161.89
Lease liability	4,183.51	5,411.32	1,124.18	1,754.83	1,388.83	1,143.48
Other financial liability	31,732.13	31,732.13	31,732.13	-	-	-
Derivative financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**

iv. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group – primarily ₹. In cases where the borrowings is denominated in foreign currency, the Group uses derivatives to manage market risks.

Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Group's cash flows as well as costs.

The Group is subject to variable interest rates on some of its interest bearing financial assets/ liabilities. The Group also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management is as follows:

Particulars	As at 31 March, 2022	As at 31 March, 2021
Fixed rate instruments		
Financial assets	1,114,653.27	927,305.80
Financial liabilities	471,250.05	765,955.17
Variable rate instruments		
Financial assets	455,019.59	331,240.03
Financial liabilities	557,671.92	322,674.40

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 bps in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss	
	100 bps increase	100 bps decrease
As at 31 March, 2022		
Variable rate instruments	(1,026.52)	1,026.52
As at 31 March, 2021		
Variable rate instruments	85.66	(85.66)

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 bps interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period-end balances are not necessarily representative of the average debt outstanding during the period. This analysis assumes that all other variables remain constant.

Legal and operational risk

Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Group has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced.

As at 31 March, 2022, there were legal cases pending against the Company aggregating ₹ 184.26 lacs (31 March, 2021: ₹ 172.70 lacs). Based on the opinion of the Group's legal advisors, the management believes that no substantial liability is likely to arise from these cases.

Operational risk

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

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

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

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

54 Financial risk management (Continued)

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

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

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

Foreign Currency Risk

The Group’s activities expose it to the financial risks of changes in foreign exchange rates. The Group uses derivative contracts to hedge its exposure to movements in foreign exchange.

The Group uses hedging instruments that are governed by the policies of the Group which is approved by board of directors which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Group. The Board constituted Risk Management Committee (RMC) of the Group manages risk on the Group’s derivative portfolio. All derivative transactions that are entered into by the Group are reported to the board, and the mark-to-market on its portfolio is monitored regularly by the senior management.

To hedge its risks on the principal and/ or interest amount for foreign currency borrowings on its balance sheet, the Group has currently used foreign exchange forward contracts. The use of these derivative contracts reduce the risk or cost to the Group and the Group does not use those for trading or speculation purposes..

55 Change in liabilities arising from financing activities

Particulars	As at 1 April, 2021	Loan Taken	Loan Paid	Non Cash Changes*	As at 31 March, 2022
Debt securities	126,502.23	-	(32,750.00)	243.66	93,995.89
Borrowings (other than debt securities)	833,458.73	473,328.60	(470,361.11)	1,621.81	838,048.03
Subordinated liabilities	83,343.97	-	(24,666.89)	161.93	58,839.01
Total Liabilities from financing activities	**1,043,304.93**	**473,328.60**	**(527,778.00)**	**2,027.40**	**990,882.93**

Particulars	As at 1 April, 2020	Loan Taken	Loan Paid	Non Cash Changes	As at 31 March, 2021
Debt securities	70,407.73	58,500.00	(2,500.00)	94.50	126,502.23
Borrowings (other than debt securities)	1,042,705.58	190,050.78	(399,444.47)	146.84	833,458.73
Subordinated liabilities	85,623.66	-	(2,500.53)	220.84	83,343.97
Total Liabilities from financing activities	**1,198,736.97**	**248,550.78**	**(404,445.00)**	**462.18**	**1,043,304.93**

* Represents adjustments on account of EIR and other adjustments as required under Ind AS.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

56 Revenue from contracts with customers

	Year ended 31 March, 2022	Year ended 31 March, 2022
(a) Below table provides disaggregation of the Group's revenue from contracts with customers:		
Type of service		
Fees and commission income	6,391.70	7,165.72
Other income	3,664.35	3,357.98
Total	**10,056.05**	**10,523.70**
Geographical markets		
India	10,056.05	10,523.70
Outside India (Country wise, if significant)	-	-
Total	**10,056.05**	**10,523.70**
Timing of recognition of revenue		
Performance obligation satisfied at a point in time	10,056.05	10,523.70
Performance obligation satisfied over period of time	-	-
Total	**10,056.05**	**10,523.70**
(b) Trade Receivables *	1,403.12	1,291.57
	1,403.12	**1,291.57**

Refer note 58 for single customer disclosure.

57 Additional Information

a) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

b) The quarterly information statement filed by the Group with banks or financial institutions are in agreement with the books of accounts.

c) The Group has not been declared as Wilful defaulter by any Banks, Financial institution or Other lenders.

d) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

e) The provision related to number of layers as prescribed under section 2(87) of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to Group.

f) The Group have not advanced or given loan or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries except loans or advances given in normal course of business.

g) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the

Summary of significant accounting policies and other explanatory information

for the year ended 31 March, 2022 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

57 Additional Information (Continued)

Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries except loans or advances given in normal course of business.

h) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

i) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

j) Relationship with Struck off Companies :
In respect of the disclosure required vide notification dated 24 March, 21 issued by Ministry of Corporate Affairs, the Group has taken steps to identify transactions with the struck-off companies and considering the nature of business which is primarily lending to individuals and other small players, there are no such transactions which may be required to be reported.

58 Operating segments

The Group is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108. The Executive Committee of the Group has been identified as the Chief Operating Decision Maker (CODM) pursuant to the requirements of Ind AS 108, "Operating Segments." The Group's operating segments are established in the manner consistent with the components of the Group that are reviewed regularly by the CODM for the purpose of allocation of resources and evaluation of performance. The Group does not have operations outside India and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue for the year ended 31 March, 2022 and 31 March, 2021.

As per our report of even date

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited
(Formerly Magma Fincorp Limited)

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 042423

Place : Mumbai
Date : 12 May, 2022

Amar Deshpande
Director
(DIN : 07425556)

Abhay Bhutada
Managing Director
(DIN : 03330542)

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place : Pune
Date : 12 May, 2022

Glossary

Term	Description
ABF	Asset Backed Finance
AUM	Assets under management
BL	Business Loan
CC	Cash credit
CGTMSE	Credit guarantee fund trust for micro and small enterprise
CODM	Chief operating decision maker
DPD	Days past due
EAD	Exposure at default
ECL	Expected Credit Loss
ECLGS	Emergency Credit Loan Guarantee Scheme
ESOP	Employee stock option plan
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
HL	Home Loan
HQLA	High quality liquid assets
KMP	Key Managerial Personnel
LAP	Loan against Property
LCR	Liquidity coverage ratio
LGD	Loss given default
LTP	Loan to Professionals
Magma HDI/MHDI	Magma HDI General Insurance Company Limited
MRR	Minimum retention requirement
NCD	Non convertible debentures
NCGTC	National credit guarantee trustee company
NRC	Nomination and Remuneration Committee
OCI	Other comprehensive income
PD	Probability of default
PFL	Poonawalla Fincorp Limited
PHFL	Poonawalla Housing Finance Limited

Glossary

Term	Description
PL	Personal Loan
PoC	Pre-Owned Cars
PPE	Property, plant and equipment
PTC	Pass through certificates
PUC	Projected unit credit
RoC	Registrar of Companies, Maharashtra
RoE	Return on equity
RSHPL	Rising sun holdings private limited
RSO	Restricted stock options
RSOP	Restricted stock option plan
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SAs	Standards on Auditing
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SICR	Significant increase in credit risk
SIDBI	Small industries development bank of India
SME	Small and Medium Enterprise
SPVs	Special purpose vehicle
Stock Exchanges	BSE and NSE
Sub-debt	Subordinated debt
Tier I Capital	As defined under RBI regulations for NBFCs
Tier II Capital	As defined under RBI regulations for NBFCs
WCDL	Working capital demand loan

Notes

Notes

POONAWALLA
FINCORP
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POONAWALLA FINCORP LIMITED

(Formerly Magma Fincorp Limited)

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